

Analysis of Budget Request

Appropriation / Program: 2HY - Educ Renewal Zones

Funding Sources: JAA-Department of Education Public School Fund

Office of Education Renewal Zones - The division shall be responsible for developing guidelines for the approval of education renewal zone strategic plans and guidelines for the evaluation and reporting of education renewal zone activities. The purpose of an education renewal zone shall be to: identify and implement education and management strategies designed specifically to improve public school performance and student academic achievement, with special focus on the state's most academically distressed public schools; provide for collaboration among the state's smaller schools and districts in order to achieve some of the advantages of economies of scale in providing educational and related activities; maximize benefits and outcomes of public schooling by concentrating and coordinating the resources of Arkansas' higher education institutions, the expertise of the regional education service cooperatives, and the technical assistance of other service providers to improve public school performance and student academic achievement; and enable small, rural, and low-wealth schools to make the best use of the latest cost-effective distance learning technology to enhance curricula and professional development through two-way interactive learning environments.

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 5 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 Base Level.

Analysis of Budget Request

Appropriation / Program: 688 - APSCN

Funding Sources: JAA-Department of Education Public School Fund Account

Arkansas Public School Computer Network (APSCN) - From a non-profit agency begun in 1992, APSCN became a part of the Department of Education in 1998. APSCN's mission is to implement a statewide data communication network that connects all Arkansas public school systems and Education Service Cooperatives with the Department of Education to provide electronic access to administrative computing services and remote instructional services. Schools, district offices and Cooperatives use APSCN to process financial and student data.

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 5 Base Level positions. 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 Request is for an additional \$2,890,000 in FY06 and \$2,921,500 in FY07 and consists of the following:

- (1) A 5% increase each year is requested for the software maintenance contract. The request is for additional Operating Expenses of \$30,000 in FY06 and \$61,500 in FY07.
- (2) Additional appropriation and funding of \$2,860,000 each year is requested for Data Processing Services. The Department of Information Services has notified the Department, that there will be a new rate structure that must charge all agencies actual rates for the services provided. Two major items that ADE provides to local school districts have not been being charged the proper rates. Internet Email and Email filtering for which the cost is projected to increase approximately \$2.4 million. Processing and server utilization is projected to increase by \$713,000. These additional costs are then offset by (\$253,000) for a rate decrease in other service areas.

The Executive Recommendation provides for Agency Request.

Analysis of Budget Request

Appropriation / Program: PSF - Public School Fund

Funding Sources: JAA-Department of Education Public School Fund Account, Other Funds

The Department of Education Public School Fund provides the primary State financial assistance to Arkansas' public elementary and secondary schools. For FY05, the major funding sources for the Department of Education Public School Fund are projected as: General Revenue funding of approximately \$1.588 billion, the Educational Excellence Trust Fund will provide \$163.4 million, and the Educational Adequacy Fund will provide \$421.5 million.

The following discussion summarizes the fiscal status and Change Level Requests for each program in the Department of Education Public School Fund.

Smart Start/Smart Step Assessment - The Smart Start program is a comprehensive initiative that focuses on improving the academic achievement of Kindergarten through fourth grade students in the areas of reading and mathematics. Since its inception in FY00, this program has been expanded to include Smart Step which covers grades five through eight. A state network of literacy and mathematics specialists assist schools with professional development to maintain a highly qualified teaching staff. In addition, the program provides professional development opportunities to all K-8 educators through statewide conferences, regional workshops and satellite delivered meetings. K-8 schools are also provided a variety of resources including professional books and videos.

Base Level is \$6,461,815 each year. Change Level requests total \$720,000 in each year.

The additional appropriation and funding will provide for an increase of \$10,000 in grants to Educational Services Cooperatives to employ 72 Math and Literacy Specialist. Due to the state funded salary being lower than that paid at the local school districts there is a large turnover in personnel. This will become more of an issue with the new state minimum salary schedule for certified staff. Also, the state funded positions are twelve-month positions while most school district positions are on a nine-month contract. The increase will enable the State to compete for well-qualified applicants.

The Executive Recommendation provides for the Agency Request.

English Language Learners - English Language Learners (formerly Limited English Proficiency, amended by Act 59 of the Second Extraordinary Session of 2003) serves 151 school districts enrolling over 19,000 students from homes where a language other than English is spoken. Of these 19,000 students, over 12,000 have been assessed as limited in their English proficiency. A.C.A. §6-20-2005(3)(A) states that for the 2005-2005 school year English language learners funding shall be \$195 for each identified English language learner.

Base Level is \$3,736,795 each year. Change Level requests total \$1,115,205 for FY06 and \$1,505,205 for FY07.

The Change Level is necessary to fund English language learners at \$195 per ADM and provide specialized training to those teachers that work with the students. Students with limited English proficiency are projected to increase by 2,000 per year.

The Executive Recommendation provides for the Agency Request plus an additional \$82,138 for FY06 and \$150,180 for FY07.

At Risk - The College Preparatory Enrichment Program (CPEP) is funded from the At Risk appropriation. The program provides remedial instruction during the summer for students entering the eleventh and twelfth grade whose scores on the American College Test (ACT) are below 19 in the areas of reading and/or mathematics. The students are provided 75 hours of instruction over a minimum of twenty days. At the conclusion of the program, students are given the opportunity to take the ACT and the cost is covered by the program. This is a special administration of the ACT for the students who have successfully completed the CPEP program. Over the last several years, the program has enrolled about 4,000 students, of the students who enrolled about 3,000 complete the program and take the ACT. Those students who completed the course have raised their scores about 2.6 points on the average.

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

The Executive Recommendation provides for Base Level.

Special Education - Catastrophic - A.C.A. §6-20-323 provides a mechanism to fund occurrences where special education and related services required by an individual child are unduly expensive, extraordinary, or beyond the routine and normal costs associated with special education. Reimbursement from this program for an individual child can be sought only after eligible costs equal or exceed \$30,000 for the special education child. Medicaid and other third party funding are obtained prior to requesting state catastrophic funding.

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

The Executive Recommendation provides for Base Level.

Youth Shelters - The Department of Human Services-Division of Youth Services operates 18 youth shelters with approximately 350 beds. Students are placed in these facilities by juvenile courts and attend school in the district where the facility is located. This program partially reimburses those school districts for the additional costs of providing educational services to these juveniles.

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

The Executive Recommendation provides for Base Level.

Technology Improvements - These improvements are used to update the technology hardware and software available to Educational Service Cooperatives and local school districts. The funds are also used to make educational technology resources available through statewide projects such as APSCN and joint efforts with the state library system. The technology improvement grants and resources

provided through this appropriation affect virtually every district in the state.

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

The Executive Recommendation provides for Base Level.

Technology Grants - The Technology Grants appropriation is used to make technology grants to school districts for such programs as the EAST Initiative and Explore Net. The EAST program has received high praise from local school administrators and parents as well as national recognition. Schools in six other states have adopted the program and a National Training Center has been established in Little Rock for training facilitators from these states as well as Arkansas Teachers and Students. Last year over 2,000 teachers and students from seven states attended the National EAST Conference in Little Rock.

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

The Executive Recommendation provides for Base Level.

Distressed School District Support - The Arkansas Academic Distress Program was legislated by Act 915 of 1995. The purpose of this act is to improve the capacity of local school districts whose students are not achieving at academically desired levels by school through targeted assistance coordinated by the Department of Education.

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

The Executive Recommendation provides for Base Level.

Home School Testing - Each student enrolled in a home school program who is considered to be at grade level or no more than two (2) years beyond the normal age for the appropriate grade for which the state mandates norm-referenced tests for public school students shall be tested using a nationally recognized norm-referenced achievement test selected by the State Board of Education. Home school enrollment continues to increase each year from 12,497 students in 2002-03 to 13,163 in 2003-04.

Base Level for the 2005-2007 biennium is \$50,000 each year. The Agency Request is for an additional \$100,000 each year.

Home school testing has been expanded from 3 grades to 6 grades and the Department must purchase new testing booklets for the additional grades.

The Executive Recommendation provides for \$50,000 each year in appropriation and funding.

Non-Traditional Licensure Grants - This program supplements the cash funded Alternative Certification program which was developed by the Department of Education for certifying individuals, that have expertise and knowledge in a particular subject, but do not have the standard teaching certificate, to teach.

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

The Executive Recommendation provides for Base Level.

Content Standards and Curriculum Frameworks Revision - Act 1706 of 2003 grants appropriation for expenses associated with the development of a comprehensive plan to revise content standards and curriculum frameworks in the core academic areas of reading, writing, mathematics, science, history, geography, and civics. This is a biennial appropriation and base level is \$100,000 in FY 2006 and \$0 in FY2007. Any remaining appropriation on June 30, 2006 will be carried forward to FY 2007.

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

The Executive Recommendation provides for Base Level.

Economic Education - The objective of this program is to integrate economics into the K-12 curriculum by training teachers and administrators in economic principles.

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

The Executive Recommendation provides for Base Level.

Arkansas Leadership Academy - The Arkansas Leadership Academy is responsible for administering the Master School Principal Program. The program provides training programs and opportunities to expand the knowledge base and leadership skills of public school principals.

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

The Executive Recommendation provides for Base Level.

State Foundation Funding - State foundation funding is the amount of state financial aid provided to each school district. Act 59 of the Second Extraordinary Session of 2003 changed the process by which aid is distributed to school districts.

State foundation funding is computed as the difference between the foundation funding amount established by the General Assembly (\$5,400 times the average daily membership of the previous school year) and the sum of 98% of the uniform rate of tax (25 mills) times the property assessment of the school district plus 75% of miscellaneous funds of the school district.

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

The Executive Recommendation provides for Base Level plus an additional \$14,525,788 for FY06 and \$16,953,814 for FY07.

National School Lunch Student Funding - Funding for national school lunch students shall be based on the number of students eligible for free or reduced-price lunch program under the National School Lunch Act identified on the Arkansas public school computer network cycle two report.

For the 2004-2005 school year, national school lunch student funding for each identified national school lunch student is as follows:

For school districts in which 90% or greater of the enrolled students are national school lunch students, funding shall be \$1,440;

For school districts in which at least 70% but less than 90% of the enrolled students are national school lunch students, funding shall be \$960; and

For school districts in which less than 70% of the enrolled students are national school lunch students, funding shall be \$480.

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

The Executive Recommendation provides for Base Level plus an additional \$2,531,502 for FY06 and \$4,457,131 for FY07.

Professional Development Funding - This aid is provided to school districts for professional development activities. Professional development shall result in individual, school-wide, and system-wide improvement designed to ensure that all students demonstrate proficiency in the state academic standards. Professional development funding for the 2004-05 school year shall be equal to \$50 times the district's previous year average daily membership (A.C.A. §6-20-2005 (b)(4)(B)).

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

The Executive Recommendation provides for Base Level.

Arkansas Teacher Housing Development Foundation - This appropriation provides an operating grant to the Arkansas Teacher Housing Development Foundation. The purpose of the foundation is to facilitate the development of affordable housing for high-performing teachers in high-priority school districts and to provide housing incentives to encourage high-performing teachers to relocate to high-priority districts.

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

The Executive Recommendation provides for Base Level.

Supplemental Millage Incentive Funding - A.C.A. §6-20-2006 states that the state shall provide supplemental funds to qualified school districts that increase total school district millage in excess of the 25 mills in accordance with Amendment 74 to the Arkansas Constitution and that elect to receive the funds in lieu of funds available under §6-20-2004 and §6-20-2005.

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

The Executive Recommendation provides for Base Level.

Distance Learning Operating Grants - These grants provide funding for education cooperatives for acquiring and or leasing equipment and telecommunications services, and operating expenses necessary for each school district to have two-way interactive television for distance learning education. The primary purpose of providing distance learning technologies is to assist school districts in receiving advanced high school courses, advanced placement courses, enriched course content, or other academic courses not otherwise available in the school district.

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

The Executive Recommendation provides for Base Level.

Academic Improvement Training - This appropriation is for the cost of providing statewide training to Local Education Agencies (LEA's) on the preparation and analysis of Academic Improvement Plans. An Academic Improvement Plan is a plan detailing supplemental or intervention and remedial instruction, or both, in deficient academic areas for any student who is not proficient on a portion or portions of the state mandated criterion-reference assessments.

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

The Executive Recommendation provides for Base Level.

Content Standards Revision - This appropriation is for the cost associated with the periodic review and revision of Academic Content Standards as required by A.C.A. §6-15-404(c). Academic Content Standards are a series of documents that specify what a student enrolled in an Arkansas Public School should know and be able to do. The Academic Content Standards also provide the foundation for the development of the State assessment system.

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

The Executive Recommendation provides for Base Level.

Intensive School Support - Section 5 of Act 35 of the 2nd Extraordinary Session of 2003 adds A.C.A. §6-15-1801 et seq. which requires: public schools to determine in part each students progress from one grade to another based upon proficiency in reading writing and mathematics; District school board policies facilitate such proficiency; and each student and his or her parent be informed of the students academic progress. ACA 6-15-1808 requires: the Department of Education to provide technical assistance as needed to aid school districts in administering this subchapter; The Department of Education shall report to the House Interim Committee on Education and the Senate Interim Committee on Education, at least semi-annually, the districts requesting assistance, the date of the requests, the dates and actions taken; and the results of the action taken or assistance provided.

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

The Executive Recommendation provides for Base Level.

High-Priority District Teacher Recruitment - Act 101 of the 2nd Extraordinary Session of 2003 added ACA 6-17-811 to provide a system of incentives for teacher recruitment and retention in high priority districts. A "High-Priority District" is one that has 1,000 or fewer students in which 80% or more of public school students are eligible for the free or reduced-price lunch program under the National School Lunch Act and have a three-quarter ADM of 1,000 or fewer for the 2003-2004 school year. Beginning in the 2004-2005 school year, a teacher licensed by the state board who teaches in a school in a high-priority district shall receive in addition to all other salary and benefits bonus payments as specified by law.

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

The Executive Recommendation provides for Base Level.

Secondary Vocational Area Centers - This new line item appropriation is requested for the 2005-2007 biennium (\$10,475,000 in FY06 and \$11,512,000 in FY07). Act 59 of the Second Extraordinary Session of 2003 requires the State to provide \$3,250 per student being sent to a Secondary Vocational Area Centers. During the special session there was not an appropriation passed to authorize the Department to pay the school districts in FY05. As a result, no base level appropriation could be established.

The Executive Recommendation provides for Agency Request plus an additional \$196,523 for FY06 and \$361,086 for FY07.

Alternative Learning - A.C.A. §6-18-508 requires every school district to establish an alternative learning environment (ALE) for students who have shown an inability to function in a standard learning environment. It also requires the Department to establish an incentive program for districts whose ALE programs meet Department guidelines. ALE's must provide all of the educational programs available in other classrooms, and must provide additional services to meet the needs of this group of at-risk children.

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

The Executive Recommendation provides for Base Level plus an additional \$359,531 for FY06 and \$633,014 for FY07.

General Facilities Funding - This funding is formula-based (A.C.A §6-20-303 (12)) and may only be used for the purchase of school buses, furniture, equipment, computer software, renovation or repairs of existing facilities, or repayment of commercial bonds or revolving loans.

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

The Executive Recommendation provides for Base Level.

Isolated Funding - Because of location or geographic barriers, some districts are not able to share resources with other districts or may have unusual transportation needs. These districts under 350 Average Daily Membership (ADM) are termed "isolated" and receive additional funding. Act 65 of the Second Extraordinary Session of 2003 established 56 "isolated" school districts and set a per student dollar amount to be paid to each district for the 2003-04 school year. Beginning in the 2004-05 school year, and each year thereafter, isolated funding will be provided to each district in an amount equal to the prior year three-quarter average daily membership of the isolated school area multiplied by the per student isolated funding amount set for the 2003-04 school year.

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

The Executive Recommendation provides for Base Level.

Student Growth Funding - Student Growth Funding is a formula driven program (A.C.A § 6-20-303 (26)) that provides supplemental funding to school districts that have a growth in students over the previous school year. For the 2004-05 school year, student growth funding will be calculated as \$5,400 multiplied by the increase, if any, in the district's two-quarter average of the ADM of the current school year over the district's ADM for the previous school year, excluding any increase resulting solely from consolidation or annexation with another district.

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

The Executive Recommendation provides for Base Level plus an additional \$728,494 for FY06 and \$1,282,635 for FY07.

Debt Service Funding Supplement- This aid is provided to school districts in order to offset some of the existing debt burdens that the district has incurred and increase the amount of local revenue available for the maintenance and operation of schools. Those districts that qualify for Debt Service Funding Supplements receive funding based upon the amount of required debt payment, number of students, and wealth (A.C.A. §6-20-13(7)). Debt Service Supplement Funds are to be used solely for the payment of bonded debt.

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

The Executive Recommendation provides for Base Level.

Department of Correction - A.C.A §12-29-30 et. Seq. established the Department of Correction School District and establishes a formula to determine the funding level and states that the cost of running the Department of Correction School District shall be borne by the Department of Correction and the Department of Education.

Base Level for the biennium is \$4,027,675 each year. The Agency Request is \$988,630 each year and consists of \$520,000 each year for personnel, supplies, equipment and textbooks for the expansion of the Ouachita River Correctional Unit, as well as the four units of the Department of Community Correction and \$468,630 each year to move the employer contribution amounts currently paid for Teacher Retirement Matching and Public School Employees Insurance for the employees of

the school district of the Department of Correction to the basic support line item appropriation authorized to the Department of Education for the Department of Correction. The ADE currently pays the Teacher Retirement and Health Insurance Matching for the ADC School District. The ADE is requesting a shift of those matching cost to the appropriate agency. A corresponding reduction has been made in the Retirement Matching and Public School Employees Insurance appropriations within the Public School Fund budget.

The Executive Recommendation provides for Agency Request.

Residential Centers/Juvenile Detention - This is a special education program to provide reimbursement to school districts for educational costs associated with students in approved residential treatment facilities or juvenile detention centers.

Base Level is \$8,686,108 each year and the agency requests an additional \$2,698,374 each year. The appropriation has been underfunded since dual cuts of 8.4 percent and 10 percent were applied during the 2001-03 biennium. The funding levels requested for the 2005-07 biennium restore these reductions to accommodate actual program usage and take into account the \$5,400 Foundation Funding amount upon which, by State Board rule, the reimbursement formulas are based.

The Executive Recommendation provides for Agency Request.

Consolidation Incentive - These are additional funds provided to schools created as a result of consolidation of existing school districts. The incentive is unrestricted and may be used at the discretion of the local school district.

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

The Executive Recommendation provides for Base Level.

Pygmalion Commission - This grant to the Pygmalion Commission on Nontraditional Education is to develop alternative learning environments and provide changes in curriculum, instructional approaches, school climate, and organization to improve educational outcomes for at-risk students.

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

The Executive Recommendation provides for Base Level.

Cooperative Education Technology Centers Operations - Technology Coordinators in the Education Service Cooperatives assist local school districts by providing technology training, advising school districts in software/hardware purchases, and overseeing technology laboratories. This program provides grants of \$50,000 to each of the State's 15 Education Service Cooperatives.

Base Level for the biennium is \$750,000 each year. The Agency Request is for \$50,000 each year to provide a Technology Coordinator for the three Pulaski County school districts. Under the Desegregation Settlement Agreement the Department is required to provide the three Pulaski County School Districts the same services as other school districts in the state. This service has not been

provided in previous years.

The Executive Recommendation provides for Base Level.

Teacher Retirement Matching - This is the employer matching for employees of the Education Service Cooperatives, Vocational Centers, the Model Vocational-Technical Resource Center, Arkansas Easter Seals and the school operated by the Department of Correction.

Basel Level is \$4,200,000 each year. The Agency Request is to eliminate this line item and move the amounts currently paid for the Teacher Retirement Matching employer contribution for the employees of the Cooperative Education Services Areas (\$2,955,282) the school operated by the Department of Correction (\$353,867), and Arkansas Easter Seals (\$28,876) from the Teacher Retirement Matching line item to the basic support line item appropriations authorized for these organizations. The reduction requested for amounts being paid for Vocational Centers (\$861,975) will be requested by the Department of Workforce Education.

This request is being made because the Department cannot control the number of or salaries paid to employees at the various entities that are covered under the Special Language. By shifting the costs to the appropriate agency the Department will not be responsible for costs that it cannot control. The Department is requesting that the Special Language authorizing the use of this line item also be discontinued.

The Executive Recommendation provides for Agency Request.

National Board of Professional Teaching Standards - A.C.A. §6-17-413(a)(1)(A) calls for teacher support in three distinct areas related to state support of advanced national teacher certification: bonuses to National Board Certified Teachers (NBCT), participation fees and substitute pay required for candidacy, and a support system for those candidates.

Base Level for the biennium is \$1,420,000 each year. The Agency Request is for an additional \$760,000 in FY06 and \$1,260,500 in FY07. Act 1803 of 2003 increased the annual bonus for those teachers with a National Board of Professional Teaching Standards certification from \$4,000 to \$5,000 starting in FY06. In addition, the number of certifications continues to increase. The request will fund the required bonus increase and a projected increase of 100 additional certified teachers.

The Executive Recommendation provides for Agency Request.

Advanced Placement Incentive - This provides support to establish advanced placement courses that are easily accessible and will prepare students for admission to, and success in, a postsecondary educational environment. There are five aspects to the program (1) payments of \$45 toward the cost of exam fees for students of economic need, (2) payments of \$50 for each exam over two for students not of economic need, (3) payments of \$50 to schools for each score of 3 or better on exams, (4) awards of \$1,000 for equipment and materials for AP courses, and (5) support for professional development for AP and Pre-AP teachers.

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

The Executive Recommendation provides for Base Level.

Safety Training - A.C.A § 6-20-1700 outlines the requirements for a high cost transportation funding formula. The Safety Training component pays \$70 for each school bus driver and \$350 for each bus mechanic to attend annual workshops, \$70 plus mileage for in-service bus driver training, and \$150 for local instructor programs.

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

The Executive Recommendation provides for Base Level.

Criminal Background Checks - This program provides \$125,000 each year to pay the costs of both state and federal criminal background checks for the first renewal of non-expired licenses for certified personnel. The checks cost \$15 for the State Police check and \$24 for the FBI.

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

The Executive Recommendation provides for Base Level.

Arkansas Easter Seals - This program, begun in the 1960s, partially funds the cost of educational services provided by the Easter Seal Society to children ages 3 to 21 who have orthopedic and/or communicative disorders. This funding reduces the amount that local school districts have to pay for these educational services and also qualifies the facility as "state supported" so that federal funds are available to further reduce the cost to local school districts.

The Base Level is \$193,113 each year. The Agency requests an additional \$28,876 each year. The Change Level request is to move the employer contribution amounts currently paid for Teacher Retirement Matching for the employees of Arkansas Easter Seals to the basic support line item appropriation authorized to the Department of Education for Arkansas Easter Seals.

The Executive Recommendation provides for Agency Request.

Public School Employee Insurance - This program pays the health insurance contribution rate established by the State Board of Education for employees of the Education Service Cooperatives, Vocational Centers, the Model Vocational-Technical Resource Center, Arkansas Easter Seals, and the school operated by the Department of Correction.

Basel Level is \$1,106,500 each year. The Agency requests to eliminate this line item and move the amounts currently paid for the Public School Employees Insurance employer contribution for the employees of the Cooperative Education Services Areas (\$806,579) the school operated by the Department of Correction (\$114,763), and from the Public School Employees Insurance line item to the basic support line item appropriations authorized for these organizations. The reduction requested for amounts being paid for Vocational Centers (\$185,158) will be requested by the Department of Workforce Education.

This request is being made because the Department cannot control the number of or salaries paid to

employees at the various entities that are covered under the Special Language. By shifting the costs to the appropriate agency the Department will not be responsible for costs that cannot be controlled. The Department is also requesting that the Special Language authorizing the use of this line item be discontinued.

The Executive Recommendation provides for Agency Request.

School Food Services - This program combined with the Surplus Commodities program provides the State match for the total school food program in local schools. This grant is paid to school districts based on the number of lunches served.

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

The Executive Recommendation provides for Base Level.

Surplus Commodities - The Department of Human Services administers the Surplus Commodities Program. School districts currently receive a large share of the commodities. Under an agreement with DHS, the Department of Education provides funding to supplement transportation costs resulting from delivery of the goods to the school districts.

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

The Executive Recommendation provides for Base Level.

Grants to School Districts - These payments are made for educating students in North Arkansas who can't get to their assigned district because Bull Shoals Lake separates them from their district, and it would require a round trip of more than 35 miles.

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

The Executive Recommendation provides for Base Level.

Workers' Compensation - Claims and administrative expenses are paid by a fund transfer to the Miscellaneous Revolving Fund based on the previous year's claims. This appropriation is for claims made before 1994-95 when districts were required by Act 862 of 1993 to provide their own workers' compensation coverage. This appropriation will gradually decrease as old claims are paid off.

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

The Executive Recommendation provides for Base Level.

School Food- Legislative Audit - This is a fund transfer up to \$100,000 each year to compensate Legislative Audit for auditing school food funds in the local school districts.

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

The Executive Recommendation provides for Base Level.

Gifted and Talented - This program provides funding for AGATE (Arkansans for Gifted and Talented Education), salary support for 15 Gifted and Talented supervisors in the Cooperatives, and the Governor's School.

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

The Executive Recommendation provides for Base Level.

School Worker Defense - This program provides for claims and legal fees for liability suits against school personnel.

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

The Executive Recommendation provides for Base Level.

Assessment/End of Level Testing - A.C.A. §6-15-404 requires standards based testing at the primary, intermediate, and middle levels, which currently is administered at grades 4, 6, and 8. By July 1, 2006 the testing program must be in place for grades three through eight (Act 35 2nd Extraordinary Session of 2003 amended A.C.A. §6-15-404 to include all grades 3-8). It also requires end-of-course testing for Algebra, Geometry, and Literacy (grade 11).

Base Level for the biennium is \$21,610,250 each year. The Agency Request is for \$2,052,497 in FY07 for anticipated increases in the number of tests, grades being tested and inflationary costs. The increase in FY07 will cover the addition of Benchmark and End-of-Course exams for Science.

The Executive Recommendation provides for Agency Request.

Court Ordered Desegregation - This appropriation was established for costs stemming from the Pulaski County School Desegregation Settlement Agreement and the Camden Fairview Desegregation Settlement.

Base Level is \$57,012,500 each year and the Agency Request is for \$1,648,466 in FY06 and \$3,375,578 in FY07.

The request consists of a projected increase of 4% each year in the Magnet and Majority to Minority payments and a slight reduction for the declining requirement of the Camden Fairview Desegregation Settlement.

The Executive Recommendation provides for Agency Request.

Intervention Block Grants - This program provides grants to local school districts, schools and education cooperatives to provide services targeting parent involvement. The grants support the Smart Start and Smart Step Initiatives by providing the child's first teacher, the parent, with resources that will support literacy and mathematics achievement.

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

The Executive Recommendation provides for Base Level.

Serious Offender Program - Serious Offender Units for juveniles are operated by the Department of Human Services, but the Department of Education pays the educational costs of those located in these units through a Memorandum of Understanding (MOU) with DHS. School districts are provided funds based on the number of Serious Offender participants in the district. The funds then flow to the provider in the district. There are currently Serious Offender Programs (SOP) located in Mansfield, Harrisburg, Lewisville, Palestine-Wheatly, and Dermott school districts.

Base Level for the biennium is \$724,000 each year. The Agency requests an additional \$104,056 each year. The increases are a result of the \$5,400 Foundation Funding amount upon which, by State Board rule, the reimbursement formula is based. A projected total of 153 Serious Offender slots can be funded within the appropriation for each year of the biennium.

The Executive Recommendation provides for Agency Request.

Better Chance Program - This program funds innovative and developmentally appropriate early childhood programs for educationally deprived children ages 3-5. Act 1132 of 1997 transferred the Early Childhood Commission to the Department of Human Services with the Grants remaining with the Department of Education.

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

The Executive Recommendation provides for Base Level.

Special Education Services - This program provides extended year summer programs for students with disabilities, provides special education services to foster children who are wards of the State placed in out-of-state residential facilities, and provides funds for the partial reimbursement of special education supervisors.

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

The Executive Recommendation provides for Base Level.

Human Development Center Education Aid - This program provides funding for educational services to the children in the State's Human Development Centers.

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

The Executive Recommendation provides for Base Level.

Education Service Cooperatives - The 15 educational cooperatives around the State facilitate the sharing of resources and services between local school districts.

Base Level for the biennium is \$5,839,270 each year. The Change Level request is for \$2,851,860 each year and consists of the following:

- (1) \$3,761,860 is requested for each year to move the employer contribution amounts currently paid for Teacher Retirement Matching (\$2,955,282) and Public School Employees Insurance (\$806,578) for the employees of the Cooperative Education Services Areas to the basic support line item appropriation authorized for the Education Service Cooperatives. This request is being made because the Department cannot control the number of employees or salaries paid to the employees at the various entities that are covered under the Special Language. The Department is also requesting that the Special Language authorizing the use of this line item be discontinued.
- (2) A reduction of \$910,000 is requested each year of the biennium. Act 85 of the 2nd Extraordinary Session of 2003, provided one-time funding to the Department of Education for the payment of a bonus for teachers in special settings for employees of the Educational Services Cooperatives. This amount was added to the FY05 line item budget for the Educational Services Cooperatives. Since this was one-time funding, it is appropriate that this amount be reduced from the appropriation.

The Executive Recommendation provides for Agency Request.

Early Childhood Special Education - This program provides special education services through 15 school districts, 2 school district consortia, and the 15 Education Service Cooperatives for an estimated 10,000 three to five year old preschool children with disabilities. This program also serves as state Medicaid match for physical, occupational, and speech therapy services.

Base Level for the biennium is \$7,498,454 each year. The Agency Request is for an additional \$1,201,546 in FY06 and \$2,501,546 in FY07.

The additional amount requested represents a need to stabilize Early Childhood Special Education programs in the areas of competitive salaries, teacher recruitment and retention, and appropriate preschool instructional materials.

The Executive Recommendation provides for Agency Request.

Distance Learning - The purpose of this program is to provide for the establishment, organization, and administration of a distance learning program designed to improve course offerings available to students throughout the state. The program will demonstrate the efficiency of using distance learning to enhance elementary and secondary education and prepare students for greater success in a postsecondary educational environment.

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

The Executive Recommendation provides for Base Level.

Teacher Licensure/Mentoring - This program covers the Arkansas Induction program for new teachers and administrators. The Induction program provides Pathwise mentoring for support, retention, and professional growth of new educators. To date, there have been 200 mentor trainers certified statewide, and 12,000 mentors successfully trained in the Pathwise Observation mentoring model. Praxis III performance assessment is also a component of the Induction program. Praxis III is the teaching performance assessment that is conducted by a trained, site-based assessor for determining standard licensure decisions for new teachers.

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

The Executive Recommendation provides for Base Level.