

MEETING SUMMARY
JOINT MEETING
OF THE
HOUSE AND SENATE INTERIM COMMITTEES ON EDUCATION

ADEQUACY

Tuesday, August 11, 2015
9:00 A.M.
Committee Room A, MAC Building
Little Rock, Arkansas

Representative Bruce Cozart, the Chair of the House Interim Committee on Education, called the meeting to order at 9:00 a.m.

MEMBERS OF THE SENATE INTERIM COMMITTEE ON EDUCATION IN ATTENDANCE: Senator Jane English, Chair; Senator Uvalde Lindsey, Vice Chair; Senator Eddie Cheatham; Senator Alan Clark; Senator Jim Hendren; Senator Blake Johnson; Senator Bobby Pierce; and Senator Eddie Joe Williams.

MEMBERS OF THE HOUSE INTERIM COMMITTEE ON EDUCATION IN ATTENDANCE: Representative Bruce Cozart, Chair; Representative Charles L. Armstrong; Representative Scott Baltz; Representative Nate Bell; Representative Gary Deffenbaugh; Representative Charlotte Vining Douglas; Representative Jon Eubanks; Representative Bill Gossage; Representative Michael John Gray; Representative Grant Hodges; Representative Greg Leding; Representative Mark Lowery; Representative Mark McElroy; Representative Reginald Murdock; Representative James Ratliff; and Representative John Walker.

OTHER MEMBERS OF THE GENERAL ASSEMBLY IN ATTENDANCE: Senator Linda Chesterfield; Senator John Cooper; Senator Jonathan Dismang; Senator Joyce Elliott; Senator Bart Hester; Senator Jeremy Hutchinson; Senator Larry Teague; Representative Mary Broadaway; Representative Jim Dotson; Representative Dan Douglas; Representative Kenneth Ferguson; Representative Charlene Fite; Representative Mary P. "Prissy" Hickerson; Representative David Hillman; Representative Monte Hodges; Representative Kelley Linck; Representative Fredrick Love; Representative Stephen Meeks; Representative Betty Overbey; Representative Mathew Pitsch; Representative Marcus Richmond; Representative Sue Scott; Representative Brandt Smith; Representative Dwight Tosh; Representative Dave Wallace; and Representative David Whitaker.

Session One – 9:00 a.m. to 9:45 a.m.

Discussion of Issues Related to Academic Facilities and the Partnership Program

Presenter:

Ms. Nell Smith, Administrator, Policy Analysis and Research Section, Bureau of Legislative Research, was recognized. Ms. Smith directed members to the handout, *2015-16 Adequacy Study Statutory Responsibilities*, for issues to be addressed today. She said the first topic is facilities funding, an analysis of which is not required by the adequacy study statute. She commented that since the topic of inadequate facilities was a major part of the *Lake View* lawsuit, and although this topic has been addressed in some form in previous adequacy studies, this is the first time that a significant analysis on facilities funding has been conducted. She noted that this first real exploration into the data can be considered a baseline analysis. Ms. Smith stated that questions heard in conversations with members, as well as issues that were discussed in the *Lake View* court documents, have been addressed in this report. She walked members through topics in the report, including History of Facilities Funding, Facilities Funding, Sources and Expenditures, Partnership Program, Total Facilities Expenditures and Debt Service Payments, Millages, and Facilities Wealth Index.

Contributor to the Discussion:

Mr. Terry Granderson, Interim Director, Division of Public School Academic Facilities and Transportation,
Arkansas Department of Education

Issues Included in the Discussion:

- data on athletic facilities costs compared to facilities expenditures,
- responsibility for facilities when a millage increase does not pass and a school district does not have matching funds,
- facilities included in total debt service payments,
- delivery of report about rules on funds for extraordinary circumstances,
- relationship between the wealth index and school districts' total facilities construction expenditures,
- physical assessment of buildings, and
- grading facilities.

Representative Cozart announced at 9:45 a.m. that the meeting would stand in recess until 10:30 a.m. in order for members to attend a press conference on school safety in the Capitol Rotunda. He stated discussion of the current topic would continue following the recess.

Session Two – 10:35 a.m. to 12:20 p.m.

Representative Cozart called the meeting back to order at 10:35 a.m.

Discussion of Issues Related to Academic Facilities and the Partnership Program (*continued*)

Issues Included in the Discussion:

- data by state and by district comparing total amount collected as debt service millage with total expenditures on debt obligations,
- restructure of vetting process for facilities applications,
- current status of state funding for facilities and additional funding needs,
- factors leading to the situation of facilities and districts approaching the line of not being adequate,
- applying equality and equity to school district facilities,
- consideration of school district reserves on the wealth index,
- whether any statutory or regulatory requirements exist for a school district's spending of facilities funds,
- whether 9% is enough for a school district to put aside for maintenance and repairs,
- justifying spending funds on facilities such as greenhouses, and
- Operations & Maintenance (O&M) expenditures.

Handouts:

2015-16 Statutory Responsibilities
Academic Facilities Funding, Expenditures and Distress, Research Report

Discussion of Issues Related to the Facilities Distress Designation

Presenter:

Ms. Adrienne Williams, Legislative Analyst, Policy Analysis and Research Section, Bureau of Legislative Research, was recognized. Ms. Williams continued the report with an overview of the facilities distress program, including designation, requirements, and removal process.

Contributors to the Discussion:

Mr. Terry Granderson, Interim Director, Division of Public School Academic Facilities and Transportation, Arkansas Department of Education

Mr. Isaac Linam, Staff Attorney, Bureau of Legislative Research

Issues Included in the Discussion:

- ≈ existence of any regulation requiring a school district to maintain a vacant building,
- ≈ examining warm, safe, and dry standards against a set of academic standards, and
- ≈ clarification of a school district's responsibility when a building it owns is allowed to fall into disrepair.

Handout:

Academic Facilities Funding, Expenditures and Distress, Research Report

Discussion of Issues Related to the Fiscal Distress Designation

Presenter:

Dr. Mandy Gillip, Legislative Analyst, Policy Analysis and Research Section, Bureau of Legislative Research, was recognized. Dr. Gillip stated that the fiscal distress designation was established in statute by Act 1467 of 2003. She said it is used to identify and correct school districts that are struggling to maintain fiscal stability, and is the most used distress designation. She said the Arkansas Department of Education (ADE) has administered the fiscal distress program since the mid-1990s. Dr. Gillip presented an overview of the program, and discussed the multiple factors that go into the designation, the early warning system, corrective actions and sanctions, and removal of a school district from the designation. Dr. Gillip noted that no charter schools have ever been placed in fiscal distress, so no charter schools have been included in the data presented.

Contributors to the Discussion:

Ms. Cherry Norris, Fiscal Services and Support Coordinator, Fiscal and Administrative Services, Arkansas Department of Education

Mr. Greg Rogers, Assistant Commissioner, Fiscal and Administrative Services, Arkansas Department of Education

Issues Included in the Discussion:

- ≡ a school district taking on new debt while in fiscal distress,
- ≡ responsibility for assessing the necessity of new debt,
- ≡ when reasons for putting a school district in fiscal distress are no longer reasons for keeping the district in fiscal distress,
- ≡ effect of the loss of desegregation funds on the distress designation of a district,
- ≡ effect of audit findings as an indicator of the inability of a district to maintain fiscal stability as a component of the definition of fiscal distress,
- ≡ challenge in coming up with criteria for solid definition for fiscal distress,
- ≡ ability for a financially solid school district to draw down fund balances without receiving a fiscal distress designation,
- ≡ existence of written rules to guide the exercise of discretion in making a fiscal distress designation,
- ≡ a school district remaining in fiscal distress when the district is in state control,

- ≡ need for solving the problems of communities when addressing fiscal distress,
- ≡ existence of a plan and criteria for each school district in fiscal distress, and
- ≡ providing data and statistics to back up charges of discrimination.

Handout:

Fiscal Distress, Bureau Brief

Representative Cozart announced that Item F on the agenda, Discussion of the State's Status Under No Child Left Behind (NCLB) and Related Issues, would be taken up at a future meeting.

Next Scheduled Meetings:

Monday, August 24, 2015, at 1:30 p.m. in Centennial Hall, Carl R. Reng Student Union, Arkansas State University (ASU), 101 North Caraway Road, State University, AR 72467

Tuesday, August 25, 2015, at 9:00 a.m. in the Larry N. Williams Student/Community Center, Merchants and Planters Bank Community Room, ASU-Newport, 7648 Victory Boulevard, Newport, AR 72112

Tuesday, August 25, 2015, at 1:00 p.m. in the Wal-Mart/Regions Room, First Floor, Student Center, ASU-Beebe, 1000 Iowa Street, Beebe, AR 72012

Adjournment:

The meeting adjourned at 12:20 p.m.

Approved: 09/14/15