

Arkansas Department of Education
Rules Governing Athletic Expenditures for Public School Districts
September 2007

1.00 Regulatory Authority

- 1.01 These rules are enacted pursuant to the Arkansas State Board of Education authority under A.C. A. §§ 6-11-105, 6-20-2000 et seq., 6-16-137, and Act 255 of 2007 Regular Session.
- 1.02 These rules shall be known as the Arkansas Department of Education Rules Governing Athletic Expenditures for Public School Districts.

2.00 Purpose

- 2.01 The purpose of these rules is to establish the procedures to be followed by public school districts in coding and implementing financial reporting of athletic expenditures.

3.00 Definitions

For the purposes of this rule, the following terms shall mean:

- 3.01 “Arkansas Activities Association” means the organization which serves as the centralized governing agency for all interschool athletic competitions.
- 3.02 “Athletic Coach” means an employee of a district who is assigned direct responsibility for guiding a team engaged in an athletic program and competing with other schools subject to the regulations of the Arkansas Activities Association.
- 3.03 “Athletic Expenditures” means all direct and indirect expenses related to interschool athletic programs, prorated if necessary.
- 3.04 “Classroom Teacher” means an individual who is required to hold a teaching license from the Department of Education and who is engaged directly in instruction of students in a classroom setting for more than seventy percent (70%) of the individual’s contracted time.
- 3.05 “Interschool Athletic Program” means any athletic program which is organized primarily for the purpose of competing with other schools, public and/or private or any athletic program subject to regulation by the Arkansas Activities Association.

- 3.06 “State Funds” means all money derived from state revenues, specially including but not limited to, distributions from the Department of Education and ad valorem property taxes distributed to a public school district.

4.00 Financial Coding Requirements

- 4.01 These financial coding requirements are in effect for the 2006-2007 school year.
- 4.02 All athletic expenditures must be charged to a budget unit containing the appropriate fund, source of fund, function, and location codes.
- 4.03 The program code 115 must be used for all athletic expenditures.
- 4.04 Salaries and benefits of a classroom teacher assigned to a class of students participating in an interschool athletic program must be coded as an athletic expenditure even if the course is offered for physical education credit.
- 4.05 Expenditures for property insurance, utilities, and all other maintenance expenditures must be charged to athletics based upon the portion of the expenditures used to support athletic activities.
- 4.06 Districts may use an allocation method to identify the portions of district expenditures used to support athletic activities. One allocation method approved by ADE is to allocate these costs based on the percentage of athletic salaries paid from the teacher salary fund compared to total salaries paid from the teacher salary fund. Districts may allocate utility bills based on square footage. Maintenance may be based on actual documented expenditures and square footage.
- 4.07 All allocation methods are subject to Legislative Audit review and must be well documented.
- 4.08 All travel, including bus-related operation and maintenance, to and from any interschool athletic program event for students, faculty, spirit groups, band, or patrons of the district must be coded as athletic expenditures.
- 4.09 If a district does not adopt its own allocation method for transportation costs, the district must use the state-wide average student transportation cost per mile as determined by ADE. Districts must maintain all documentation supporting any alternative allocation methods.

5.00 Salaries and Benefits for Coaches

- 5.01 Coaching stipends and related benefits must be charged to athletics.
- 5.02 All pay for extended contract days pertaining to athletics and the related benefits to those days of pay must be charged to athletics.
- 5.03 The base salary contract for athletic coaches as indicated by the district's base teacher's salary schedule must be allocated between athletics and nonathletics if during the school day, the athletic coach is assigned to classes for students participating in an interschool athletic program.
- 5.04 For purposes of allocating salaries and benefits of athletic coaches, preparation periods in excess of one period must be allocated to athletics.
- 5.05 Current year salaries and benefits should be used by districts for allocation calculations. The allocation percentage can be determined immediately following the last payroll for the current school year.
- 5.06 Salaries paid to interschool athletic program personnel in positions requiring a teaching license must be paid from the teacher salary fund and will, therefore, always be considered paid from state funds.

6.00 Required Reporting

- 6.01 Local school boards of each school district must provide to the Department of Education an annual report of prior year athletic expenditures and current year budgets by September 15 of each year.
- 6.02 The content for the required athletic expenditure report is obtained from information districts submit in cycle 1.
- 6.03 ADE shall produce the required report and budget required in Section 6.01 from information submitted by the districts regarding athletics expenditures and district budgets.
- 6.04 The report shall include athletic expenditures from state funds only and budgets from state funds only.

7.00 Revenues

- 7.00 Gate receipts, private donations, revenues from fund raisers, and any other non-state revenue pertaining to the athletic programs shall be deposited in the activity fund (Fund 7). Funds raised for shared building projects or shared equipment purchases may be transferred to the appropriate fund.

8.00 Required Reviews

- 8.01 The Division of Legislative Audit shall conduct a review of athletic expenditure reports and Department of Education rules.
- 8.02 Legislative Audit shall annually review twenty percent (20%) of the districts to evaluate the district's implementation of current laws and rules.
- 8.03 If Legislative Audit determines that for any given year the Division has insufficient staff to conduct the reviews as required by Act 255 of the regular 2007 session, then the Division may establish the number of districts that will be reviewed for that year.

9.00 Sanctions

- 9.01 Any school district failing to comply with the provisions of A.C.A. 6-20-2003(b) and the rules adopted by the state board for the implementation of required reporting of athletic expenditures shall be identified by the Department of Education to be in fiscal distress in accordance with A.C.A. 6-20-1901 et seq.