

DEPARTMENT OF EDUCATION

Enabling Laws

Act 1608 of 2003
Act 1706 of 2003
Act 51 1st Extraordinary Session of 2003
Act 77 2nd Extraordinary Session of 2003
Act 86 2nd Extraordinary Session of 2003
Act 92 2nd Extraordinary Session of 2003
Act 95 2nd Extraordinary Session of 2003
Act 96 2nd Extraordinary Session of 2003
Act 97 2nd Extraordinary Session of 2003
Act 98 2nd Extraordinary Session of 2003
Act 99 2nd Extraordinary Session of 2003
AR Code §6-5-302 et seq.
AR Code §6-11-128
AR Code §6-13-1023
AR Code §6-15-40 et seq.
AR Code §6-16-203
AR Code §6-17-204 et seq.
AR Code §6-18-213 et seq.
AR Code §6-20-101 et seq.
AR Code §6-21-111
AR Code §6-47-201 et seq.
AR Code §26-80-201
AR Code §25-6-101 et seq.

History and Organization

HISTORY OF PUBLIC EDUCATION IN ARKANSAS

Provisions were made within the framework of the Constitution of the State of Arkansas for free public education; directing the legislature to pass needed laws related to education; creating funding for public schools; providing local taxing units for school purposes; designing a method of levying a tax for maintenance and operation of local school districts; and providing authority for local school board members to carry out programs of the State's public education department.

The Arkansas Territorial Legislature in 1829 passed the first law for public education by requiring county judges to appoint a trustee for the sixteenth section of land in each township granted to education. The territory was organized in 1819. In 1853, the office of the County School Commissioner was created by the legislature. With various title changes and added responsibilities, this particular individual is now called the County School Supervisor.

In 1931, the Arkansas General Assembly established a reorganization law whereby consolidation of districts occurred only by the majority of the electors of those districts. In 1948, the Arkansas voters

created the District Reorganization Bill that reduced the number of school districts from 1,500 to 424.

From 1875 to 1931, the office of the State's Superintendent of Public Instruction was reestablished. In 1931, the elected office of State Superintendent was abolished, and the State Board of Education was given the power to select a Commissioner of Education.

In 1965, the improvement of elementary and secondary schools was emphasized during a Presidential message on education. Within months after the message, Congress passed the Elementary and Secondary Education Act, which was to strengthen and improve the quality of education and increased educational opportunities in the public schools. The educational opportunities provided for in this federal act are currently being paid from federal funds.

Act 38 of 1971 changed the title of the Commissioner of Education to the Director of Education but kept the duties and powers of the office the same. The Director of Education was to be confirmed by the Governor and served at the pleasure of the Governor.

Act 64 of 1981 divided the Department of Education into two major divisions, the General Education Division and the Vocational and Technical Education Division with each Division having a separate director.

Act 445 of 1983, known as "The Quality Education Act of 1983," provided for the establishment of minimum standards for accrediting public elementary and secondary schools in the State. As a result, the ***Standards for Accreditation of Arkansas Public Schools*** were developed and adopted by the State Board of Education on February 22, 1984. School districts had until June 1, 1987, to meet the Standards or risk consolidation or annexation. In 1984, there were 367 school districts in the State. As of June 30, 2000, there were 310 school districts in the State. These Standards have been revised once since they were put into place. The revision occurred in 1993.

Act 34 of 1983, First Extraordinary Session, created a new funding formula for local school districts known as "The School Finance Act of 1984." This particular formula provided funding to school districts known as Minimum Foundation Program Aid. The main focus of the 1983 First Extraordinary Session was education. The Arkansas General Assembly passed a one-cent sales tax which helped to increase the revenue available to school districts and to fund many new programs for education.

The legislation passed in the 1983 Regular Session and the 1983 First Extraordinary Session was considered to be the "first wave" of educational reform for Arkansas public schools. Examples of reforms include: required elementary school counselors; established smaller class sizes; created curriculum content guides which listed requirements for courses to be taught; increased advanced course offerings; required yearly testing of students in grades 3, 6, and 8 in the basic skills, Minimum Performance Test (MPT); required all public school districts to develop and file a six-year plan for improving its educational programs; established an Advisory Council for the Education of Gifted and Talented Children; implemented Act 76 of 1983, First Extraordinary Session, requiring teachers, administrators, and other certified personnel to undergo testing in regard to functional academic skills and knowledge of subject areas; implemented an effective schools project as a model of excellence for Arkansas public schools; and provided for the implementation of computer-based educational projects in the public schools, later known as the Instructional Microcomputer Project for

Arkansas Classrooms (IMPAC).

In 1985-86, the Arkansas General Assembly adopted an array of additional legislation such as the establishment of a statewide system of Education Service Cooperatives; the authorization of parents to provide home schooling for their children; the amendment to the Arkansas Teacher Retirement System laws to establish an optional noncontributory plan for its members; the authorization of the Department of Education, General Division, to develop and implement a program of health services; the creation of a commission to study the disparity in teacher salaries; and the requirement for school districts to establish a drug abuse prevention program.

In 1987-88, the Arkansas General Assembly provided the state education system with acts such as establishing residency requirements for persons attending public schools; providing waivers from the teacher salary requirement due to a one time increase in new current revenue; establishing guidelines for reporting data on students leaving high school prior to graduation; establishing the Commission on Teaching Excellence; and changing the date of the annual school election to the third Tuesday in September.

In 1989-90, the Arkansas General Assembly set up the Office of Accountability to assess the performance of schools and to publish a School Report Card by December 1 of each year, the School Choice program enabling students to attend a public school in a district other than the one in which the student resides but subject to certain restrictions and conditions, the Arkansas Early Childhood Commission, the suspension of a student's learner's permit or driver's license if no longer attending school if under 17, and a mandatory kindergarten law.

In 1991-92, the Arkansas General Assembly created an Educational Excellence Trust Fund to target to all of education the funds from a 1/2 cent sales tax increase; established a statewide computer network for education, later known as the Arkansas Public School Computer Network (APSCN), which is a computer link up with all schools in the state to facilitate data collection and reduce paperwork; established the Arkansas School for Mathematics and Sciences; established the Academy for Leadership Training and School-based Management; and passed a major restructuring act, Act 236 of 1991, which called for the reorganization of the Department of Education, General Division, to provide more support and less regulation to school districts as well as defining what Arkansas public schools must do in preparing students to be internationally competitive. The Department established the Comprehensive Outcomes Evaluation Program as a method for evaluation of the public schools every five years as mandated by the Standards for Accreditation. School vehicle insurance was added to the insurance program as a self-insurance program for schools.

In 1993-94, the legislature combined the appropriations for the Department of Education to a few appropriations for greater flexibility in reaching the goals of Act 236 of 1991. Grant programs were set up for Writing Assessments to assist in the development and piloting of writing portfolios and Curriculum Frameworks for school districts to develop exemplary local curricula to serve as statewide models. An appropriation was also set up for Workers Compensation to help school districts with worker compensation payments on school personnel. In addition, the K-3 Initiative was started with the passage of Act 1139 of 1993 which provided free summer school and summer school transportation to K-3 students who did not perform at grade level during the regular school year. In order for these students to be eligible for promotion to the next grade, they had to attend this specially designed summer school program.

In 1995-96, the Arkansas General Assembly enacted a new funding formula for the public schools that provided more equity in school funding. Minimum Foundation Program Aid was replaced by Equalization Funding. The legislature also funded At-risk Programs, Growth Facilities Funding, Additional Base Funding, and Debt Service Funding Supplements to assist districts with the cost of facilities. Technology centers were appropriated for the Education Service Cooperative to assist local school districts. Fiscal Crisis Relief Funding also provided assistance to districts adversely affected by the implementation of the new funding formula. Other legislation passed in 1995 included: an act to require criminal background checks for all teachers and administrators seeking an Arkansas teaching license for the first time; an act to ensure that a fiscal or academic crisis will not interrupt educational services provided to students (Academic and Fiscal Distress); an act known as the School Bus Safety Act of 1995; an act to establish the Arkansas Advanced Placement Incentive Program; an act to expand the K-3 Initiative of 1993 to include grades K-5; and an act to increase the number of State Board of Education members from nine (9) to 12.

In 1997-98, the Arkansas General Assembly passed legislation which provided for one core curriculum for all students in Arkansas public schools; required the Director to develop a plan to allow all school districts to utilize distance learning through a distance learning network; amended the laws concerning home-schooled students; provided a clearinghouse for information on nonsectarian practices in character and citizenship education; amended the laws relative to Arkansas education goals and performance accountability; required criminal background checks as a condition for employment in a public school district for all non-certified staff positions; expanded the requirement for background checks on teachers and administrators; allowed Teacher Retirement System members to retire with 28 years of service rather than 30; and Act 803 of 1997 abolished the Vocational and Technical Division of the Department of Education and created the Department of Workforce Education as a separate state agency with its own State Board of Workforce Education and Career Opportunities. The State Board of Education and the Department of Education continued for the general supervision of the public K-12 schools in the state.

In 1999-2000, the Arkansas General Assembly passed legislation which provided for teacher incentives to seek the National Board for Professional Teaching Standards (NBPTS) Certification to pay full tuition cost and bonuses; annual individual school performance reports and for the distribution of these reports to all parents or guardians of children enrolled in Arkansas public schools; the reduction in the number of State Board of Education members from twelve (12) to nine (9) over a three-year period; a new Charter School Law which allows for open-enrollment and school district conversion forms of charter schools with the new law completely replacing the 1995 law; the establishment for an accountability program for schools across the state referred to as the Arkansas Comprehensive Testing Assessment and Accountability Program (ACTAAP); and the elimination of the antiquated county boards of education in all 75 counties of the State over time.

In 2001-2002, the Arkansas General Assembly created the Arkansas Blue Ribbon Commission on Public Education to define an equitable and adequate system of free public education in the state as mandated under the "general, suitable and efficient" components of the Arkansas Constitution; directed the State Board of Education to conduct a study of public education, its structure, financial needs, and funds needed for improvement; adopted ethical guidelines to prohibit self-dealing in transactions between public educational entities and board members, administrators, or employees; passed the Educator Compensation Act to supplement traditional pay increases for the state's

teachers; authorized the Department of Education to conduct a study of grade inflation within the state's high schools and to notify schools of such finding; established procedures for identifying critical teacher shortage areas and granting retired teachers a waiver of earnings limitations to return to active employment to help meet the needs of these areas; and clarified the state's ethics law to allow teachers and other school employees to receive gifts or compensation which recognize the employee's contribution to education.

In 2003-2004, the General Assembly addressed four major areas in the public education system of Arkansas: structure of the K-12 system, public school funding, public school facilities, and the structure of the Arkansas Department of Education. During the Regular Session, the legislature; enacted the Omnibus Quality Education Act, requiring all school districts to meet the Standards for Accreditation with sanctions for non-compliance; established requirements for school districts to create plans for more parental involvement in public schools; and created the Joint Committee on Educational Facilities to assess all of the state's K-12 facilities and equipment. During the 2nd Extraordinary Session, the general assembly required administrative consolidation of public school districts serving less than 350 students into districts that would have in excess of 350 students; adopted the Arkansas Student Assessment and Educational Accountability Act of 2004; created the Public School Funding Act, which designated a base of \$5,400 per student as the amount necessary for students to receive an adequate education; enacted a variety of revenue measures to raise the necessary funds to implement the new Public School Funding Act. The legislature also provided for the division of the Arkansas Department of Education into three divisions: General Education, Accountability and Educational Facilities Divisions. Each division having its own director who answers independently to the State Board of Education. Other significant actions taken by the 84th General Assembly included the creation of a Teacher Housing Program; masters program for school principals; mandatory professional development for teachers and administrators and an appropriation to increase the number of early childhood programs offered in the state.

STATE BOARD OF EDUCATION

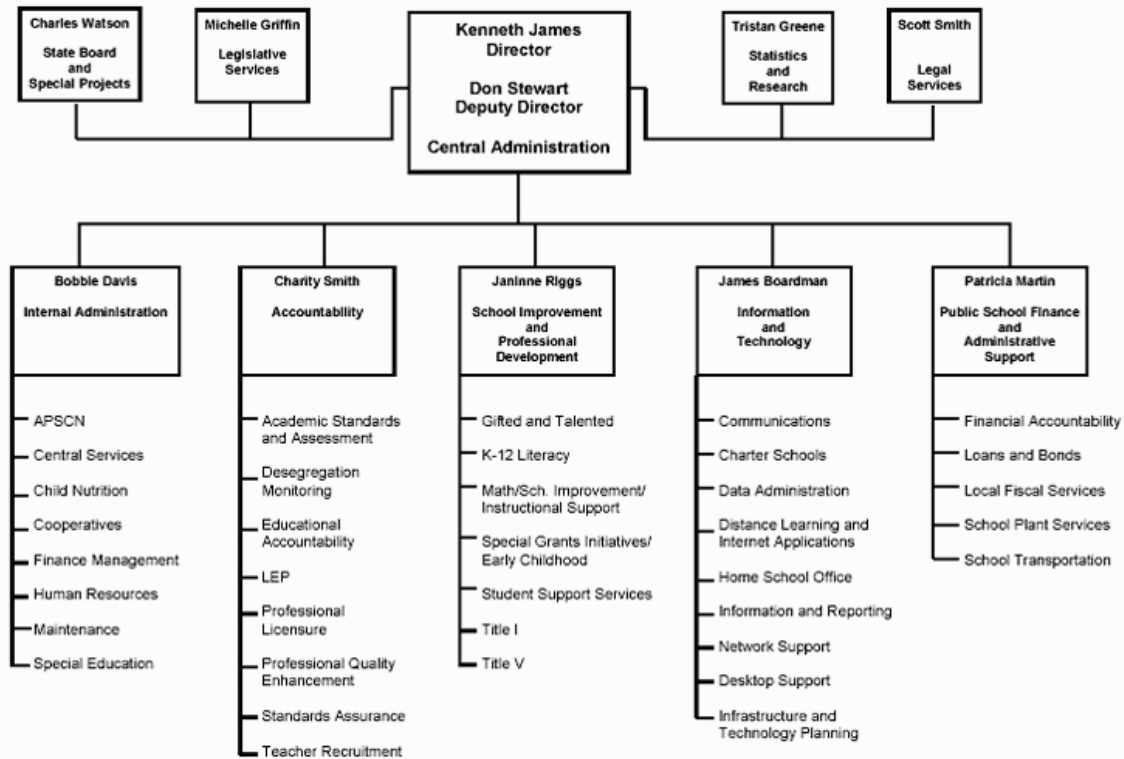
OVERSIGHT AND AUTHORITY

Statutory authority for the Arkansas State Board of Education is found in Ark. Code Ann. §6-11-101 (1999 Repl.). As set forth in various subsections of this code cite, the State Board of Education is in the process of reducing the number of its members from twelve (12) to nine (9) members over a three-year period ending with the nine-member board as of July 1, 2001, two from each congressional district of the State and the remainder to be appointed at large from within the State. The term of office is set at six (6) years with the terms of outgoing member(s) expiring on June 30 of each year. The Governor, subject to the confirmation of the Senate, appoints the members of the State Board of Education. The members take the oath of office prescribed by the Constitution of the State of Arkansas for officers.

The State Board of Education's powers and duties are outlined in Ark. Code Ann. §6-11-105 (1999 Repl.). These powers and duties include such things as general supervision of the public schools of the State, recommending courses of study for the public schools, issuing licenses to qualified persons to teach in the public schools, and performing "all other functions which may now or hereafter be delegated to the State Board of Education by law."

In addition, "the State Board of Education may organize and, from time to time, change and alter the

Department of Education into such branches or sections as may be found necessary and desirable by the Director of the Department of Education . . .” These changes are to be brought forward in order for the Department of Education “ . . . to perform all proper functions and to render maximum service relating to the operation and improvement of general education programs of the state.”



Revised: June 10, 2004

Agency Commentary

ARKANSAS DEPARTMENT OF EDUCATION - GENERAL DIVISION

The following is a summary of Change Level requests by appropriation:

Fish/Wildlife Conservation - 1XY

Act 799 of 2003, redirected money collected from Game and Fish Commission fines to educational programs in the counties in which the fines were collected. The act required the ADE to be the pass through agency to get the funds from the Commission to the counties. During the 2003-2005 biennium the appropriation was established from the Cash Fund Holding account. The ADE is now requesting a Change Level of \$600,000 each fiscal year to permanently continue appropriation into the next biennium.

ADE Conferences-Treasury -2DD

The ADE is requesting cash fund appropriation of \$475,000 each fiscal year to pay expenses of conferences sponsored by the ADE. Funding is provided from registration fees charged to participants. During the current biennium the ADE moved the account from a local bank to the State Treasury. Prior to the move this type of account was considered a non-appropriated expenditure. Appropriation is required to make any payment from the treasury account.

ADE - State Operations - 620

The Change Level requests for the State Operations appropriation total \$332,933 in FY06 and \$338,985 in FY07. The Change Level requests are summarized as follows:

1. Capital Outlay - The ADE is requesting \$100,000 each fiscal year in unfunded appropriation for equipment purchases. The appropriation will be used for normal replacement of computers and equipment during the biennium.
2. Professional Quality Enhancement - The ADE is requesting \$217,933 in FY06 and \$223,985 in FY07 to fund four positions. During the last legislative session, the General Assembly authorized four (4) additional positions that were previously established by a Miscellaneous Federal Grant. In FY01, the ADE received a Teacher Quality Enhancement Grant from the U.S. Department of Education. The grant was a pilot program to assist the State in developing high quality teachers in the classroom by 2006. A part of that grant required the State to continue the program after the grant expired. The positions were authorized but they were never funded. This biennium the ADE has used salary savings to continue to maintain the staff. Because they were not budgeted from existing revenues they were not considered as a Base Level and will not be continued in the next biennium unless reauthorized. The current staff compiles statistics and prepares the Title II Report Card, coordinates the Praxis III testing program, coordinates Leadership and Mentoring programs they also monitor issues related to No Child Left Behind.
3. Compact for Education Research and Development - The ADE is requesting \$15,000 of General Revenue for costs associated with Executive Order EO-04-01 directing the State of Arkansas to join the Compact.

Child Nutrition - 637

The Change Level request totals \$12,540,210 in FY06 and \$25,030,420 in FY07. The Child Nutrition program is funded by the U.S. Department of Agriculture. The Change Level requests will provide for a projected 10% increase in the program each of the next two fiscal years. The growth is primarily in Grants and Aid, which totals \$12.4 million in FY06 and \$24.8 million in FY07. This appropriation 100% federally funded and the appropriation will only be used if funds become available.

Federal Elementary and Secondary Education - 650

The Change Level requests for Federal Elementary and Secondary Education totals \$38,489,720 in FY06 and \$76,879,440 in FY07. The appropriation is funded primarily from federal funds received from the U.S. Department of Education. The Change Level requests will provide for a projected growth of 10% each fiscal year. Of the total, the Grants and Aid line item totals \$37.2 million in FY06 and \$74.5 million in FY07. This appropriation is 100% federally funded and will only be used if funds become available.

Gates Foundation Grant - 684

The Change Level requests total \$165,000 in FY06 and \$236,500 in FY07. The requests are for a projected 10% across the board increase in the grant. The appropriation if used will be funded from a cash grant from the Gates Family Foundation and relates primarily to technology training and improvements at the local school districts. This appropriation is 100% cash funded and will only be used if funds become available.

ADE - Multiple Grant Awards - 885

The Multiple Grant Awards appropriation is funded from non-federal grants to the ADE. The Change Level request totaling \$10,000 each fiscal year is to restore Capital Outlay appropriation to the FY05 level. This appropriation is 100% cash funded will only be used if funds become available.

Alternative Certification Program - 899

The Alternative Certification Program is cash funded from fees charged for training workshops to those individuals seeking alternative teacher certifications. The Department is requesting a change level of \$500,000 each year of the biennium for the continuation of a request from the Cash Fund Holding appropriation for the 2005 fiscal year.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
DEPARTMENT OF EDUCATION
FOR THE YEAR ENDED JUNE 30, 2003

Findings

The salary and fringe benefit costs of an employee who worked in the Transportation Office were inappropriately charged to the Revolving Loan Program. As stipulated in Ark. Code Ann. 6-20-801(c), only costs associated with the Revolving Loan Program can be paid from revenue generated by the Program. The availability of internal reports did not cause this error to be brought to the attention of management so that proper correction could be made. Adequate review and correction of errors is essential for proper managing and controlling of

Recommendations

Review cost center assignments of employees to ensure that expenditures are charged to the correct program or area.

DIVISION OF LEGISLATIVE AUDIT
 AUDIT OF :
 DEPARTMENT OF EDUCATION
 FOR THE YEAR ENDED JUNE 30, 2003

Findings

Recommendations

Costs.

The Agency has continued to struggle with properly identifying fixed assets in a timely manner so that equipment can be appropriately safeguarded and accounted for. Prior indications by the Agency that a new bar coding system would be in place and used for tagging equipment have not been completed, and the Agency is unsure of the date when this project will be done. Because of turnover, the Agency no longer has an employee dedicated to maintaining equipment records. Management's inability to promptly create and maintain accurate equipment records could lead to the misuse and loss of assets.

Strengthen internal controls relating to fixed assets so that equipment can be promptly identified and maintained.

Employment Summary

| | Male | Female | Total | % |
|-------------------------|------|--------|-------|-------|
| White Employees | 61 | 130 | 191 | 62 % |
| Black Employees | 17 | 86 | 103 | 34 % |
| Other Racial Minorities | 6 | 7 | 13 | 4 % |
| Total Minorities | | | 116 | 38 % |
| Total Employees | | | 307 | 100 % |

Publications

A.C.A 25-1-204

| Name | Statutory Authorization | Required for | | # Of Copies | Reason (s) for Continued Publication and Distribution |
|---|---|--------------|------------------|-------------|--|
| | | Governor | General Assembly | | |
| Annual Results of Statewide Assessment Program | ACA 6-15-1905 | N | N | 450,000 | Required by Law |
| Annual Statistical Report | HCR 58 of 1961 | Y | N | 700 | Required by Resolution |
| Arkansas Advisory Council for the Education of Gifted and Talented Children | ACA § 6-42-106 | Y | Y | 7 | Governor, Legislators, Advisory Council members, Ken James, Woody Cummins, and Janinne Riggs |
| Arkansas Laws affecting Students Grades 7-12 | ACA § 6-16-123 | N | N | 310 | Required by law |
| Arkansas Title II State Report | Title II Sec 207 & 208 Higher Education Act | Y | Y | 5 | Federal Mandate to Publish |

| | | | | | |
|--|-----------------|---|---|---------|---|
| Arkansas Youth at Risk Survey | CDC, DASH | N | N | 1,500 | School districts for prevention programming and writing grants |
| Charter School Program Status Report | ACA 6-23-207 | N | Y | 4 | Required by Law |
| Coordinated School Health Program Pamphlet | CDC, DASH | N | N | 3,000 | Distributed to school districts, community organizations and used at exhibits |
| Individual Schools Annual Improvement & Performance Category Level Designations & Ratings | ACA 6-15-1905 | N | N | 450,000 | Required by Law |
| Results of Require Examination | ACA 6-15-404 | N | N | 1,000 | Required by Law |
| School Choice Black-White Percentage of each county's public school students and acceptable range of variance report | ACA § 6-18-206 | N | N | 310 | Required report for school districts within counties to use in determining school choice options for students |
| School Performance Reports | ACA § 6-15-1402 | N | N | 450,000 | Legislation requiring individual school building performance reports to be compiled and mailed |
| Strategic Plan | ACA 19-4-605 | Y | N | 65 | Required by Law |
| Student Services Report | ACA 6-18-1007 | Y | N | 50 | Required by Law |
| Teacher Recruitment Publications | ACA 6-17-310 | N | N | 100 | Required by law |

Department Appropriation / Program Summary

| Appropriation / Program | Historical Data | | | | | | Agency Request and Executive Recommendation | | | | | | | |
|---------------------------------------|--------------------|------------|--------------------|------------|--------------------|------------|---|------------|--------------------|------------|--------------------|------------|--------------------|------------|
| | 2003-2004 | | 2004-2005 | | 2004-2005 | | 2005-2006 | | | | 2006-2007 | | | |
| | Actual | Pos | Budget | Pos | Authorized | Pos | Agency | Pos | Executive | Pos | Agency | Pos | Executive | Pos |
| 1XJ Sch District Millage | 938,567 | 0 | 950,000 | 0 | 950,000 | 0 | 950,000 | 0 | 950,000 | 0 | 950,000 | 0 | 950,000 | 0 |
| 1XY Fish/Wildlife Conservation | 0 | 0 | 600,000 | 0 | 0 | 0 | 600,000 | 0 | 600,000 | 0 | 600,000 | 0 | 600,000 | 0 |
| 2DD Conference-Treasury | 203,389 | 0 | 475,000 | 0 | 0 | 0 | 475,000 | 0 | 475,000 | 0 | 475,000 | 0 | 475,000 | 0 |
| 435 Federal Grants Administration | 530,820 | 7 | 568,662 | 8 | 576,139 | 9 | 625,497 | 9 | 625,497 | 9 | 638,768 | 9 | 638,768 | 9 |
| 620 State Operations | 13,693,310 | 220 | 19,711,039 | 259 | 20,523,671 | 262 | 20,561,589 | 263 | 20,655,364 | 263 | 20,965,316 | 263 | 21,060,497 | 263 |
| 630 Building Maintenance | 0 | 0 | 500,000 | 0 | 500,000 | 0 | 500,000 | 0 | 500,000 | 0 | 500,000 | 0 | 500,000 | 0 |
| 631 Revolving Loan Certification | 3,098,679 | 4 | 13,179,852 | 4 | 13,194,190 | 4 | 13,186,469 | 4 | 13,186,469 | 4 | 13,190,398 | 4 | 13,190,398 | 4 |
| 637 Child Nutrition | 96,278,751 | 15 | 125,640,705 | 15 | 125,666,647 | 15 | 138,191,887 | 15 | 138,081,677 | 15 | 150,702,544 | 15 | 150,532,124 | 15 |
| 639 Federal Turnback for School | 8,447,447 | 0 | 11,000,000 | 0 | 11,000,000 | 0 | 11,000,000 | 0 | 11,000,000 | 0 | 11,000,000 | 0 | 11,000,000 | 0 |
| 650 Fed Elem & Sec Education | 276,762,037 | 60 | 387,809,319 | 66 | 388,069,976 | 66 | 426,174,009 | 66 | 424,928,686 | 66 | 464,658,541 | 66 | 462,267,895 | 66 |
| 684 Gates Grant Treasury | 459,154 | 0 | 600,000 | 0 | 600,000 | 0 | 740,000 | 0 | 740,000 | 0 | 811,500 | 0 | 811,500 | 0 |
| 885 Multiple Grant Award Program | 1,068,339 | 0 | 2,636,375 | 0 | 2,636,375 | 0 | 2,636,375 | 0 | 2,636,375 | 0 | 2,636,375 | 0 | 2,636,375 | 0 |
| 893 Medicaid Reimbursement | 2,597,948 | 0 | 5,010,500 | 0 | 5,010,500 | 0 | 5,010,500 | 0 | 5,010,500 | 0 | 5,010,500 | 0 | 5,010,500 | 0 |
| 899 Alternative Certification Program | 507,285 | 0 | 248,100 | 0 | 248,100 | 0 | 748,100 | 0 | 748,100 | 0 | 748,100 | 0 | 748,100 | 0 |
| NOT REQUESTED FOR THE BIENNIUM | | | | | | | | | | | | | | |
| 633 PE/Sec Sch Self Insurance Prgm | 1,118,589 | 3 | 0 | 0 | 9,187,039 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 690 Sch Motor Veh Self Ins Prgm | 423,130 | 2 | 0 | 0 | 5,143,639 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| 735 Distance Lrng-Treas | 345,372 | 9 | 0 | 0 | 1,269,583 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 406,472,817 | 319 | 568,929,552 | 351 | 584,575,859 | 371 | 621,399,426 | 356 | 620,137,668 | 356 | 672,887,042 | 356 | 670,421,157 | 356 |

| Funding Sources | | % | | % | | % | | % | | % | | % |
|---|-------------|------|-------------|------|-------------|------|-------------|------|-------------|------|-------------|------|
| Fund Balance 4000005 | 6,301,331 | 1.5 | 7,987,753 | 1.4 | 7,987,753 | 1.3 | 7,987,753 | 1.3 | 7,887,753 | 1.2 | 7,887,753 | 1.2 |
| General Revenue 4000010 | 11,841,192 | 2.9 | 11,841,192 | 2.1 | 13,269,200 | 2.1 | 13,036,267 | 2.1 | 13,672,927 | 2.0 | 13,433,942 | 2.0 |
| Federal Revenue 4000020 | 381,488,235 | 92.0 | 524,450,024 | 90.9 | 575,365,896 | 91.4 | 574,010,363 | 91.4 | 626,361,085 | 92.0 | 623,800,019 | 92.0 |
| Cash Fund 4000045 | 5,926,490 | 1.4 | 9,569,975 | 1.7 | 10,209,975 | 1.6 | 10,209,975 | 1.6 | 10,281,475 | 1.5 | 10,281,475 | 1.5 |
| Trust Fund 4000050 | 5,879,226 | 1.4 | 13,679,852 | 2.4 | 13,686,469 | 2.2 | 13,686,469 | 2.2 | 13,690,398 | 2.0 | 13,690,398 | 2.0 |
| Merit Adjustment Fund 4000055 | 111,136 | 0.0 | 677,458 | 0.1 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 | 0 | 0.0 |
| Educational Adequacy Fund 4000210 | 0 | 0.0 | 5,526,870 | 1.0 | 5,526,870 | 0.9 | 5,526,870 | 0.9 | 5,526,870 | 0.8 | 5,526,870 | 0.8 |
| Educational Excellence Fund 4000220 | 567,140 | 0.1 | 800,519 | 0.1 | 800,519 | 0.1 | 800,519 | 0.1 | 800,519 | 0.1 | 800,519 | 0.1 |
| Federal Indirect Costs 4000240 | 530,820 | 0.1 | 568,662 | 0.1 | 625,497 | 0.1 | 625,497 | 0.1 | 638,768 | 0.1 | 638,768 | 0.1 |
| Property Tax Relief Trust 4000390 | 950,000 | 0.2 | 950,000 | 0.2 | 950,000 | 0.2 | 950,000 | 0.2 | 950,000 | 0.1 | 950,000 | 0.1 |
| Transfer DOE Public School Fund 4000525 | 865,000 | 0.4 | 865,000 | 0.0 | 865,000 | 0.1 | 865,000 | 0.1 | 865,000 | 0.2 | 865,000 | 0.2 |

| Funding Sources | | % | | % | | % | | % | | % | | % | |
|--------------------------------|-------------|----------|-------------|----------|--|-------------|-------|-------------|-------|-------------|-------|-------------|-------|
| Total Funds | 414,460,570 | 100.0 | 576,917,305 | 100.0 | | 629,287,179 | 100.0 | 627,698,713 | 100.0 | 680,674,795 | 100.0 | 677,874,744 | 100.0 |
| Excess Appropriation/(Funding) | (7,987,753) | | (7,987,753) | | | (7,887,753) | | (7,561,045) | | (7,787,753) | | (7,453,587) | |
| Grand Total | 406,472,817 | | 568,929,552 | | | 621,399,426 | | 620,137,668 | | 672,887,042 | | 670,421,157 | |

Actual Expenditures for FY04 and FY05 Budget amounts exceed Authorized due to special language which provides Appropriation Transfer authority.

The appropriation for the Math & Science School was transferred to the University of Arkansas- Fayetteville by Act 1305 of 2003.

Analysis of Budget Request

Appropriation / Program: 1XJ - Sch District Millage

Funding Sources: TPR-Property Tax Relief Trust

Act 1026 of 2003 established appropriation for the Department of Education to compensate various school districts for Amendment 79 millage rollback. Funding for this appropriation is provided from the Property Tax Relief Trust Fund.

The Agency is requesting Base Level for the 2005-2007 Biennium.

The Executive Recommendation provides for Agency Request.

Appropriation / Program Summary

Appropriation / Program: 1XJ Sch District Millage
Funding Sources: TPR-Property Tax Relief Trust

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2003-2004 | 2004-2005 | 2004-2005 | 2005-2006 | | | 2006-2007 | | |
|-----------------------------------|-----------|-----------|------------|------------|----------|-----------|------------|----------|-----------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Grants and Aid 5100004 | 938,567 | 950,000 | 950,000 | 950,000 | 950,000 | 950,000 | 950,000 | 950,000 | 950,000 |
| Total | 938,567 | 950,000 | 950,000 | 950,000 | 950,000 | 950,000 | 950,000 | 950,000 | 950,000 |
| Funding Sources | | | | | | | | | |
| Fund Balance 4000005 | 3 | 11,436 | | 11,436 | 11,436 | 11,436 | 11,436 | 11,436 | 11,436 |
| Property Tax Relief Trust 4000390 | 950,000 | 950,000 | | 950,000 | 950,000 | 950,000 | 950,000 | 950,000 | 950,000 |
| Total Funding | 950,003 | 961,436 | | 961,436 | 961,436 | 961,436 | 961,436 | 961,436 | 961,436 |
| Excess Appropriation/(Funding) | (11,436) | (11,436) | | (11,436) | (11,436) | (11,436) | (11,436) | (11,436) | (11,436) |
| Grand Total | 938,567 | 950,000 | | 950,000 | 950,000 | 950,000 | 950,000 | 950,000 | 950,000 |

Analysis of Budget Request

Appropriation / Program: 1XY - Fish/Wildlife Conservation

Funding Sources: NED-Cash in Treasury

Act 799 of 2003, redirected money collected from Game and Fish Commission fines to educational programs in the counties in which the fines were collected. The act required the ADE to be the pass through agency to get the funds from the Commission to the counties. During the 2003-2005 biennium the appropriation was established from the Cash Fund Holding Account. The ADE is now requesting a Change Level of \$600,000 each fiscal year to permanently continue appropriation into the next biennium.

The Executive Recommendation provides for Agency Request.

Appropriation / Program Summary

Appropriation / Program: 1XY Fish/Wildlife Conservation
Funding Sources: NED-Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2003-2004 | 2004-2005 | 2004-2005 | 2005-2006 | | | 2006-2007 | | |
|--------------------------------|-----------|-----------|------------|------------|---------|-----------|------------|---------|-----------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Grants and Aid 5100004 | 0 | 600,000 | 0 | 0 | 600,000 | 600,000 | 0 | 600,000 | 600,000 |
| Total | 0 | 600,000 | 0 | 0 | 600,000 | 600,000 | 0 | 600,000 | 600,000 |
| Funding Sources | | | | | | | | | |
| Cash Fund 4000045 | 0 | 600,000 | | 0 | 600,000 | 600,000 | 0 | 600,000 | 600,000 |
| Total Funding | 0 | 600,000 | | 0 | 600,000 | 600,000 | 0 | 600,000 | 600,000 |
| Excess Appropriation/(Funding) | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 0 | 600,000 | | 0 | 600,000 | 600,000 | 0 | 600,000 | 600,000 |

Change Level by Appropriation

Appropriation / Program: 1XY-Fish/Wildlife Conservation

Funding Sources: NED-Cash in Treasury

Agency Request

| Change Level | | 2005-2006 | Pos | Cumulative | % of BL | 2006-2007 | Pos | Cumulative | % of BL |
|--------------|-------------------|-----------|-----|------------|---------|-----------|-----|------------|---------|
| BL | Base Level | 0 | 0 | 0 | x | 0 | 0 | 0 | x |
| C02 | New Program | 600,000 | 0 | 600,000 | x | 600,000 | 0 | 600,000 | x |

Executive Recommendation

| Change Level | | 2005-2006 | Pos | Cumulative | % of BL | 2006-2007 | Pos | Cumulative | % of BL |
|--------------|-------------------|-----------|-----|------------|---------|-----------|-----|------------|---------|
| BL | Base Level | 0 | 0 | 0 | 100.0 | 0 | 0 | 0 | 100.0 |
| C02 | New Program | 600,000 | 0 | 600,000 | 100.0 | 600,000 | 0 | 600,000 | 100.0 |

Justification

| | |
|-----|--|
| C02 | To allow the continuation of appropriation established through the DFA Cash Holding account in FY05. Act 799 of 2003 requires ADE to pass through funds from the Arkansas Game and Fish Commission to counties for educational programs. |
|-----|--|

Analysis of Budget Request

Appropriation / Program: 2DD - Conference-Treasury

Funding Sources: NED-Cash in Treasury

The Department of Education is requesting cash fund appropriation of \$475,000 each fiscal year to pay expenses of conferences sponsored by the Department. Funding is provided from registration fees charged to participants. During the current biennium the ADE moved the account from a local bank to the State Treasury. Prior to the move this type of account was considered a non-appropriated expenditure. Appropriation is required to make any payment from a treasury account. The appropriation will only be used if funds become available.

The Executive Recommendation provides for Agency Request.

Appropriation / Program Summary

Appropriation / Program: 2DD Conference-Treasury
Funding Sources: NED-Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2003-2004 | 2004-2005 | 2004-2005 | 2005-2006 | | | 2006-2007 | | |
|--|------------------|------------------|-------------------|-------------------|----------------|------------------|-------------------|----------------|------------------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Operating Expenses 5020002 | 200,681 | 400,000 | 0 | 0 | 400,000 | 400,000 | 0 | 400,000 | 400,000 |
| Travel-Conference Fees 5050009 | 30 | 25,000 | 0 | 0 | 25,000 | 25,000 | 0 | 25,000 | 25,000 |
| Professional Fees and Services 5060010 | 2,678 | 50,000 | 0 | 0 | 50,000 | 50,000 | 0 | 50,000 | 50,000 |
| Total | 203,389 | 475,000 | 0 | 0 | 475,000 | 475,000 | 0 | 475,000 | 475,000 |
| Funding Sources | | | | | | | | | |
| Fund Balance 4000005 | 0 | 214,235 | | 214,235 | 214,235 | 214,235 | 214,235 | 214,235 | 214,235 |
| Cash Fund 4000045 | 417,624 | 475,000 | | 0 | 475,000 | 475,000 | 0 | 475,000 | 475,000 |
| Total Funding | 417,624 | 689,235 | | 214,235 | 689,235 | 689,235 | 214,235 | 689,235 | 689,235 |
| Excess Appropriation/(Funding) | (214,235) | (214,235) | | (214,235) | (214,235) | (214,235) | (214,235) | (214,235) | (214,235) |
| Grand Total | 203,389 | 475,000 | | 0 | 475,000 | 475,000 | 0 | 475,000 | 475,000 |

Change Level by Appropriation

Appropriation / Program: 2DD-Conference-Treasury

Funding Sources: NED-Cash in Treasury

Agency Request

| Change Level | | 2005-2006 | Pos | Cumulative | % of BL | 2006-2007 | Pos | Cumulative | % of BL |
|--------------|-------------------|-----------|-----|------------|---------|-----------|-----|------------|---------|
| BL | Base Level | 0 | 0 | 0 | x | 0 | 0 | 0 | x |
| C02 | New Program | 475,000 | 0 | 475,000 | x | 475,000 | 0 | 475,000 | x |

Executive Recommendation

| Change Level | | 2005-2006 | Pos | Cumulative | % of BL | 2006-2007 | Pos | Cumulative | % of BL |
|--------------|-------------------|-----------|-----|------------|---------|-----------|-----|------------|---------|
| BL | Base Level | 0 | 0 | 0 | 100.0 | 0 | 0 | 0 | 100.0 |
| C02 | New Program | 475,000 | 0 | 475,000 | 100.0 | 475,000 | 0 | 475,000 | 100.0 |

Justification

| | |
|-----|---|
| C02 | To allow for the continuation of appropriation established through the DFA Cash Holding Account in FY05, so that ADE can spend funds moved to the State Treasury from non-appropriated cash accounts. |
|-----|---|

Analysis of Budget Request

Appropriation / Program: 435 - Federal Grants Administration

Funding Sources: FHA-Federal Indirect Cost

This appropriation for the Department of Education provides administration, accounting, purchasing and record keeping services for federal programs. It is funded by indirect cost charges levied against the federal programs operated by the Department.

Base Level for this appropriation includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for 9 Base Level positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Agency is requesting Base Level for the 2005-2007 Biennium.

The Executive Recommendation provides for Agency Request.

Appropriation / Program Summary

Appropriation / Program: 435 Federal Grants Administration
Funding Sources: FHA-Federal Indirect Cost

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2003-2004 | 2004-2005 | 2004-2005 | 2005-2006 | | | 2006-2007 | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Regular Salaries 5010000 | 326,766 | 331,664 | 342,174 | 380,590 | 380,590 | 380,590 | 391,494 | 391,494 | 391,494 |
| #Positions | 7 | 8 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Personal Services Matching 5010003 | 79,722 | 97,356 | 94,323 | 115,265 | 115,265 | 115,265 | 117,632 | 117,632 | 117,632 |
| Operating Expenses 5020002 | 19,284 | 49,970 | 49,970 | 49,970 | 49,970 | 49,970 | 49,970 | 49,970 | 49,970 |
| Travel-Conference Fees 5050009 | 723 | 19,672 | 19,672 | 19,672 | 19,672 | 19,672 | 19,672 | 19,672 | 19,672 |
| Professional Fees and Services 5060010 | 104,325 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 | 60,000 |
| Data Processing 5090012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay 5120011 | 0 | 10,000 | 10,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 530,820 | 568,662 | 576,139 | 625,497 | 625,497 | 625,497 | 638,768 | 638,768 | 638,768 |
| Funding Sources | | | | | | | | | |
| Federal Indirect Costs 4000240 | 530,820 | 568,662 | | 625,497 | 625,497 | 625,497 | 638,768 | 638,768 | 638,768 |
| Total Funding | 530,820 | 568,662 | | 625,497 | 625,497 | 625,497 | 638,768 | 638,768 | 638,768 |
| Excess Appropriation/(Funding) | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 530,820 | 568,662 | | 625,497 | 625,497 | 625,497 | 638,768 | 638,768 | 638,768 |

Actual Expenditures for FY04 exceeds Authorized due to special language which provides Appropriation Transfer authority.

Analysis of Budget Request

Appropriation / Program: 620 - State Operations

Funding Sources: EGA-ADE State Operations Fund

This appropriation provides resources for the operation of the Department of Education and assistance to Arkansas' public schools. Operational activities include legal services, information technology, public relations and fiscal management. Assistance to school districts includes the "School Report Card," fiscal and administrative support, curriculum and instruction, and special education assistance and compliance monitoring. For FY05, funding was provided from general revenues, the Educational Excellence Trust Fund, merit adjustment funds, the Educational Adequacy Trust Fund, and a transfer from the Public School Fund.

Base Level for this appropriation includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for 259 Base Level positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

Agency General Revenue requests include: \$15,000 each year for costs associated with the Executive Order directing the State of Arkansas to join the Compact for Education Research and Development. The compact creates a seven member council that will conduct research and development in all aspects of education and its financing.

The agency requests restoration of four positions due to an extension of the project. This request includes regular salaries and personal services matching. The current staff compiles statistics and prepares the Title II Report Card, coordinates the Praxis III testing program, coordinates Leadership and Mentoring programs and monitor issues related to No Child Left Behind.

\$100,000 each year in capital outlay is requested as unfunded appropriation. Corresponding reductions in other line items will be made if use of this appropriation is necessary. The appropriation would be used for equipment upgrades and maintenance.

The Executive Recommendation provides for the Agency Request for appropriation with no additional funding. The Executive Recommendation provides a COLA each year of the Biennium over of the FY05 Director's salary.

Appropriation / Program Summary

Appropriation / Program: 620 State Operations
Funding Sources: EGA-ADE State Operations Fund

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2003-2004 | 2004-2005 | 2004-2005 | 2005-2006 | | | 2006-2007 | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Regular Salaries 5010000 | 8,749,775 | 10,939,287 | 11,402,131 | 11,261,664 | 11,428,103 | 11,510,318 | 11,588,502 | 11,759,914 | 11,843,362 |
| #Positions | 220 | 259 | 262 | 259 | 263 | 263 | 259 | 263 | 263 |
| Extra Help 5010001 | 0 | 14,998 | 14,998 | 14,998 | 14,998 | 14,998 | 14,998 | 14,998 | 14,998 |
| #Extra Help | 0 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Personal Services Matching 5010003 | 2,282,653 | 3,224,520 | 3,164,428 | 3,434,760 | 3,486,254 | 3,497,814 | 3,505,597 | 3,558,170 | 3,569,903 |
| Operating Expenses 5020002 | 2,015,557 | 2,925,404 | 3,326,284 | 2,925,404 | 2,925,404 | 2,925,404 | 2,925,404 | 2,925,404 | 2,925,404 |
| Travel-Conference Fees 5050009 | 51,421 | 203,030 | 203,030 | 203,030 | 203,030 | 203,030 | 203,030 | 203,030 | 203,030 |
| Professional Fees and Services 5060010 | 75,803 | 224,800 | 234,800 | 224,800 | 224,800 | 224,800 | 224,800 | 224,800 | 224,800 |
| Data Processing 5090012 | 112,835 | 1,764,000 | 1,613,000 | 1,764,000 | 1,764,000 | 1,764,000 | 1,764,000 | 1,764,000 | 1,764,000 |
| Capital Outlay 5120011 | 5,266 | 15,000 | 115,000 | 0 | 100,000 | 100,000 | 0 | 100,000 | 100,000 |
| Reading Recovery 5900046 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 | 100,000 |
| School Report Card 5900048 | 0 | 0 | 50,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| AR Leadership Academy 5900049 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| Compact Educ Resrch & Dev 5900050 | 0 | 0 | 0 | 0 | 15,000 | 15,000 | 0 | 15,000 | 15,000 |
| Total | 13,693,310 | 19,711,039 | 20,523,671 | 20,228,656 | 20,561,589 | 20,655,364 | 20,626,331 | 20,965,316 | 21,060,497 |
| Funding Sources | | | | | | | | | |
| Fund Balance 4000005 | 880,237 | 571,395 | | 571,395 | 571,395 | 571,395 | 471,395 | 471,395 | 471,395 |
| General Revenue 4000010 | 11,841,192 | 11,841,192 | | 13,036,267 | 13,269,200 | 13,036,267 | 13,433,942 | 13,672,927 | 13,433,942 |
| Merit Adjustment Fund 4000055 | 111,136 | 677,458 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Educational Adequacy Fund 4000210 | 0 | 5,526,870 | | 5,526,870 | 5,526,870 | 5,526,870 | 5,526,870 | 5,526,870 | 5,526,870 |
| Educational Excellence Fund 4000220 | 567,140 | 800,519 | | 800,519 | 800,519 | 800,519 | 800,519 | 800,519 | 800,519 |
| Transfer DOE Public School Fun 4000525 | 865,000 | 865,000 | | 865,000 | 865,000 | 865,000 | 865,000 | 865,000 | 865,000 |
| Total Funding | 14,264,705 | 20,282,434 | | 20,800,051 | 21,032,984 | 20,800,051 | 21,097,726 | 21,336,711 | 21,097,726 |
| Excess Appropriation/(Funding) | (571,395) | (571,395) | | (571,395) | (471,395) | (144,687) | (471,395) | (371,395) | (37,229) |
| Grand Total | 13,693,310 | 19,711,039 | | 20,228,656 | 20,561,589 | 20,655,364 | 20,626,331 | 20,965,316 | 21,060,497 |

Change Level by Appropriation

Appropriation / Program: 620-State Operations
Funding Sources: EGA-ADE State Operations Fund

Agency Request

| Change Level | | 2005-2006 | Pos | Cumulative | % of BL | 2006-2007 | Pos | Cumulative | % of BL |
|--------------|-------------------|-------------------|------------|-------------------|--------------|-------------------|------------|-------------------|--------------|
| BL | Base Level | 20,228,656 | 259 | 20,228,656 | 100.0 | 20,626,331 | 259 | 20,626,331 | 100.0 |
| C01 | Existing Program | 317,933 | 4 | 20,546,589 | 101.5 | 323,985 | 4 | 20,950,316 | 101.5 |
| C02 | New Program | 15,000 | 0 | 20,561,589 | 101.6 | 15,000 | 0 | 20,965,316 | 101.6 |

Executive Recommendation

| Change Level | | 2005-2006 | Pos | Cumulative | % of BL | 2006-2007 | Pos | Cumulative | % of BL |
|--------------|--------------------|-------------------|------------|-------------------|--------------|-------------------|------------|-------------------|--------------|
| BL | Base Level | 20,225,907 | 259 | 20,225,907 | 100.0 | 20,623,537 | 259 | 20,623,537 | 100.0 |
| C01 | Existing Program | 317,933 | 4 | 20,543,840 | 101.5 | 323,985 | 4 | 20,947,522 | 101.5 |
| C02 | New Program | 15,000 | 0 | 20,558,840 | 101.6 | 15,000 | 0 | 20,962,522 | 101.6 |
| C15 | Ex Salary Increase | 96,524 | 0 | 20,655,364 | 102.1 | 97,975 | 0 | 21,060,497 | 102.1 |

Justification

| | |
|-----|--|
| C01 | ADE requests restoration of 4 positions due to an unanticipated extension of the project. Additional request is for unfunded appropriation for Capital Outlay. Should we have to use this authority, we will make corresponding reductions in other areas. |
| C02 | \$15,000 each year in general revenue is requested to provide for costs of the Executive Order directing the State of Arkansas to join the Compact for Education Research and Development. |
| C15 | Extraordinary Salaries as recommended by DFA - Office of Personnel Management. |

Analysis of Budget Request

Appropriation / Program: 630 - Building Maintenance

Funding Sources: TEB-Trust

The Department of Education is requesting Base Level for the Building Maintenance program which provides financing for building and grounds maintenance, equipment maintenance contracts, insurance and janitorial services for the various buildings in the Education complex. This appropriation is funded from rent charged to the various non-federal units at the Department.

The Executive Recommendation provides for Agency Request.

Appropriation / Program Summary

Appropriation / Program: 630 Building Maintenance
Funding Sources: TEB-Trust

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2003-2004 | 2004-2005 | 2004-2005 | 2005-2006 | | | 2006-2007 | | |
|--|--------------------|--------------------|----------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Operating Expenses 5020002 | 0 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Travel-Conference Fees 5050009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Professional Fees and Services 5060010 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Data Processing 5090012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay 5120011 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 0 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Funding Sources | | | | | | | | | |
| Fund Balance 4000005 | 1,601,915 | 2,093,992 | | 2,093,992 | 2,093,992 | 2,093,992 | 2,093,992 | 2,093,992 | 2,093,992 |
| Trust Fund 4000050 | 492,077 | 500,000 | | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Total Funding | 2,093,992 | 2,593,992 | | 2,593,992 | 2,593,992 | 2,593,992 | 2,593,992 | 2,593,992 | 2,593,992 |
| Excess Appropriation/(Funding) | (2,093,992) | (2,093,992) | | (2,093,992) | (2,093,992) | (2,093,992) | (2,093,992) | (2,093,992) | (2,093,992) |
| Grand Total | 0 | 500,000 | | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 |

Analysis of Budget Request

Appropriation / Program: 631 - Revolving Loan Certification

Funding Sources: TEM-Trust

The Revolving Loan Certificates Program within the Department of Education issues revolving loan certificates through the State Treasury in order to finance loans up to \$500,000 each to school districts for construction and the purchase of equipment or buses.

Base Level for this appropriation includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for 4 Base Level positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Agency is requesting Base Level for the 2005-2007 Biennium.

The Executive Recommendation provides for Agency Request.

Appropriation / Program Summary

Appropriation / Program: 631 Revolving Loan Certification
Funding Sources: TEM-Trust

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | | Historical Data | | | Agency Request and Executive Recommendation | | | Agency Request and Executive Recommendation | | |
|--------------------------------|---------|---------------------|---------------------|-------------------------|---|-------------------|-------------------|---|-------------------|-------------------|
| | | 2003-2004 Actual | 2004-2005 Budget | 2004-2005 Authorized | 2005-2006 | | | 2006-2007 | | |
| | | | | | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Regular Salaries | 5010000 | 97,731 | 103,870 | 117,576 | 107,722 | 107,722 | 107,722 | 110,951 | 110,951 | 110,951 |
| #Positions | | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Personal Services Matching | 5010003 | 33,721 | 35,982 | 36,614 | 38,747 | 38,747 | 38,747 | 39,447 | 39,447 | 39,447 |
| Operating Expenses | 5020002 | 6,596 | 27,500 | 27,500 | 27,500 | 27,500 | 27,500 | 27,500 | 27,500 | 27,500 |
| Travel-Conference Fees | 5050009 | 80 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 | 2,500 |
| Professional Fees and Services | 5060010 | 0 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| Data Processing | 5090012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 5120011 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Loans | 5120029 | 2,960,551 | 13,000,000 | 13,000,000 | 13,000,000 | 13,000,000 | 13,000,000 | 13,000,000 | 13,000,000 | 13,000,000 |
| Total | | 3,098,679 | 13,179,852 | 13,194,190 | 13,186,469 | 13,186,469 | 13,186,469 | 13,190,398 | 13,190,398 | 13,190,398 |
| Funding Sources | | | | | | | | | | |
| Fund Balance | 4000005 | 292,110 | 1,038,861 | | 1,038,861 | 1,038,861 | 1,038,861 | 1,038,861 | 1,038,861 | 1,038,861 |
| Trust Fund | 4000050 | 3,845,430 | 13,179,852 | | 13,186,469 | 13,186,469 | 13,186,469 | 13,190,398 | 13,190,398 | 13,190,398 |
| Total Funding | | 4,137,540 | 14,218,713 | | 14,225,330 | 14,225,330 | 14,225,330 | 14,229,259 | 14,229,259 | 14,229,259 |
| Excess Appropriation/(Funding) | | (1,038,861) | (1,038,861) | | (1,038,861) | (1,038,861) | (1,038,861) | (1,038,861) | (1,038,861) | (1,038,861) |
| Grand Total | | 3,098,679 | 13,179,852 | | 13,186,469 | 13,186,469 | 13,186,469 | 13,190,398 | 13,190,398 | 13,190,398 |

Analysis of Budget Request

Appropriation / Program: 637 - Child Nutrition

Funding Sources: FHB-DOE Food Service Federal Fund

The Child Nutrition Program of the Department of Education provides administrative services and reimbursement to the local school districts that participate in the school lunch, school breakfast or special milk programs. This program also promotes nutrition education by conducting courses in methods and materials for teaching nutrition education. The Child Nutrition Program is funded with federal funds from the United States Department of Agriculture.

Base Level for this appropriation includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for 15 Base Level positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The agency requests total \$12,540,210 in FY06 and \$25,030,420 in FY07. The requests will provide for a projected 10% increase in the program each of the next two fiscal years. The growth is primarily in Grants and Aid, which totals \$12.4 million in FY06 and \$24.8 million in FY07. This appropriation 100% federally funded and the appropriation will only be used if funds become available.

The Executive Recommendation provides for Agency Request with the exception of Operating Expenses and Capital Outlay.

Appropriation / Program Summary

Appropriation / Program: 637 Child Nutrition
Funding Sources: FHB-DOE Food Service Federal Fund

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2003-2004 | 2004-2005 | 2004-2005 | 2005-2006 | | | 2006-2007 | | |
|--|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Regular Salaries 5010000 | 508,571 | 548,970 | 554,797 | 568,547 | 568,547 | 568,547 | 585,345 | 585,345 | 585,345 |
| #Positions | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Personal Services Matching 5010003 | 147,361 | 169,635 | 159,750 | 181,030 | 181,030 | 181,030 | 184,679 | 184,679 | 184,679 |
| Operating Expenses 5020002 | 211,781 | 393,100 | 393,100 | 393,100 | 432,410 | 393,100 | 393,100 | 471,720 | 393,100 |
| Travel-Conference Fees 5050009 | 24,428 | 52,600 | 52,600 | 52,600 | 57,860 | 52,600 | 52,600 | 63,120 | 52,600 |
| Professional Fees and Services 5060010 | 0 | 156,400 | 156,400 | 156,400 | 172,040 | 156,400 | 156,400 | 187,680 | 156,400 |
| Data Processing 5090012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants and Aid 5100004 | 95,335,905 | 124,000,000 | 124,000,000 | 124,000,000 | 136,400,000 | 136,400,000 | 124,000,000 | 148,800,000 | 148,800,000 |
| Refund/Reimbursements 5110014 | 38,063 | 300,000 | 300,000 | 300,000 | 330,000 | 330,000 | 300,000 | 360,000 | 360,000 |
| Capital Outlay 5120011 | 12,642 | 20,000 | 50,000 | 0 | 50,000 | 0 | 0 | 50,000 | 0 |
| Total | 96,278,751 | 125,640,705 | 125,666,647 | 125,651,677 | 138,191,887 | 138,081,677 | 125,672,124 | 150,702,544 | 150,532,124 |
| Funding Sources | | | | | | | | | |
| Federal Revenue 4000020 | 96,278,751 | 125,640,705 | | 125,651,677 | 138,191,887 | 138,081,677 | 125,672,124 | 150,702,544 | 150,532,124 |
| Total Funding | 96,278,751 | 125,640,705 | | 125,651,677 | 138,191,887 | 138,081,677 | 125,672,124 | 150,702,544 | 150,532,124 |
| Excess Appropriation/(Funding) | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 96,278,751 | 125,640,705 | | 125,651,677 | 138,191,887 | 138,081,677 | 125,672,124 | 150,702,544 | 150,532,124 |

FY05 Budget amount exceed Authorized due to special language which provides Appropriation Transfer authority.

Change Level by Appropriation

Appropriation / Program: 637-Child Nutrition

Funding Sources: FHB-DOE Food Service Federal Fund

Agency Request

| Change Level | | 2005-2006 | Pos | Cumulative | % of BL | 2006-2007 | Pos | Cumulative | % of BL |
|--------------|-------------------|--------------------|-----------|--------------------|--------------|--------------------|-----------|--------------------|--------------|
| BL | Base Level | 125,651,677 | 15 | 125,651,677 | 100.0 | 125,672,124 | 15 | 125,672,124 | 100.0 |
| C01 | Existing Program | 12,540,210 | 0 | 138,191,887 | 109.9 | 25,030,420 | 0 | 150,702,544 | 119.9 |

Executive Recommendation

| Change Level | | 2005-2006 | Pos | Cumulative | % of BL | 2006-2007 | Pos | Cumulative | % of BL |
|--------------|-------------------|--------------------|-----------|--------------------|--------------|--------------------|-----------|--------------------|--------------|
| BL | Base Level | 125,651,677 | 15 | 125,651,677 | 100.0 | 125,672,124 | 15 | 125,672,124 | 100.0 |
| C01 | Existing Program | 12,430,000 | 0 | 138,081,677 | 109.8 | 24,860,000 | 0 | 150,532,124 | 119.7 |

Justification

| | |
|-----|--|
| C01 | This request is for a 10% increase each year to utilize additional federal funding that may become available in the 2005-2007 biennium for the federally funded Child Nutrition appropriation. Also the Capital Outlay line item is requested at the same level as in the 2003-2005 biennium. The appropriation will only be used if additional federal funding does become available. |
|-----|--|

Analysis of Budget Request

Appropriation / Program: 639 - Federal Turnback for School

Funding Sources: FZF-Federal Forest Reserve-DOE

The Department of Education is requesting a Base Level of \$11,000,000 each year of the 2005-2007 Biennium for this program which distributes federal turnback money from mineral leasing, forest reserve and flood control to the appropriate school districts.

The Executive Recommendation provides for Agency Request.

Appropriation / Program Summary

Appropriation / Program: 639 Federal Turnback for School
Funding Sources: FZF-Federal Forest Reserve-DOE

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2003-2004 | 2004-2005 | 2004-2005 | 2005-2006 | | | 2006-2007 | | |
|--------------------------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Grants and Aid 5100004 | 8,447,447 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 |
| Total | 8,447,447 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 |
| Funding Sources | | | | | | | | | |
| Federal Revenue 4000020 | 8,447,447 | 11,000,000 | | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 |
| Total Funding | 8,447,447 | 11,000,000 | | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 |
| Excess Appropriation/(Funding) | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 8,447,447 | 11,000,000 | | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 | 11,000,000 |

Analysis of Budget Request

Appropriation / Program: 650 - Fed Elem & Sec Education

Funding Sources: FEE-Dept of Education Federal Fund

The Federal Elementary and Secondary Education appropriation for the Department of Education contains the majority of the federal entitlement programs for elementary and secondary education. These programs include Title 1 Compensatory Education for the Educationally Disadvantaged, Title 2 Block Grant, Special Education Programs, Early Childhood Programs, AIDS Education, Drug Education, Goals 2000 for School Reform Initiatives, and Migrant Education.

Base Level for this appropriation includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for 66 Base Level positions. This includes a \$600 minimum increase for employees earning \$20,000 or below. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The agency Change Level Request for Federal Elementary and Secondary Education totals \$38,489,720 in FY06 and \$76,879,440 in FY07. The requests will provide for a projected growth of 10% each fiscal year. The majority of the request is in the Grants and Aid line item totals \$37.2 million in FY06 and \$74.5 million in FY07. Other increases are reflected in Operations, Travel and Conference Fees, Professional Fees and Capital Outlay. This appropriation is 100% federally funded and will only be used if funds become available.

The Executive Recommendation provides for Base Level plus the requested increase in appropriation for the Grants and Aid line item only.

Appropriation / Program Summary

Appropriation / Program: 650 Fed Elem & Sec Education
Funding Sources: FEE-Dept of Education Federal Fund

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2003-2004 | 2004-2005 | 2004-2005 | 2005-2006 | | | 2006-2007 | | |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Regular Salaries 5010000 | 2,232,680 | 2,571,117 | 2,732,174 | 2,647,991 | 2,647,991 | 2,647,991 | 2,725,897 | 2,725,897 | 2,725,897 |
| #Positions | 60 | 66 | 66 | 66 | 66 | 66 | 66 | 66 | 66 |
| Extra Help 5010001 | 0 | 10,000 | 32,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 |
| #Extra Help | 0 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Personal Services Matching 5010003 | 629,413 | 781,002 | 758,602 | 829,098 | 829,098 | 829,098 | 846,004 | 846,004 | 846,004 |
| Operating Expenses 5020002 | 2,098,318 | 3,455,900 | 3,455,900 | 3,455,900 | 3,801,490 | 3,455,900 | 3,455,900 | 4,147,080 | 3,455,900 |
| Travel-Conference Fees 5050009 | 159,543 | 710,500 | 710,500 | 710,500 | 781,550 | 710,500 | 710,500 | 852,600 | 710,500 |
| Professional Fees and Services 5060010 | 6,572,953 | 7,200,830 | 5,160,600 | 7,200,830 | 7,920,913 | 7,200,830 | 7,200,830 | 8,640,996 | 7,200,830 |
| Data Processing 5090012 | 0 | 86,000 | 86,000 | 86,000 | 94,600 | 86,000 | 86,000 | 103,200 | 86,000 |
| Grants and Aid 5100004 | 264,712,000 | 372,443,970 | 374,484,200 | 372,443,970 | 409,688,367 | 409,688,367 | 372,443,970 | 446,932,764 | 446,932,764 |
| Refund/Reimbursements 5110014 | 316,318 | 300,000 | 400,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 | 300,000 |
| Capital Outlay 5120011 | 40,812 | 250,000 | 250,000 | 0 | 100,000 | 0 | 0 | 100,000 | 0 |
| Total | 276,762,037 | 387,809,319 | 388,069,976 | 387,684,289 | 426,174,009 | 424,928,686 | 387,779,101 | 464,658,541 | 462,267,895 |
| Funding Sources | | | | | | | | | |
| Federal Revenue 4000020 | 276,762,037 | 387,809,319 | | 387,684,289 | 426,174,009 | 424,928,686 | 387,779,101 | 464,658,541 | 462,267,895 |
| Total Funding | 276,762,037 | 387,809,319 | | 387,684,289 | 426,174,009 | 424,928,686 | 387,779,101 | 464,658,541 | 462,267,895 |
| Excess Appropriation/(Funding) | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 276,762,037 | 387,809,319 | | 387,684,289 | 426,174,009 | 424,928,686 | 387,779,101 | 464,658,541 | 462,267,895 |

Actual Expenditures for FY04 and FY05 Budget amounts exceed Authorized due to special language which provides Appropriation Transfer authority.

Change Level by Appropriation

Appropriation / Program: 650-Fed Elem & Sec Education

Funding Sources: FEE-Dept of Education Federal Fund

Agency Request

| Change Level | | 2005-2006 | Pos | Cumulative | % of BL | 2006-2007 | Pos | Cumulative | % of BL |
|--------------|-------------------|--------------------|-----------|--------------------|--------------|--------------------|-----------|--------------------|--------------|
| BL | Base Level | 387,684,289 | 66 | 387,684,289 | 100.0 | 387,779,101 | 66 | 387,779,101 | 100.0 |
| C01 | Existing Program | 38,489,720 | 0 | 426,174,009 | 109.9 | 76,879,440 | 0 | 464,658,541 | 119.8 |

Executive Recommendation

| Change Level | | 2005-2006 | Pos | Cumulative | % of BL | 2006-2007 | Pos | Cumulative | % of BL |
|--------------|-------------------|--------------------|-----------|--------------------|--------------|--------------------|-----------|--------------------|--------------|
| BL | Base Level | 387,684,289 | 66 | 387,684,289 | 100.0 | 387,779,101 | 66 | 387,779,101 | 100.0 |
| C01 | Existing Program | 37,244,397 | 0 | 424,928,686 | 109.6 | 74,488,794 | 0 | 462,267,895 | 119.2 |

Justification

| | |
|-----|--|
| C01 | This request is for a 10% increase each year to utilize additional federal funding that may become available in the 2005-2007 biennium for the Federal Elementary and Secondary Education Appropriation programs. The appropriation will only be used if additional federal funding does become available. |
|-----|--|

Analysis of Budget Request

Appropriation / Program: 684 - Gates Grant Treasury

Funding Sources: NED-Cash in Treasury

The Department of Education requests a total \$165,000 in FY06 and \$236,500 in FY07. The requests are for a projected 10% across the board increase in the grant. The Department continually seeks funding, in the form of cash grants, from the Gates Family Foundation to continue technology training and improvements at the local school districts. This appropriation is 100% cash funded and will only be used if funds become available.

The Executive Recommendation provides for Agency Request.

Appropriation / Program Summary

Appropriation / Program: 684 Gates Grant Treasury
Funding Sources: NED-Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2003-2004 | 2004-2005 | 2004-2005 | 2005-2006 | | | 2006-2007 | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Operating Expenses 5020002 | 305 | 140,000 | 140,000 | 140,000 | 154,000 | 154,000 | 140,000 | 169,400 | 169,400 |
| Travel-Conference Fees 5050009 | 543 | 35,000 | 35,000 | 35,000 | 38,500 | 38,500 | 35,000 | 42,350 | 42,350 |
| Professional Fees and Services 5060010 | 99,523 | 100,000 | 100,000 | 100,000 | 110,000 | 110,000 | 100,000 | 121,000 | 121,000 |
| Data Processing 5090012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants and Aid 5100004 | 358,783 | 300,000 | 300,000 | 300,000 | 412,500 | 412,500 | 300,000 | 453,750 | 453,750 |
| Capital Outlay 5120011 | 0 | 25,000 | 25,000 | 0 | 25,000 | 25,000 | 0 | 25,000 | 25,000 |
| Total | 459,154 | 600,000 | 600,000 | 575,000 | 740,000 | 740,000 | 575,000 | 811,500 | 811,500 |
| Funding Sources | | | | | | | | | |
| Fund Balance 4000005 | 668,333 | 218,024 | | 218,024 | 218,024 | 218,024 | 218,024 | 218,024 | 218,024 |
| Cash Fund 4000045 | 8,845 | 600,000 | | 575,000 | 740,000 | 740,000 | 575,000 | 811,500 | 811,500 |
| Total Funding | 677,178 | 818,024 | | 793,024 | 958,024 | 958,024 | 793,024 | 1,029,524 | 1,029,524 |
| Excess Appropriation/(Funding) | (218,024) | (218,024) | | (218,024) | (218,024) | (218,024) | (218,024) | (218,024) | (218,024) |
| Grand Total | 459,154 | 600,000 | | 575,000 | 740,000 | 740,000 | 575,000 | 811,500 | 811,500 |

Actual Expenditures for FY04 amount exceeds Authorized due to special language which provides Appropriation Transfer authority.

Change Level by Appropriation

Appropriation / Program: 684-Gates Grant Treasury

Funding Sources: NED-Cash in Treasury

Agency Request

| Change Level | | 2005-2006 | Pos | Cumulative | % of BL | 2006-2007 | Pos | Cumulative | % of BL |
|--------------|-------------------|-----------|-----|------------|---------|-----------|-----|------------|---------|
| BL | Base Level | 575,000 | 0 | 575,000 | 100.0 | 575,000 | 0 | 575,000 | 100.0 |
| C01 | Existing Program | 165,000 | 0 | 740,000 | 128.7 | 236,500 | 0 | 811,500 | 141.1 |

Executive Recommendation

| Change Level | | 2005-2006 | Pos | Cumulative | % of BL | 2006-2007 | Pos | Cumulative | % of BL |
|--------------|-------------------|-----------|-----|------------|---------|-----------|-----|------------|---------|
| BL | Base Level | 575,000 | 0 | 575,000 | 100.0 | 575,000 | 0 | 575,000 | 100.0 |
| C01 | Existing Program | 165,000 | 0 | 740,000 | 128.7 | 236,500 | 0 | 811,500 | 141.1 |

Justification

| | |
|-----|--|
| C01 | This request is for additional cash appropriation for the Gates Foundation Grant. It represents an estimate of potential needs there may be in the 2005-2007 biennium. |
|-----|--|

Analysis of Budget Request

Appropriation / Program: 885 - Multiple Grant Award Program

Funding Sources: NED-Cash in Treasury

The Department of Education receives grants and awards from private foundations or individuals for programs, such as, Teacher of the Year, Minority Teacher Recruitment, Dean's Symposium and Play it Again Arkansas. The Department currently administers approximately 16-20 such grants each year.

In anticipation of continued success in securing donations and private gifts, the agency requests \$10,000 each year to restore Capital Outlay appropriation to the FY05 level. This appropriation is 100% cash funded will only be used if funds become available.

The Executive Recommendation provides for Agency Request.

Appropriation / Program Summary

Appropriation / Program: 885 Multiple Grant Award Program
Funding Sources: NED-Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2003-2004 | 2004-2005 | 2004-2005 | 2005-2006 | | | 2006-2007 | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Operating Expenses 5020002 | 25,476 | 122,000 | 122,000 | 122,000 | 122,000 | 122,000 | 122,000 | 122,000 | 122,000 |
| Travel-Conference Fees 5050009 | 2,185 | 16,500 | 16,500 | 16,500 | 16,500 | 16,500 | 16,500 | 16,500 | 16,500 |
| Professional Fees and Services 5060010 | 8,353 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 | 40,000 |
| Data Processing 5090012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Grants and Aid 5100004 | 1,032,325 | 2,447,875 | 2,447,875 | 2,447,875 | 2,447,875 | 2,447,875 | 2,447,875 | 2,447,875 | 2,447,875 |
| Capital Outlay 5120011 | 0 | 10,000 | 10,000 | 0 | 10,000 | 10,000 | 0 | 10,000 | 10,000 |
| Total | 1,068,339 | 2,636,375 | 2,636,375 | 2,626,375 | 2,636,375 | 2,636,375 | 2,626,375 | 2,636,375 | 2,636,375 |
| Funding Sources | | | | | | | | | |
| Fund Balance 4000005 | 2,161,648 | 2,959,322 | | 2,959,322 | 2,959,322 | 2,959,322 | 2,959,322 | 2,959,322 | 2,959,322 |
| Cash Fund 4000045 | 1,866,013 | 2,636,375 | | 2,626,375 | 2,636,375 | 2,636,375 | 2,626,375 | 2,636,375 | 2,636,375 |
| Total Funding | 4,027,661 | 5,595,697 | | 5,585,697 | 5,595,697 | 5,595,697 | 5,585,697 | 5,595,697 | 5,595,697 |
| Excess Appropriation/(Funding) | (2,959,322) | (2,959,322) | | (2,959,322) | (2,959,322) | (2,959,322) | (2,959,322) | (2,959,322) | (2,959,322) |
| Grand Total | 1,068,339 | 2,636,375 | | 2,626,375 | 2,636,375 | 2,636,375 | 2,626,375 | 2,636,375 | 2,636,375 |

Change Level by Appropriation

Appropriation / Program: 885-Multiple Grant Award Program

Funding Sources: NED-Cash in Treasury

Agency Request

| Change Level | | 2005-2006 | Pos | Cumulative | % of BL | 2006-2007 | Pos | Cumulative | % of BL |
|--------------|-------------------|-----------|-----|------------|---------|-----------|-----|------------|---------|
| BL | Base Level | 2,626,375 | 0 | 2,626,375 | 100.0 | 2,626,375 | 0 | 2,626,375 | 100.0 |
| C01 | Existing Program | 10,000 | 0 | 2,636,375 | 100.3 | 10,000 | 0 | 2,636,375 | 100.3 |

Executive Recommendation

| Change Level | | 2005-2006 | Pos | Cumulative | % of BL | 2006-2007 | Pos | Cumulative | % of BL |
|--------------|-------------------|-----------|-----|------------|---------|-----------|-----|------------|---------|
| BL | Base Level | 2,626,375 | 0 | 2,626,375 | 100.0 | 2,626,375 | 0 | 2,626,375 | 100.0 |
| C01 | Existing Program | 10,000 | 0 | 2,636,375 | 100.3 | 10,000 | 0 | 2,636,375 | 100.3 |

Justification

| | |
|-----|--|
| C01 | This request is for additional cash appropriation for the Multiple Grant Award Program to restore the Capital Outlay line item to the same level authorized in the 2003-2005 biennium. |
|-----|--|

Analysis of Budget Request

Appropriation / Program: 893 - Medicaid Reimbursement

Funding Sources: NED-Cash in Treasury

The Department of Education collects from the various school districts their match as Medicaid providers and then transmits this quarterly to the State Medicaid Office. Reimbursements are for targeted case management and psychological services in addition to the reimbursement for speech-language pathology, physical therapy and occupational therapy.

The Agency is requesting Base Level for the 2005-2007 Biennium.

The Executive Recommendation provides for Agency Request.

Appropriation / Program Summary

Appropriation / Program: 893 Medicaid Reimbursement
Funding Sources: NED-Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2003-2004 | 2004-2005 | 2004-2005 | 2005-2006 | | | 2006-2007 | | |
|--------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Refund/Reimbursements 5110014 | 2,597,948 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 |
| Medicaid Admin 5900046 | 0 | 10,500 | 10,500 | 10,500 | 10,500 | 10,500 | 10,500 | 10,500 | 10,500 |
| Total | 2,597,948 | 5,010,500 | 5,010,500 | 5,010,500 | 5,010,500 | 5,010,500 | 5,010,500 | 5,010,500 | 5,010,500 |
| Funding Sources | | | | | | | | | |
| Fund Balance 4000005 | 121,905 | 55,252 | | 55,252 | 55,252 | 55,252 | 55,252 | 55,252 | 55,252 |
| Cash Fund 4000045 | 2,531,295 | 5,010,500 | | 5,010,500 | 5,010,500 | 5,010,500 | 5,010,500 | 5,010,500 | 5,010,500 |
| Total Funding | 2,653,200 | 5,065,752 | | 5,065,752 | 5,065,752 | 5,065,752 | 5,065,752 | 5,065,752 | 5,065,752 |
| Excess Appropriation/(Funding) | (55,252) | (55,252) | | (55,252) | (55,252) | (55,252) | (55,252) | (55,252) | (55,252) |
| Grand Total | 2,597,948 | 5,010,500 | | 5,010,500 | 5,010,500 | 5,010,500 | 5,010,500 | 5,010,500 | 5,010,500 |

Analysis of Budget Request

Appropriation / Program: 899 - Alternative Certification Program

Funding Sources: NED-Cash in Treasury

The Department of Education has developed alternative methods for certifying individuals within the state who have expertise and knowledge in particular subject areas but do not have the standard teaching certificate. The prospective teachers are charged a fee for training workshops with the funds used to pay workshop expenses.

The Department is requesting a change level of \$500,000 each year in operating expenses to continue appropriation established in fiscal year 2005 through the DFA-Cash Fund Holding Account. The Department continues to see growth in the Alternative Certification Program. The appropriation is 100% funded by workshop fees and will only be used if funding is available.

The Executive Recommendation provides for Agency Request.

Appropriation / Program Summary

Appropriation / Program: 899 Alternative Certification Program
Funding Sources: NED-Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2003-2004 | 2004-2005 | 2004-2005 | 2005-2006 | | | 2006-2007 | | |
|--|------------------|------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Operating Expenses 5020002 | 507,285 | 216,100 | 216,100 | 216,100 | 716,100 | 716,100 | 216,100 | 716,100 | 716,100 |
| Travel-Conference Fees 5050009 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Professional Fees and Services 5060010 | 0 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 | 32,000 |
| Data Processing 5090012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay 5120011 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 507,285 | 248,100 | 248,100 | 248,100 | 748,100 | 748,100 | 248,100 | 748,100 | 748,100 |
| Funding Sources | | | | | | | | | |
| Fund Balance 4000005 | 575,180 | 825,236 | | 825,236 | 825,236 | 825,236 | 825,236 | 825,236 | 825,236 |
| Cash Fund 4000045 | 757,341 | 248,100 | | 248,100 | 748,100 | 748,100 | 248,100 | 748,100 | 748,100 |
| Total Funding | 1,332,521 | 1,073,336 | | 1,073,336 | 1,573,336 | 1,573,336 | 1,073,336 | 1,573,336 | 1,573,336 |
| Excess Appropriation/(Funding) | (825,236) | (825,236) | | (825,236) | (825,236) | (825,236) | (825,236) | (825,236) | (825,236) |
| Grand Total | 507,285 | 248,100 | | 248,100 | 748,100 | 748,100 | 248,100 | 748,100 | 748,100 |

Actual Expenditures for FY04 exceeds Authorized due to special language which provides Appropriation Transfer authority.

Change Level by Appropriation

Appropriation / Program: 899-Alternative Certification Program

Funding Sources: NED-Cash in Treasury

Agency Request

| Change Level | | 2005-2006 | Pos | Cumulative | % of BL | 2006-2007 | Pos | Cumulative | % of BL |
|--------------|-------------------|-----------|-----|------------|---------|-----------|-----|------------|---------|
| BL | Base Level | 248,100 | 0 | 248,100 | 100.0 | 248,100 | 0 | 248,100 | 100.0 |
| C01 | Existing Program | 500,000 | 0 | 748,100 | 301.5 | 500,000 | 0 | 748,100 | 301.5 |

Executive Recommendation

| Change Level | | 2005-2006 | Pos | Cumulative | % of BL | 2006-2007 | Pos | Cumulative | % of BL |
|--------------|-------------------|-----------|-----|------------|---------|-----------|-----|------------|---------|
| BL | Base Level | 248,100 | 0 | 248,100 | 100.0 | 248,100 | 0 | 248,100 | 100.0 |
| C01 | Existing Program | 500,000 | 0 | 748,100 | 301.5 | 500,000 | 0 | 748,100 | 301.5 |

Justification

| | |
|-----|--|
| C01 | To allow for the continuation of appropriation established through the DFA Cash Holding Account in FY05. ADE continues to experience growth in the Alternative Certificaion Program. |
|-----|--|

Appropriation / Program Summary

Appropriation / Program: 633 PE/Sec Sch Self Insurance Prgm
Funding Sources: TBA - Public Elementary and Secondary School Insurance Fund

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2003-2004 | 2004-2005 | 2004-2005 | 2005-2006 | | | 2006-2007 | | |
|--|------------------|-----------|------------------|------------|----------|-----------|------------|----------|-----------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Regular Salaries 5010000 | 64,733 | 0 | 107,843 | 0 | 0 | 0 | 0 | 0 | 0 |
| #Positions | 3 | 0 | 3 | 0 | 0 | 0 | 0 | 0 | 0 |
| Personal Services Matching 5010003 | 22,395 | 0 | 34,696 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Expenses 5020002 | 23,576 | 0 | 44,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Travel-Conference Fees 5050009 | 0 | 0 | 500 | 0 | 0 | 0 | 0 | 0 | 0 |
| Professional Fees and Services 5060010 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Data Processing 5090012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Claims 5110015 | 1,007,885 | 0 | 9,000,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay 5120011 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 1,118,589 | 0 | 9,187,039 | 0 | 0 | 0 | 0 | 0 | 0 |
| Funding Sources | | | | | | | | | |
| Trust Fund 4000050 | 1,118,589 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funding | 1,118,589 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Excess Appropriation/(Funding) | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 1,118,589 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |

Appropriation not requested for the 2005-2007 biennium.

Appropriation / Program Summary

Appropriation / Program: 690 Sch Motor Veh Self Ins Prgm
Funding Sources: TVI - School Vehicle Insurance Reserve Trust Fund

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2003-2004 | 2004-2005 | 2004-2005 | 2005-2006 | | | 2006-2007 | | |
|--|----------------|-----------|------------------|------------|----------|-----------|------------|----------|-----------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Regular Salaries 5010000 | 51,265 | 0 | 86,809 | 0 | 0 | 0 | 0 | 0 | 0 |
| #Positions | 2 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 |
| Personal Services Matching 5010003 | 15,129 | 0 | 23,830 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Expenses 5020002 | 1,086 | 0 | 32,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Travel-Conference Fees 5050009 | 0 | 0 | 1,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Professional Fees and Services 5060010 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Data Processing 5090012 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Claims 5110015 | 355,650 | 0 | 5,000,000 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay 5120011 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 423,130 | 0 | 5,143,639 | 0 | 0 | 0 | 0 | 0 | 0 |
| Funding Sources | | | | | | | | | |
| Trust Fund 4000050 | 423,130 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funding | 423,130 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Excess Appropriation/(Funding) | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 423,130 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |

Appropriation not requested for the 2005-2007 biennium.

Appropriation / Program Summary

Appropriation / Program: 735 Distance Lrng-Treas
Funding Sources: NED - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

| Commitment Item | 2003-2004 | 2004-2005 | 2004-2005 | 2005-2006 | | | 2006-2007 | | |
|--|----------------|-----------|------------------|------------|----------|-----------|------------|----------|-----------|
| | Actual | Budget | Authorized | Base Level | Agency | Executive | Base Level | Agency | Executive |
| Regular Salaries 5010000 | 167,611 | 0 | 686,647 | 0 | 0 | 0 | 0 | 0 | 0 |
| #Positions | 9 | 0 | 10 | 0 | 0 | 0 | 0 | 0 | 0 |
| Personal Services Matching 5010003 | 56,687 | 0 | 185,395 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Expenses 5020002 | 121,074 | 0 | 206,505 | 0 | 0 | 0 | 0 | 0 | 0 |
| Travel-Conference Fees 5050009 | 0 | 0 | 18,577 | 0 | 0 | 0 | 0 | 0 | 0 |
| Professional Fees and Services 5060010 | 0 | 0 | 139,400 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay 5120011 | 0 | 0 | 33,059 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 345,372 | 0 | 1,269,583 | 0 | 0 | 0 | 0 | 0 | 0 |
| Funding Sources | | | | | | | | | |
| Cash Fund 4000045 | 345,372 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funding | 345,372 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Excess Appropriation/(Funding) | 0 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |
| Grand Total | 345,372 | 0 | | 0 | 0 | 0 | 0 | 0 | 0 |

Appropriation not requested for the 2005-2007 biennium.