

1 State of Arkansas  
2 88th General Assembly  
3 Regular Session, 2011  
4

# A Bill

HOUSE BILL 1878

5 By: Representatives Pierce, Webb  
6

## For An Act To Be Entitled

8 AN ACT TO PROVIDE OVERSIGHT OF AND ACCOUNTABILITY FOR  
9 STATE DESEGREGATION FUNDING RECEIVED AND EXPENDED BY  
10 THE PULASKI COUNTY SCHOOL DISTRICTS; TO DECLARE AN  
11 EMERGENCY; AND FOR OTHER PURPOSES.  
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## Subtitle

14 TO PROVIDE OVERSIGHT OF AND  
15 ACCOUNTABILITY FOR STATE DESEGREGATION  
16 FUNDING RECEIVED AND EXPENDED BY THE  
17 PULASKI COUNTY SCHOOL DISTRICTS AND TO  
18 DECLARE AN EMERGENCY.  
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21

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
23

24 SECTION 1. Arkansas Code § 6-20-415, concerning authority to hire  
25 consultants in public school desegregation matters, is amended to add an  
26 additional subsection to read as follows:

27 (c)(1) The department and the Attorney General also may hire  
28 consultants with expertise in the fields of auditing and forensic accounting  
29 to provide oversight and management of the three (3) Pulaski County school  
30 districts' finances with an emphasis on desegregation funding.

31 (2) The consultants hired by the department and the Attorney  
32 General shall have full authority to examine any documents and software and  
33 shall be allowed full access to any persons necessary to discharge the  
34 consultants' duties as directed by the department and the Attorney General.

35 (3) In addition to the authority otherwise granted to the State  
36 Board of Education and the department by law, the department may require a



1 school district to modify, update, or change the school district's financial  
2 oversight or management policies, procedures, or practices in response to the  
3 recommendations of the consultants.

4 (4) A school district that fails to comply with the requirements  
5 of the department under this subsection shall be identified by the department  
6 as being in fiscal distress and subject to the applicable enforcement  
7 provisions as provided by law.

8  
9 SECTION 2. Arkansas Code § 6-20-416, concerning desegregation funding,  
10 is amended to add additional subsections to read as follows:

11 (e)(1) A school district receiving state funds under a federal court  
12 order or a settlement agreement in desegregation litigation shall categorize  
13 and describe the state funds received and any expenditure of those funds  
14 according to the uniform chart of accounts and codes established by the  
15 department.

16 (2) The department shall modify, as necessary, the Arkansas  
17 Financial Accounting Handbook or the Arkansas Educational Financial  
18 Accounting and Reporting System, or both, to ensure that the uniform chart of  
19 accounts and codes is available to accurately monitor:

20 (A) State funding paid to a school district under the  
21 federal court order or settlement agreement; and

22 (B) All expenditures of that funding.

23 (3) An error related to the coding and reporting of the state  
24 funds that causes a material misstatement of financial information is cause  
25 for determining a deficiency under the State Board of Education Rules  
26 Governing the Arkansas Financial Accounting and Reporting System and Annual  
27 Training Requirements.

28 (f) By September 1 of each year, a school district that receives state  
29 funding pursuant to a federal court order or settlement agreement in  
30 desegregation litigation shall report to the department, in the form and  
31 manner established by the department, the following:

32 (1) The total amount of state funding received under the federal  
33 court order or settlement agreement in the previous school year;

34 (2) A detailed statement outlining the school district's  
35 obligations under the federal court order, settlement agreement, or court-  
36 approved remedial plan, including without limitation:

1                   (A) Programs that the school district is required to  
 2 administer;

3                   (B) Specific goals that the school district is required to  
 4 reach;

5                   (C) Actions that the school district is required to take  
 6 or are prohibited from taking;

7                   (D) Problems that the school district is required to  
 8 remedy;

9                   (E) Overall purposes of the federal court order,  
 10 settlement agreement, or court-approved remedial plan; and

11                   (F) Any other pertinent information as determined by the  
 12 department;

13                   (3)(A) An itemized accounting of expenditures of state funds  
 14 identified under subdivision (f)(1) of this section that were used to comply  
 15 with the school district's obligations identified under subdivision (f)(2) of  
 16 this section.

17                   (B) The accounting shall be specific and detailed and  
 18 include an explanation of how each expenditure was necessary in order to  
 19 comply with the school district's obligations under the federal court order,  
 20 settlement agreement, or court-approved remedial plan.

21                   (C) It is not sufficient to provide general statements,  
 22 such as stating that the funds were used in magnet schools.

23                   (D) The department may determine additional guidelines  
 24 regarding the necessary level of specificity;

25                   (4) The total amount of all state funds referenced in  
 26 subdivision (f)(1) of this section that the school district retains; and

27                   (5) A statement that the total amount of funds listed in  
 28 subdivisions (f)(3) and (f)(4) of this section is equal to the total amount  
 29 of state funding received, as reported by the school district under  
 30 subdivision (f)(1) of this section, or alternatively, an explanation of the  
 31 discrepancy.

32                   (g)(1) A school district not utilizing the Arkansas Public School  
 33 Computer Network shall provide the department and the Attorney General, or  
 34 their designees, full and complete, real-time access to the accounting and  
 35 school district financial management software utilized by the school  
 36 district.

1           (2) A school district may satisfy the obligation under  
 2 subsection (g)(1) of this section by converting to the Arkansas Public School  
 3 Computer Network, but the school district still shall provide the department  
 4 and the Attorney General, or their designees, with full and complete access  
 5 to the prior financial management system.

6           ~~(e)(h)~~ Nothing in this This section shall be construed not:

7           (1) ~~To force~~ Force entry of a consent decree or settlement  
 8 agreement by the department or the Attorney General with the three (3)  
 9 Pulaski County school districts; or

10           (2) ~~As protecting~~ Protect any school district from action or  
 11 sanction by the department for fiscal, academic, or facilities distress.  
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13           SECTION 3. Arkansas Code § 6-20-2203(c)(2), concerning the categories  
 14 and descriptions of public school and school district expenditures required  
 15 to be reported by a school district in the annual school performance report,  
 16 is amended to add an additional subdivision to read as follows:

17           (G) Expenditures of court-ordered desegregation funding;  
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19           SECTION 4. Arkansas Code § 6-20-2203(c)(3)(A), concerning the  
 20 categories and descriptions of public school and school district expenditures  
 21 required to be reported by a school district for the gathering of data on  
 22 separate functions and programs, is amended to add an additional subdivision  
 23 to read as follows:

24           (ix) Expenditures of court-ordered desegregation  
 25 funding.  
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27           SECTION 5. Arkansas Code § 6-20-2203(c)(4)(A), concerning the  
 28 categories and descriptions of public school and school district expenditures  
 29 required to be reported by a school district that allow for the tracking of  
 30 expenditures from specific sources of revenue, is amended to add an  
 31 additional subdivision to read as follows:

32           (x) Court-ordered desegregation funding.  
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34           SECTION 6. EMERGENCY CLAUSE. It is found and determined by the  
 35 General Assembly of the State of Arkansas that the state has paid the Pulaski  
 36 County School Districts over one billion dollars as required by the Pulaski

1 County Desegregation Case styled Little Rock School District v. Pulaski  
2 County Special School District No. 1, et al, No. LR-C-82-866; that the  
3 Attorney General and the Department of Education are examining the finances  
4 of the Pulaski County school districts to determine how those funds are  
5 utilized by the districts; that the accounting required by this act is an  
6 essential part of reaching a fiscally responsible end to the case; that the  
7 General Assembly's support for the efforts of the Attorney General and the  
8 department should be provided immediately because the continued funding under  
9 the existing settlement agreement without proper accounting and State  
10 oversight is detrimental to the fiscal integrity of the three school  
11 districts and the State, and to the education of the students in the school  
12 districts. Therefore, an emergency is declared to exist and this act being  
13 immediately necessary for the preservation of the public peace, health, and  
14 safety shall become effective on:

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

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

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

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23 **APPROVED: 03/24/2011**  
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