

Hall of the House of Representatives
84th General Assembly - Regular Session, 2003
Amendment Form

Subtitle of House Bill No. 2528
"AN ACT TO BE KNOWN AS THE "ARKANSAS STUDENT ASSESSMENT AND
EDUCATIONAL ACCOUNTABILITY ACT OF 2003".

Amendment No. 3 to House Bill No. 2528.

Amend House Bill No. 2528 as engrossed, H4/7/03:

Delete everything following the enacting clause and substitute the following:

"SECTION 1. Arkansas Code § 6-15-403 is amended to read as follows:
6-15-403. Authority of State Board of Education.

The State Board of Education through the Department of Education ~~is hereby authorized to~~ shall:

(1) Develop a single Arkansas comprehensive testing, assessment, and accountability program (ACTAAP) which utilizes the most current and effective testing, evaluation, and assessment research information designed to achieve the following purposes set forth in this subchapter:

(A) Set clear academic standards that are periodically reviewed and revised;

- (B) Establish professional development;
- (C) Establish expected achievement levels;
- (D) Report on student achievement;
- (E) Provide evaluation data;
- (F) Recognize excellence; ~~and~~
- (G) Apply sanctions; and

(H) Comply with current federal and state law and Board of Education rules and regulations;

~~(2) Promulgate such rules and regulations as may be necessary to develop and implement the comprehensive testing, assessment and academic accountability program; and~~

~~(3) Employ staff and enter into contracts as may be necessary to carry out the provisions of this subchapter. shall:~~

(2) Classify school services, designate the licensure subject areas, establish competencies, including the use of technology to enhance student learning, and licensure requirements for all school-based personnel, and prescribe rules in accordance with which the professional licensure as provided in rules and regulations shall be issued by the Department of Education to applicants who meet the standards prescribed by rules and regulations for their class of service;

(3) Identify critical teacher shortage areas;



(4) Enforce compliance with federal and state law and state board rule by all school districts;

(5) Collect and maintain the management information databases for all components of the public kindergarten through grade twelve (K-12) education system;

(6) Promulgate such rules and regulations as may be necessary to review and implement any changes to the Arkansas comprehensive testing, assessment and academic accountability program (ACTAAP); and

(7) Employ staff and enter into contracts as may be necessary to carry out the provisions of this subchapter.

SECTION 2. Arkansas Code § 6-15-404 is amended to read as follows:

6-15-404. Program implementation.

(a)(1) The Department of Education shall develop and implement testing for public school students at the primary and middle-level grades, as well as end-of-course testing, which is criterion-referenced and which measures application of knowledge and skills in reading and writing literacy, mathematics and, as funds are available, in science and social studies.

(2) The department shall test public school students with a nationally norm-referenced test in grades three through ten (3-10) ~~to be selected by the State Board of Education at the middle level and high school grades.~~

(3) The board shall establish expected levels of achievement on the criterion-referenced examinations.

(4) The State of Arkansas shall participate in the administration of the National Assessment of Educational Progress examinations.

(b) Any student failing to achieve the established standard on the criterion-referenced examinations shall be evaluated by school personnel, who shall jointly develop an academic improvement plan to assist the student in achieving the expected standard in subject areas where performance is deficient.

(c)(1) Each school shall develop one (1) comprehensive, long-range school improvement plan focused on student achievement.

(2)(A) Any school that fails to achieve expected levels of student performance on criterion-referenced tests, norm-referenced tests, and related indicators, as defined in this subchapter, shall participate in a school improvement plan accepted by the department. This improvement plan shall assist those students performing below grade level in achieving the expected standard.

(B) This plan shall be part of each school's long-range comprehensive school improvement plan and shall be reported to the public.

(C) Progress on improved achievement shall be included as part of the school's and school district's annual report to the public.

(d) The department and the local school districts shall annually compile and disseminate to the public results of administering all required examinations. The results of the end-of-course testing shall become a part of each student's transcript or permanent record and shall be recorded on these documents in a manner prescribed by the state board.

SECTION 3. Arkansas Code § 6-15-414 is repealed.

~~6-15-414. Testing additional grade levels.~~

~~At the direction of the State Board of Education, the Department of Education shall cause assessment instruments to be administered at additional grade levels as may be necessary to measure educational achievement in the public schools of this state.~~

SECTION 4. Arkansas Code § 6-15-421 is amended to read as follows:
6-15-421. Awards and sanctions.

~~(a)(1)~~ The Department of Education is authorized to develop and implement, ~~contingent upon appropriation and funding being provided by the General Assembly,~~ a program of rewards to recognize individual schools that demonstrate exceptional performance in levels of student achievement and to recognize schools that demonstrate significant improvement in student achievement.

(b)(1) Each school that does not attain the expected levels of student performance on state-mandated indicators and individual school improvement indicators shall be designated by one (1) of several levels of sanction.

(2) Each level of sanction shall determine specific interventions to be provided to the ~~school~~ students of public schools or public school districts by the department. The levels of sanction developed under this subchapter shall be incorporated into the existing ~~academic distress policy~~ comprehensive school improvement plan.

(c) The State Board of Education shall develop a clear, concise system of reporting the academic performance of each public school on the state-mandated, developmentally appropriate assessments for grades one (1) and two (2), norm-referenced tests, and criterion-referenced tests, which conform with current state and federal law and end-of-course exams.

~~(e)(d)~~ The State Board of Education through the department is hereby authorized to promulgate such rules and regulations as may be necessary to carry out the provisions of this subchapter.

SECTION 5. Arkansas Code § 6-15-422 is repealed.

~~6-15-422. Comprehensive Testing, Assessment, and Accountability Program progress report.~~

~~The Department of Education shall report to the members of the House and Senate Interim Committees on Education on the progress of the Arkansas Comprehensive Testing, Assessment, and Accountability Program. The report shall be due on September 1, 1999, and annually thereafter.~~

SECTION 6. Arkansas Code § 6-16-203 is amended to read as follows:
6-16-203. Readiness testing.

~~(a) The Department of Education shall develop guidelines for school districts to perform readiness testing for children who are entering kindergarten.~~

~~(b)(1) After the department develops guidelines under subsection (a) of this section, each school district in the state shall conduct individual readiness testing on each child entering kindergarten and provide the results of the testing to the child's parents in a timely manner prior to the child's first day of school.~~

~~(2) The results of the testing that are provided to parents shall indicate in clear, understandable terminology the child's readiness for entering kindergarten.~~

(a) The Department of Education, with approval of the State Board of

Education, shall develop and implement uniform school readiness screening and shall require that all school districts administer uniform school readiness screening to each kindergarten student in the district school system upon the student's entry into kindergarten.

(b)(1) The State Board of Education shall develop and the Department of Education shall implement uniform school readiness screening to assess a child's school readiness as part of a comprehensive evaluation design. Beginning with the 2004-2005 school year, the Department of Education shall require that all school districts administer the uniform school readiness screening to each kindergarten student in the district's school system upon the student's entry into kindergarten. Children who enter public school for the first time in first grade must be administered the uniform school readiness screening developed for use in first grade. The Department of Education shall incorporate school readiness data into the kindergarten through grade twelve (K-12) data warehouse for longitudinal tracking.

(2) "Uniform school readiness screening" means uniform, objective evaluation procedures specifically formulated for children entering public school for the first time which are geared to either kindergarten or first grade, as developmentally appropriate, and developed by the Department of Education, with the approval of the State Board of Education, which shall provide objective data regarding expectations for school readiness.

SECTION 7. Arkansas Code §§ 6-15-402 is amended as follows:
6-15-402. Purpose.

(a)(1) The purpose of this subchapter is to provide the statutory framework necessary to ensure that all students in the public schools of this state have an equal opportunity to demonstrate grade-level academic proficiency through the application of knowledge and skills in the core academic subjects consistent with state curriculum frameworks, performance standards, and assessments. The State of Arkansas recognizes and declares that students who are not performing at grade-level standards of academic proficiency are especially harmed by social promotion because they are not equipped with the necessary academic skills to be successful and productive members of society. The State Department of Education is committed to having all students performing performing at their age appropriate grade level and beyond. For this reason, the Arkansas Comprehensive Testing, Assessment, and Accountability Program will emphasize point in time intervention and remediation upon the discovery that any student is not performing at grade level.

~~(2) This subchapter is constructed around a system that includes statewide indicators, individual school improvement indicators, and a locally generated school accountability narrative. The total program shall be applied to each school in the state public school system.~~

(2) It shall also be the purpose of this subchapter to provide information needed to improve the public schools by measuring annual learning gains of all students through longitudinal tracking, to inform parents of the educational progress of their public school children, and to inform the public of the performance of schools. The program must be designed to:

(A) Assess the annual learning gains of each student toward achieving the Academic Content Standards appropriate for the student's grade level;

(B) Provide data for building effective staff development

programs and school accountability and recognition;

(C) Identify the educational strengths and weaknesses of students and the to help the teacher tailor instruction to the needs of the individual student;

(D) Assess how well academic goals and performance standards are met at the classroom, school, school district, and state levels;

(E) Provide information to aid in the evaluation and development of educational programs and policies;

(F) Provide information on the performance of Arkansas students compared with other students from across the United States; and

(G) Identify best practices and schools that are in need of improving their practices.

(3) This subchapter is designed to be a multiyear commitment to assess the academic progress and performance of Arkansas' public school students, classrooms, schools, and school districts.

(b) The purposes of ~~the assessment and accountability program~~ ACTAAP developed pursuant to the provisions of this subchapter shall be to:

(1) Improve student learning and classroom instruction;

(2) Provide public accountability by ~~exemplifying~~ mandating expected achievement levels and reporting on school and school district performance; and

(3) Provide evaluation data of school and school district performance in order to assist policymakers at all levels in decision making.

(c)(1) It is the General Assembly' intent that Arkansas participate in the measurement of national educational goals.

(2) The State Board of Education shall direct Arkansas school districts to participate in the administration of the National Assessment of Educational Progress, or a similar national assessment program, both for the national sample and for any state-by-state comparison programs which may be initiated.

(3) The Department of Education shall enforce and monitor school districts' participation in the National Assessment of Educational Progress program.

(4) The assessments must be conducted using the data collection procedures, the student surveys, the educator surveys, and other instruments included in the National Assessment of Educational Progress or similar program being administered in Arkansas.

(5) The results of these assessments shall be included in the annual report of the Department of Education specified in this subchapter.

(6) The administration of the National Assessment of Educational Progress or similar program shall be in addition to and separate from the administration of the Statewide Assessment Program.

(d) The priorities of the assessment and accountability program developed pursuant to the provisions of this subchapter shall include:

(1) All students have an opportunity to demonstrate increased learning and completion at all levels, graduate from high school, and enter postsecondary education or the workforce without remediation;

(2) Students demonstrate that they meet the expected academic standards consistently at all levels of their education;

(3) Academic standards for every level of the kindergarten

through grade twelve (K-12) education system are aligned, and education financial resources are aligned with student performance expectations at each level of the kindergarten through grade twelve (K-12) education system;

(4) The quality of educational leadership at all levels of kindergarten through grade twelve (K-12) education is improved; and

(5) Parents, students, families, educational institutions, and communities are collaborative partners in education, and each plays an important role in the success of individual students. Therefore, the State of Arkansas cannot be the guarantor of each individual student's success. The goals of Arkansas's kindergarten through grade twelve (K-12) education system are not guarantees that each individual student will succeed or that each individual school will perform at the level indicated in the goals.

SECTION 8. Arkansas Code Title 6, Chapter 15, Subchapter 4 is amended to add additional sections to read as follows:

6-15-424. Statewide assessment program.

(a) The Department of Education shall implement a statewide program of educational assessment that provides information for the improvement of the operation and management of the public schools.

(b) Pursuant to the statewide assessment program, the Department of Education shall:

(1) Determine and designate the appropriate offices within the Department of Education which shall report to the State Board of Education and shall be responsible for determining the school performance grade categories pursuant to The Quality Education Act of 1983, § 6-15-1701 et seq.;

(2) Submit to the State Board of Education for adoption a list that specifies student skills and competencies to which the goals for education specified in the state plan apply, including, but not limited to, reading, writing, science, and mathematics. The list of content knowledge, skills, and competencies shall be known as the Academic Content Standards as defined in § 6-15-419. The Department of Education shall select such skills and competencies after receiving recommendations from educators, citizens, and members of the business community. The Department of Education shall submit to the State Board of Education revisions to the list of student skills and competencies in order to maintain continuous progress toward improvements in student proficiency;

(3) Develop and implement a uniform system of indicators to describe the performance of public school students and the characteristics of the public school districts and the public schools. These indicators shall include, without limitation, the components of an adequate education as defined by the Arkansas General Assembly;

(4) Implement a student achievement testing program, which includes both norm-referenced and criterion-referenced testing and developmentally appropriate testing for grades (1) and two (2), known as the Arkansas Comprehensive Assessment Testing as part of the statewide assessment program, to be administered annually in grades one (1) through ten (10) to measure reading, writing, and mathematics. Science and civics and government shall be measured on a schedule as determined by the State Board of Education. In addition, end of course exams shall be administered for Algebra I, geometry, literacy, civics and government and Biology I. Other content areas may be included as directed by the State Board of Education.

(c) The testing program must be designed so that:

(1)(A) The tests measure student skills and competencies adopted by the State Board of Education as specified in paragraph (b). The tests must measure and report student achievement levels in reading, writing, and mathematics including longitudinal tracking of the same students.

(B) The Department of Education shall provide for the tests to be obtained or developed, as appropriate, through contracts and project agreements.

(2) The testing program shall consist of norm-referenced and criterion-referenced testing as determined by the State Board of Education. Questions shall require the student to produce information or perform tasks in such a way that the skills and competencies he or she uses can be measured in a statistically reliable and valid manner.

(3) Each testing program, whether at the elementary, middle, or high school level, shall include a test of writing in which students are required to produce writings that are then scored by appropriate analytic methods that ensure overall test validity and reliability, including inter-rater reliability. Writing test results shall be scored and returned for district and school use no later than June 1 of each year.

(4) A score shall be designated for each subject area tested which will be the required level of proficiency, below which score a student's performance is deemed inadequate.

(5) Beginning in the 2004-2005 school year, students in grades one through eight (1-8) who do not demonstrate proficiency in the Arkansas Comprehensive Assessment Testing in reading, writing and mathematics must participate in an intense remediation program specific to identified deficiencies. Students in grades nine through twelve (9-12) who do not demonstrate proficiency on the state required end of course exams required pursuant to subdivision (6) must participate in an intense remediation program specific to identified deficiencies in order to receive credit for those corresponding courses.

(6) The State Board of Education shall designate, based on valid and reliable statistical models submitted by the office designated pursuant to § 6-15-424(b)(1), the proficiency levels for each part of the Arkansas Comprehensive Assessment Testing.

(7) Participation in the testing program is mandatory for all students attending public school except as otherwise prescribed by the State Board of Education. If a student does not participate in the Arkansas Comprehensive Assessment Testing, the district must notify the student's parent and provide the parent with information regarding the reasons for and implications of such nonparticipation. The State Board of Education shall adopt rules, based upon recommendations of the Department of Education, for the provision of test accommodations and modifications of procedures as necessary for students in exceptional education programs and for Limited English proficient students. Accommodations that negate the validity of a statewide assessment or interpretations or implementations which result in less than ninety-five percent (95%) of all students attending public school participating in the testing program are not allowable.

(8) The Department of Education shall implement student testing programs for any grade level and subject area necessary to effectively monitor educational achievement in the state.

(9) District school boards must ensure that educators in their

district provide instruction to prepare students to demonstrate proficiency in the skills and competencies necessary for successful grade-to-grade progression and high school graduation. The Department of Education shall conduct studies as necessary to verify that the required skills and competencies are part of the district instructional programs.

(d) Conduct ongoing research to develop improved statistically reliable and valid methods of assessing student performance, including, without limitation:

(i) the use of technology to administer, score, or report the results of tests, (ii) the use of electronic transfer of data, and (iii) the development of work-product and the process assessments, if appropriate.

(e) Conduct ongoing research and analysis of individual student, school, district, and state achievement data, including, without limitation, monitoring trends in individual student, school, district, and state achievement, identifying school programs that are successful, and analyzing correlates of school achievement.

(f) Provide technical assistance to school districts in the implementation of state and district testing programs and the use of the data produced pursuant to such programs, including longitudinal tracking data.

6-15-425. School improvement.

(a) The State Board of Education shall develop a single comprehensive testing, assessment, and accountability program which shall identify and address all public schools or public school districts in school improvement, or academic distress and shall be incorporated in the Arkansas Comprehensive Testing, Assessment and Accountability Program rules and regulations which shall comply with the Elementary and Secondary Education Act as reauthorized by The No Child Left Behind Act of 2001, 20 U.S.C . §6301, et seq. (2002).

(b) The school board president and the superintendent of a public school or school district identified by the Department of Education as being classified as in school improvement, shall be notified of such classification in writing by the Department, via certified mail return receipt requested, and the school district shall have a right of appeal pursuant to the Arkansas Comprehensive Testing, Assessment and Accountability Program rules and regulations which shall comply with The No Child Left Behind Act of 2001, 20 U.S.C. § 6301 et seq. (2002).

(c) The Arkansas Comprehensive Testing, Assessment and Accountability Program shall require that any public school or school district in school improvement that fails to make adequate yearly progress as required in the Arkansas Comprehensive Testing, Assessment and Accountability Program may, after being afforded all due process rights and in a timely manner required under The No Child Left Behind Act of 2001, be advanced by the State Board of Education to the corrective action or restructuring phase of the Arkansas Comprehensive Testing, Assessment and Accountability Program adopted in the Arkansas Comprehensive Testing, Assessment and Accountability Program rules and regulations.

(d) Any public school or school district classified in school improvement shall comply with all requirements placed on a public school or school district under the Arkansas Comprehensive Testing, Assessment and Accountability Program rules and regulations as required by The No Child Left Behind Act of 2001, 20 U.S.C. § 6301, et seq. (2002).

(e) Any public school or school district classified as in school

improvement shall develop and file with the Department of Education a comprehensive school improvement plan which shall be reviewed by the department and shall be designed to ensure that all students have an opportunity to demonstrate proficiency on all portions of the state mandated criterion-referenced tests. The comprehensive school improvement plan shall include strategies to address the achievement gap existing for any identifiable group or subgroup as identified in the Arkansas Comprehensive Testing, Assessment and Accountability Program and the gap of that subgroup to the academic standard.

(f) Professional development activities of a public school or public school district in school improvement shall be related to the comprehensive school improvement plan and designed to increase student learning and achievement.

(g) Each district school board shall annually provide a written evaluation of student performance and achievement within each school of the district. This evaluation and suggested measures to improve performance shall be presented in a public hearing in the same locality as the school district and then submitted with comments made at the public hearing to the Arkansas Department of Education.

6-15-426. School testing programs.

Student performance data shall be analyzed and reported to parents, the community, and the state. Student performance data shall be one of the components used in developing objectives of the school improvement plan, evaluation of instructional personnel, evaluation of administrative personnel, assignment of staff, allocation of resources, acquisition of instructional materials and technology, performance-based budgeting, and promotion and assignment of students into educational programs.

6-15-427. Required analyses.

The Department of Education shall provide, at a minimum, for the following analyses of data produced by the student achievement testing program:

(1) The statistical system for the annual assessments shall use the Arkansas Comprehensive Assessment Testing and other valid and reliable measures of student learning, to determine classroom, school, and school district statistical distributions, which shall be determined using available data from the Arkansas Comprehensive Assessment Testing, and other data collection as deemed appropriate by the State Board of Education, to measure the differences in student previous years achievement compared to the current year achievement for the purposes of accountability and recognition;

(2)(A) The statistical system shall provide the best estimates of classroom, school, and school district effects on student progress based on established longitudinal calculations.

(B) The approach used by the Department of Education shall be approved by the State Board of Education before implementation; and

(3)(A) The annual testing program shall be administered to provide for valid statewide and national comparisons of learning gains to be made for purposes of accountability, recognition, and reporting.

(B) The Department of Education shall establish a schedule for the administration of the statewide assessments.

(C) In establishing such schedule, the Department of Education

is charged with the duty to accomplish the latest possible spring administration of the statewide assessments and the earliest possible provision, but no later than July 1, of the results to the school districts.

(D) District school boards shall not establish school calendars that jeopardize or limit the valid testing and comparison of student learning gains.

6-15-428. Local assessments.

School districts may elect to measure the learning gains of students in subjects and at grade levels in addition to those required for the Arkansas Comprehensive Assessment Testing Program. Measurement of the learning gains of students in all subjects and grade levels other than subjects and grade levels required for the Arkansas Comprehensive Assessment Testing Program is the responsibility of the school districts.

6-15-429. Rules.

The State Board of Education shall adopt any rules necessary to implement Arkansas Comprehensive, Testing, Assessment and Accountability Program under § 6-15-401 et seq. pursuant to the Arkansas Administrative Procedures Act, codified at § 25-15-201 et seq.

6-15-430. Unsafe school choice program.

(a) Any student that becomes the victim of a violent criminal offense while in or on the grounds of an Arkansas public elementary, secondary, or public charter school, or who is attending a persistently dangerous public school shall be allowed to attend a safe public school within the local educational agency pursuant to rules and regulations established by the State Board of Education and the requirements of The No Child Left Behind Act of 2001, 20 U.S.C. § 7912 (2002).

(b) The State Board of Education shall promulgate rules and regulations, as necessary, to administer the Unsafe School Choice Program.

6-15-431. Test security.

(a) It is unlawful for anyone knowingly and willfully to violate test security rules adopted by the State Board of Education for mandatory tests administered by or through the State Board of Education or the Department of Education to students, educators, or applicants for certification or administered by school districts pursuant to § 6-15-424, or with respect to any such test, knowingly and willfully to:

- (1) Give examinees access to test questions prior to testing;
- (2) Copy, reproduce, or use in any manner inconsistent with test security rules all or any portion of any secure test booklet;
- (3) Coach examinees during testing or alter or interfere with examinees' responses in any way;
- (4) Make answer keys available to examinees;
- (5) Fail to follow security rules for distribution and return of secure test as directed, or fail to account for all secure test materials before, during, and after testing;
- (6) Fail to follow test administration directions specified in the test administration manuals;
- (7) Participate in, direct, aid, counsel, assist in, or encourage any of the acts prohibited in this section; or

(8) Violate other rules and regulations set forth by the state board.

(b) Any person who violates this section commits a Class A misdemeanor of the first degree, punishable as provided in § 5-4-201.

(c) A district school superintendent and the district school board shall cooperate with the Department of Education in any investigation concerning the administration of a test administered pursuant to state statute or rule.

SECTION 9. Arkansas Code Title 6, Chapter 15, is amended to add an additional subchapter to read as follows:

6-15-1601. Public school student progression; remedial instruction; reporting requirements – Intent.

It is the intent of the General Assembly that:

(1) Each student's progression from one grade to another be determined, in part, upon proficiency in reading, writing, and mathematics;

(2) That district school board policies facilitate such proficiency;
and

(3) That each student and his or her parent be informed of that student's academic progress.

6-15-1602. Public school student progression; remedial instruction; reporting requirements – Comprehensive Program.

The State Board of Education shall establish a comprehensive program for student progression which must include:

(1) Standards for evaluating each student's performance, including the student's mastery level with respect to the Academic Content Standards;

(2) Specific levels of performance in reading, writing, and mathematics for each grade level and specific proficiency levels of performance on statewide assessments including end-of-course exams, below which a student must be remediated within an intensive program that is different from the previous year's program and that takes into account the student's learning style; and

(3) Appropriate alternative education program as developed by the local school board in compliance with state and federal law and approved by the Department of Education for a student who has been retained two (2) or more years.

6-15-1603. Public school student progression; remedial instruction; reporting requirements – Allocation of resources.

District school boards shall focus remedial and supplemental instruction resources to students in the following priority:

(1) Students who are deficient in reading and mathematics during the primary grades; and

(2) Students who fail to meet performance levels required for promotion consistent with the state's plan for student progression required in § 6-15-1602(b).

6-15-1604. Public school student progression; remedial instruction; reporting requirements – Assessment and remediation.

(a)(1) Each student must participate in the statewide program of educational assessment required by § 6-15-424.

(2) For each student who does not meet specific levels of performance as determined by the State Board of Education in reading, writing, and mathematics for each grade level, or who does not meet specific proficiency levels of performance as determined by the State Board of Education on statewide assessments, including end-of-course exams, the school district must administer additional diagnostic assessments to determine the nature of the student's difficulty and areas of academic need.

(b) The school in which the student who did not meet the specific levels of performance or specific proficiency level is enrolled must develop and implement, after notification pursuant to § 6-15-1605(b) and in consultation with the student's parent, an academic improvement plan designed to assist the student in meeting state expectations for proficiency.

(1) After the completion of the plan and prior to August 1 of each year, each student identified as not meeting proficiency levels in the previous spring test participate in his or her activities outlined in his or her academic improvement plan. Beginning with the 2005-2006 school year, students in grades one (1) through six (6) identified for an academic improvement plan who do not participate in the program shall be retained. Retention for failure to participate in the academic improvement plan shall expand by at least one (1) grade level for each subsequent academic year after implementation.

(2) Beginning with the 2003-2004 school year, if the student has been identified as having a deficiency in literacy or mathematics, the academic improvement plan shall identify the student's specific areas of deficiency in these subjects; the desired levels of performance in these areas; and the instructional and support services to be provided to meet the desired levels of performance.

(3) Schools shall also provide for the frequent monitoring of the student's progress in meeting the desired levels of performance. Remedial instruction provided during high school may not be in lieu of English, mathematics, science, or history credits required for graduation.

(c) Each student who does not meet the minimum performance expectations defined by the State Board of Education for the statewide assessment tests in reading, writing, and mathematics must continue to be provided with remedial or supplemental instruction until the expectations are met or the student is not subject to compulsory school attendance.

6-15-1605. Public school student progression; remedial instruction; reporting requirements – Reading deficiency and parental notification.

(a) It is the ultimate goal of the General Assembly that every student read at or above his or her grade level. Any student who exhibits a substantial deficiency in reading, based upon statewide assessments conducted in kindergarten, grade one (1) or grade two (2), or through teacher observations, must be given intensive reading instruction utilizing a reading program approved by the State Board of Education immediately following the identification of the reading deficiency. The student's reading proficiency must be reassessed by utilizing assessments within the State Board of Education approved reading program. The student must continue to be provided with intensive reading instruction until the reading deficiency is remedied.

(b) Beginning with the 2005-2006 school year, the parent of any student who exhibits a substantial deficiency in reading, as described in subsection (a) of this section, must be notified in writing of the following:

- (1) That his or her child has been identified as having a substantial deficiency in reading;
- (2) A description of the current services that are provided to the child; and
- (3) A description of the proposed supplemental instructional services and supports that will be provided to the child that are designed to remediate the identified area of reading deficiency.

6-15-1606. Public school student progression; remedial instruction; reporting requirements – Elimination of social promotion.

No student may be assigned to a grade level based solely on age or other factors that constitute social promotion.

6-15-1607. Public school student progression; remedial instruction; reporting requirements – Annual report.

(a) In addition to the requirements in § 6-15-1605(b), each district school board must annually report to the parent of each student the progress of the student toward achieving state expectations for proficiency in reading, writing, and mathematics. The district school board must report to the parent the student's results on each statewide assessment test. The evaluation of each student's progress must be based upon the student's classroom work, observations, tests, state assessments, and other relevant information. Progress reporting must be provided to the parent in writing in a format adopted by the district school board which is consistent with § 6-15-1701(b).

(b) Beginning with the 2004-2005 school year, each district school board must annually publish in the local newspaper the school performance report required by § 6-15-1402 and report in writing to the State Board of Education by October 15 of each year, the following information on the prior school year or the latest information available:

(1) The provisions of this section relating to public school student progression and the State Board of Education's policies and procedures on student retention and promotion;

(2) By grade, the number and percentage of all students in grades one (1) through twelve (12) performing at proficiency levels on the Arkansas Comprehensive Assessment Testing and on end of course exams;

(3) By grade, the number and percentage of all students retained in grades one (1) through eight (8); and

(4) The graduation rate, grade inflation rate, drop-out rate. for grades nine (9) through twelve (12) and college remediation rate.

(c) Nothing in this section shall be in conflict with the federal Education Reporting Privacy Act.

6-15-1608. Public school student progression; remedial instruction; reporting requirements – State Board of Education authority and responsibilities.

(a) The State Board of Education may, as provided in §§ 6-15-1901 through 6-15-1902 to enforce this section.

(b) The State Board of Education shall adopt rules for the administration of this subchapter.

6-15-1609. Public school student progression; remedial instruction;

reporting requirements – Technical Assistance.

The Department of Education shall provide technical assistance as needed to aid district school boards in administering this section.

SECTION 10. Arkansas Code Title 6, Chapter 15, is amended to add an additional subchapter to read as follows:

6-15-1701. School grading system; district performance grade –Annual reports.

(a) The Department of Education shall prepare annual reports of the results of the statewide assessment program which describe student achievement in the state, each district, and each school, as well as the school performance grades pursuant to § 6-15-1702. The Department of Education shall prescribe the design and content of these reports, which must include, without limitation, descriptions of the performance of all schools participating in the assessment program and all of their major student populations as determined by the Department of Education; provided, however, that the provisions of § 6-18-902 pertaining to student records apply to this section. Annual school performance reports shall be sent to all parents, posted on the State Department of Education website, and published by the local school district in the local newspaper.

(b) The Department of Education shall provide information regarding performance of students and educational programs as required pursuant to §§ 6-15-424 and 6-15-2301 and implement a system of school reports as required by statute and State Board of Education rule. Annual school performance reports shall be in an easy-to-read report card format and shall include the school's student and school performance grade category designation and performance data as specified in state board rule.

6-15-1702. School grading system; district performance grade – School performance grade categories.

(a) The annual report shall designate two (2) grades for each school, one (1) for the school's performance on the Arkansas Comprehensive Assessment Testing in the latest available test results, and one (1) based on improvement from the prior year, hereafter referred to as Adequate Yearly Progress, pursuant to § 6-15-1704 and described in § 6-15-419(25). For the designation determined by annual performance, annual performance shall identify schools as being in one (1) of the following grade categories defined according to rules of the State Board of Education:

- (1) "A", schools with excellent student performance;
- (2) "B", schools with above adequate student performance;
- (3) "C", schools with adequate student performance;
- (4) "D", schools in need of improvement; and
- (5) "F", schools in need of immediate improvement.

(b) For the years 2003-2004 and 2004-2005, schools will not be assigned a letter grade, instead they will be assigned the descriptive language for the appropriate grade.

(c) Each school designated in performance grade category "A", with excellent student performance, or having improved at least two (2) performance grade categories, shall have greater authority over the allocation of the school's total budget generated from the unrestricted federal, state, and local funds, as specified in State Board of Education rule. The rule must provide that the increased budget authority shall remain

in effect until the school's performance grade declines.

6-15-1703. School grading system; district performance grade—
Designation of school performance grade categories.

(a) School performance grade category designations itemized in § 6-15-1702 shall be based on the following:

(1) School performance grade category designations shall be based on the school's latest available test results.

(2) School performance grade category designation shall be based on a combination of student achievement scores as measured by annual Arkansas Comprehensive Assessment Testing assessments and end-of-course exams in grades one (1) through twelve (12).

(b) Student assessment data used in determining school performance grade categories shall include the aggregate scores of the combined population enrolled in the school who have been assessed on the Arkansas Comprehensive Assessment Testing.

(c) The Department of Education shall study the effects of mobility on the performance of highly mobile students and recommend programs to improve the performance of such students. The State Board of Education shall adopt appropriate criteria for each school performance grade category and shall assure that rankings correspond with measurement provisions of the No Child Left Behind Act.

(d) Schools that receive a school performance grade category of "A" or "B" are eligible for school recognition awards and performance-based funding pursuant to § 6-15-1802.

6-15-1704. School grading system; district adequate yearly progress grade—School adequate yearly progress grade categories.

(a) The annual report shall identify schools as being in one of the following grade categories defined according to rules of the State Board of Education as defined in the state's plan submitted to the United States Department of Education, and in compliance with the provisions of this act:

(1) "A", schools providing excellent adequate yearly progress;

(2) "B", schools providing above adequate yearly progress;

(3) "C", schools providing adequate yearly progress;

(4) "D", schools in need of improvement; and

(5) "F", schools in need of immediate improvement.

(b) Each school designated in performance grade category "A", excellent adequate yearly progress, or having improved at least two (2) grade categories, shall have greater authority over the allocation of the school's total budget generated from the unrestricted federal, state, and local funds, as specified in State Board of Education rule. The rule must provide that the increased budget authority shall remain in effect until the school's adequate yearly progress grade declines.

(c) Schools designated as performance grade category "C," making adequate yearly progress, shall be required to demonstrate that adequate yearly progress as defined by the Arkansas State Accountability Plan submitted by the state to the to the United States Department of Education pursuant to The No Child Left Behind Act or current federal law has been made by students in the school.

6-15-1705. School grading system; district adequate yearly progress

grade-Designation of school adequate yearly progress grade categories.

The annual report shall identify each school's adequate yearly progress grade. The school adequate yearly progress grade category designations itemized in § 6-15-1704 shall be based on the comparison of current year's and prior years' student performance data for each of the student subclasses as defined in the Arkansas State Accountability Plan, filed in compliance with the No Child Left Behind Act's requirements.

6-15-1706. School grading system; district performance grade-School performance grade category and improvement rating reports.

School performance grade category designations and improvement ratings shall apply to each school's performance for the year in which performance is measured. Each school's designation and rating shall be published annually by the Department of Education and the school district and shall be available on the Department of Education's website. Parents shall be entitled to an easy-to-read written report card describing the designation and rating of the school in which their child is enrolled.

6-15-1707. School grading system; district performance grade and adequate yearly progress - Annual

The State Board of Education shall adopt rules necessary to implement § 6-15-1701 et seq. pursuant to the Arkansas Administrative Procedures Act, codified at § 25-15-201 et seq.

6-15-1708. School grading system; district performance grade -District performance grade.

(a) The annual report required by § 6-15-1701 shall include district performance grades, which shall consist of weighted district average grades as defined by the rules and regulations adopted by the state board in compliance with federal and state law including this act, by level, for all elementary schools, middle schools, and high schools in the district.

(b) A district's weighted average grade shall be calculated by weighting individual school grades determined pursuant to § 6-15-1702 by school enrollment.

SECTION 11. Arkansas Code Title 6, Chapter 15, is amended to add an additional subchapter to read as follows:

6-15-1801. Kindergarten through grade twelve (K-12) education performance accountability system - Legislative intent.

(a) It is the intent of the General Assembly that the performance accountability system shall be implemented to assess the effectiveness of Arkansas's seamless kindergarten through grade twelve (K-12) education delivery system and mission and goals to:

(1) Determine what the public is receiving in return for the funds invested in education;

(2) Determine the effectiveness of Arkansas's kindergarten through grade twelve (K-12) education system in educating its students;

(3) Determine the effectiveness of the major delivery sectors promoting student achievement;

(4) Determine how are individual schools are performing with respect to their responsibility to educate their students as measured by how students are performing and how much they are learning;

(5) Determine how Arkansas performing compared to other states, especially the states of the Board of Control for Southern Regional Education.

(b)(1) The State Board of Education shall establish and report to the Governor and the General Assembly systemwide performance standards.

(2) The State Board of Education shall establish systemwide performance measures and standards, and the systemwide measures and standards shall provide Arkansans with information on what the public is receiving in return for the funds it invests in education and how well the kindergarten through grade twelve (K-12) system educates its students.

(c) The State Board of Education shall establish performance measures and shall set performance standards for individual components of the public education system, including individual schools and districts, with measures and standards based primarily on student achievement.

6-15-1802. Arkansas school recognition program.

(a) The General Assembly finds that there is a need for a performance incentive program for outstanding faculty and staff in highly productive schools. The General Assembly further finds that performance-based incentives are commonplace in the private sector and should be infused into the public sector as a reward for productivity.

(b) The Arkansas School Recognition Program is created to provide financial awards to public schools that:

(1) Receives a grade of "A" or "B" for its academic performance pursuant to § 6-15-1702 and at least a "C" for school improvement pursuant to § 6-15-1704; or

(2) Receives a grade of "A" or "B" for its school improvement pursuant to § 6-15-1704.

(c) Each school meeting the requirements set out in subdivisions (b)(1) or (b)(2) of this section below shall receive performance-based funding in the amount of one hundred dollars (\$100) per student, who participated in the school's assessment program. A school that receives a grade of "A" or "B" for its academic performance under § 6-15-1702 and that receives a grade of "A" or "B" for its school improvement under § 6-15-1704 shall receive performance-based funding based on both its academic performance and its school improvement. Each school that receives performance-based funding must submit a proposal for its spending of the performance-based funding to the Department of Education. The Department of Education shall review and approve or reject each proposal. The Department of Education shall approve spending of performance-based funding for academic expenses only as set forth in subsection (f) of this section.

(d) All public schools, including charter schools, that receive school grades pursuant to §§ 6-15-1702 and 6-15-1704 are eligible to participate in the program.

(e) All eligible schools shall receive performance-based funding. Funds must be distributed to the school's fiscal agent and placed in the school's account and must be used for purposes listed in subsection (f) of this section as determined by a committee which shall include the principal, a teacher elected by the faculty, and a representative selected by the Parent Advisory Council. The committee must make its determination by December 15 of each applicable year.

(f) School recognition awards must be used for the following:

- (1) Nonrecurring bonuses to the faculty and staff;
- (2) Nonrecurring expenditures for educational equipment or materials to assist in maintaining and improving student performance; or
- (3) Temporary personnel for the school to assist in maintaining and improving student performance.

(g) The General Assembly shall appropriate and fund sufficient funds to implement this section.

6-15-1803. Kindergarten through grade twelve (K-12) education Performance Accountability System – Mission Goals and Systemwide Measures.

(a) The mission of Arkansas's kindergarten through grade twelve (K-12) education system shall be to increase the proficiency of all students within one (1) seamless, efficient system, by allowing them the opportunity to expand their knowledge and skills through learning opportunities and research valued by students, parents, taxpayers, and communities, and to maintain an accountability system that measures student progress toward the following goals:

- (1) Highest student achievement, as measured by:
 - (A) Student Arkansas Comprehensive Assessment Testing performance and annual learning gains;
 - (B) The number and percentage of schools that improve at least one school performance grade designation or maintain a school performance grade designation of "A" pursuant to § 6-15-1702; and
 - (C) Graduation or completion rates at all learning levels; and other measures identified in law or rule; and
- (2) Seamless articulation and maximum access, as measured by:
 - (A) The percentage of students who demonstrate readiness for the educational level they are entering, from kindergarten through twelfth grade, into the workforce and into higher education, adjusted for the number of college freshman that graduated from Arkansas high schools that need remediation in reading and math;
 - (B) Other measures identified by law or State Board of Education rule.

6-15-1804. Kindergarten through grade twelve (K-12) education performance accountability system – Systemwide data collection.

School districts and the Department of Education shall maintain information systems that will provide the State Board of Education and the General Assembly with information and reports at a level of comprehensiveness and quality no less than that which will be available as of June 30, 2005.

SECTION 12. Arkansas Code Title 6, Chapter 15, is amended to add an additional subchapter to read as follows:

6-15-1901. State board of education oversight and enforcement authority.

(a) The State Board of Education shall oversee the performance of school districts in enforcement of all laws and rules under its jurisdiction. District school boards shall be primarily responsible for compliance with law and State Board of Education rule.

(1) In order to assist school district's in complying with law or State Board of Education rule, the State Board of Education shall have the authority to request and receive information, data, and reports from school

districts. District school superintendents are responsible for the accuracy of the information and data reported to the State Board of Education.

(2) The Department of Education shall investigate allegations of noncompliance with state law or State Board of Education rules and regulations. The Department of Education shall report to the State Board of Education which shall require the district school board to document compliance with state law or State Board of Education rules and regulations.

(3) If the district school board cannot satisfactorily document compliance, the State Board of Education shall order compliance within a specified timeframe.

(4) If the Department of Education determines that there is a reasonable concern that a district has failed to comply with law or State Board of Education rules and regulations, the Department of Education shall report to the state board. If the State Board of Education determines that the issue warrants further investigation, the state board shall authorize the department to initiate a full investigation and a plan of action to remedy the situation. The State Board of Education shall have the authority to initiate any of the following actions:

(A) Take appropriation licensure action pursuant to § 6-17-401;

(B) Declare the school district ineligible for performance based funding;

(C) Require monthly or periodic reporting on the situation related to noncompliance until it is remedied;

(D) Conduct hearings regarding whether each effected school district should be consolidated with another school district or each effected school district, or school should be subject to reconstitution, as defined herein, or both; and

(E) After conducting a review, contact the prosecuting attorney where the local school district is located and report possible violations of the Arkansas criminal code.

(5) With regard to issues and concerns specifically dealing with children with disabilities, consistent with federal and state laws enacted for the purpose of ensuring the provision of educational services to children with disabilities, should an agency under the general supervision of the Arkansas Department of Education fail to comply with corrective actions issued by the department pertaining to compliance with the provision of a free, appropriate education to children with disabilities, the department has authority through the State Board of Education, as set forth in § 6-41-207(e) and (f) to employ a variety of sanctions in order to bring about compliance, including but not limited to, the withholding of state and federal funds to the public agency.

(6) The Department of Education shall file a yearly report with the Legislative Council stating the school districts who were unwilling or unable to comply with state law or State Board of Education rules and regulations and what official action was taken by the state board to remedy the situation.

(b) Nothing in this section shall be construed to create a private cause of action or create any rights for individuals or entities in addition to those provided elsewhere in law or rule.

6-15-1902. Authority to enforce public school improvement.

(a) It is the intent of the General Assembly that all public schools be held accountable for students performing at proficient or better levels. A system of school improvement and accountability that assesses student performance by school, identifies schools in which students are not making adequate yearly progress toward state standards, institutes appropriate measures for enforcing improvement, and provides rewards and sanctions based on performance shall be the responsibility of the State Board of Education and shall be consistent with the provisions of the No Child Left Behind Act, in existence on January 1, 2003.

(b) For purposes of determining when a school is eligible for State Board of Education action and the Opportunity Public School Choice Option is available for its students, Arkansas' adequate yearly progress grading system calculations shall correspond with the definition for school improvement in the No Child Left Behind Act. The State Board of Education shall assure that:

(1) For all schools which have received a adequate yearly progress grade of "D" or "F" in one (1) year, the State Department of Education shall provide technical assistance pursuant to § 6-15-2001(f).

(2) For all schools which have received a adequate yearly progress grade of "D" or "F" in one year, each school shall develop a two-year school improvement plan, with notification of and in consultation with parents, school staff, the local education agency, and other experts. The district school board shall provide technical assistance as the school develops and implements the plan;

(3) For all schools which have received a adequate yearly progress grade of "D" or "F" for two (2) consecutive years or for any two (2) years in a four (4) year period, all students in these schools shall be offered the Opportunity Public School Choice Option and transportation shall be provided by the resident school district, pursuant to § 6-18-206(c), to either (A) the closest adequately performing or better than adequately performing school within the district, or (B) if there is not an adequately performing or better than adequately performing school within the district, the closest adequately performing or better than adequately performing school. In addition, the school district board shall provide supplemental educational services, approved by the State Board of Education, to disadvantaged students;

(4) For all schools which have received a adequate yearly progress grade of "D" or "F" for three (3) consecutive years, in addition to offering students the Opportunity Public School Choice Option, providing technical assistance and supplemental services, the district school board shall take at least one of the following corrective actions:

(A) Replace the principal and staff, or if appropriate, the superintendent, or both;

(B) Recommend to the State Board of Education that it conduct nonpublic hearings, unless the employee requests a public hearing, the proceedings of which shall be confidential if the hearing is regarding whether each responsible district employee shall have his or her certification suspended or revoked;

(C) Implement a new curriculum based on scientifically based research, including professional development;

(D) Significantly decrease management authority at the school level;

(E) Extend the school day or school year;

(F) Appoint an outside expert to advise the school on its progress toward making adequate Yearly Progress in accordance with its school plan; or

(G) Reconstitute the school internally.

(5) For all schools which have received a adequate yearly progress grade of "D" or "F" for four consecutive years, all students are offered the Opportunity Public School Choice Option, the district school board shall offer supplemental services, and shall prepare a plan and make necessary arrangements to carry out one of the following options:

(A) Reopen the school as a charter school;

(B) Replace the principal and staff, or if appropriate, the superintendent, or both;

(C) Recommend to the State Board of Education that it conduct non-public hearings, unless the employee requests a public hearing, the proceedings of which shall be confidential if the hearing is regarding whether each responsible district employee shall have his or her certification suspended or revoked.

(D) Contract with a private management company which has displayed school management effectiveness;

(E) Relinquish school management to the State Department of Education; or

(F) Any other significant restructuring of school governance approved by the State Board of Education;

(6) For all schools which have received a adequate yearly progress grade of "D" or "F" for five (5) consecutive years, the State Board of Education shall implement an alternative governance plan no later than the first day of the school year following year four (4) described in subdivision (b)(4).

(7) With State Board of Education approval, a district school board may delay, for up to one (1) year, the implementation of supplemental services, corrective action, or restructuring if:

(A) The school makes adequate yearly progress for one year, or

(B) The school's inability to make adequate yearly progress is due to exceptional or uncontrollable circumstances, including, but not limited to, force majeure.

(8) The Department of Education shall develop rules and regulations which provide for the transition from prior law concerning districts and schools in academic distress as of the date of implementation and effect of this subchapter. It is the intent of the General Assembly that with respect to a school or district previously found to be in academic distress that the requirements of prior law and this subchapter shall be melded so as not to waive any of the consequences of such designation merely as a result of the enactment of this subchapter.

SECTION 13. Arkansas Code Title 6, Chapter 18, Subchapter 2 is amended to add an additional section to read as follows:

6-18-227.

(a)(1) This section may be referred to and cited as the "Arkansas Opportunity Public School Choice Act of 2003".

(2) The purpose of this section is to provide enhanced

opportunity for students in this state to gain the knowledge and skills necessary for postsecondary education, a technical education, or the world of work. The General Assembly recognizes that the Arkansas Constitution, as interpreted by the Arkansas Supreme Court in Lake View School District No. 25 v. Mike Huckabee, 351 Ark. 31 (2002), makes education a paramount duty of the state. The General Assembly finds that the State Constitution requires the state to provide an adequate education. The General Assembly further finds that a student should not be compelled, against the wishes of the student's parent, to remain in a school found by the state to be failing for two (2) or more consecutive years or any two (2) years of a four (4) year period with a grade of "D" or "F" pursuant to § 6-15-1704. The General Assembly shall make available a public school choice option in order to give parents the opportunity for their children to attend a public school that is performing satisfactorily.

(3) The General Assembly further finds that giving more options to parents and students with respect to where the students attend public school will increase the responsiveness and effectiveness of the state's schools, since teachers, administrators, and school board members will have added incentive to satisfy the educational needs of the students who reside in the district.

(4) A public school choice program is hereby established to enable any student to transfer from a failing or underperforming school to any other public school in the state, subject to the restrictions contained in this section.

(b)(1) A public school student's parent may request and shall receive from the receiving district a transfer option for the student to enroll in and attend another public school in accordance with the provisions of this section if:

(A)(i) By assigned school attendance area or by special assignment, the student has spent the prior school year in attendance at a public school that has been designated pursuant to § 6-15-1702 as adequate yearly progress grade category "F" and that has had 2 or more consecutive school years of such low performance, and the student's attendance occurred during a school year in which such designation was in effect;

(ii) The student has been in attendance elsewhere in the public school system and has been assigned to such school for the next school year; or

(iii) The student is entering kindergarten or first grade and has been notified that the student has been assigned to such school for the next school year.

(B) The parent has notified the Department of Education and both the sending and receiving school districts of the request for a transfer no later than July 1 of the first year in which the student intends to transfer.

(2) For purposes of continuity of educational choice, the transfer shall remain in force until the student completes high school or the parent notifies the Department of Education and both the sending and receiving school districts, no later than July 1 following the current school year, of his or her desire to transfer back to the child's resident school district at the end of the current school year.

(3)(A) A school district shall, for each student enrolled in or assigned to a school that has been designated as adequate yearly progress

grade category "F" for two (2) or more consecutive school years:

(i) Timely notify the parent of the student as soon as such designation is made of all options available pursuant to this section; and

(ii) Offer that student's parent an opportunity to enroll the student in any public school that has been designated by the state pursuant to § 6-15-1704 as a school performing higher than that in which the student is currently enrolled or to which the student has been assigned, but not less than adequate yearly progress grade category "C." The opportunity to continue attending the higher performing public school shall remain in force until the student graduates from high school.

(B) The parent of a student enrolled in or assigned to a school that has been designated adequate yearly progress grade category "F" for two (2) or more consecutive school years may choose as an alternative to enroll the student in a higher-performing public school in any school district, and that school district shall accept the student and report the student for purposes of the district's funding pursuant to the Equitable School Finance System Act of 1995.

(C) Students with disabilities who are eligible to receive services from the school district under federal or state law, and who participate in this program, remain eligible to receive services from the school district as provided by federal or state law, and any funding for such student shall be transferred to the district to which the student transfers.

(c) If the parent chooses to request that the student be enrolled in a higher performing public school, transportation costs to the to either (A) the closest adequately performing school within the district, or (B) if there is not an adequately performing school within the district, the closest adequately performing school shall be the responsibility of the transferring school district. The transferring district may utilize state categorical transportation funds or federal funds as permitted by federal law.

(d)(1) Each district school board shall offer the Opportunity Public School Choice Option within the public schools. The Opportunity Public School Choice Option shall be offered in addition to the existing choice programs such as magnet schools, alternative schools, special programs, and dual enrollment.

(2) Each district school board shall develop a Opportunity Public School Choice Option plan which describes the implementation of subdivision (d)(1) of this section. In the event that the Opportunity Public School Choice Option results in a receiving district requiring temporary facilities or faculty as a result of and to accommodate the additional students, expenses related thereto in excess of that received for each student electing the Opportunity Public School Choice Option shall be borne by the State.

(e) School districts shall adhere to federal desegregation requirements. No Opportunity Public School Choice Option plan that conflicts with federal desegregation orders shall be implemented.

(f) The provisions of this section and all student choice options created in this section are subject to the following limitations:

(1) No student may transfer to a nonresident district where the percentage of enrollment for the student's race exceeds that percentage in the student's resident district except in the circumstances set forth in subdivisions (2) and (4) of this subsection;

(2) A transfer to a district is exempt from the restriction set forth in subdivision (f)(1) of this section if all districts within a county have voted to participate in choice, if the transfer is between two (2) districts within a county, and if the minority percentage in the student's race and majority percentages of school enrollment in both the resident and nonresident district remain within an acceptable range of the county's overall minority percentage in the student's race and majority percentages of school population as set forth by the department;

(3) The department shall by the filing deadline each year compute the minority percentage in the student's race and majority percentages of each county's public school population from the October Annual School Report and shall then compute the acceptable range of variance from those percentages for school districts within each county. In establishing the acceptable range of variance, the department is directed to use the remedial guideline established in Little Rock School District v. Pulaski County Special School District of allowing an overrepresentation or underrepresentation of black or white students of one-fourth (1/4) or twenty-five percent (25%) of the county's racial balance. In establishing the acceptable range of variance for school choice, the department is directed to use the remedial guideline of allowing an overrepresentation or underrepresentation of minority or majority students of one-fourth (1/4) or twenty-five percent (25%) of the county's racial balance;

(4) A transfer is exempt from the restriction set forth in subdivision (f)(1) of this section if each school district within the county does not have a critical mass of minority percentage in the student's race of more than ten percent (10%) of any single race;

(5) In any instance where the foregoing provisions would result in a conflict with a desegregation court order or a district's court-approved desegregation plan, the terms of the order or plan shall govern;

(6) The department shall adopt appropriate rules and regulations to implement the provisions of this section; and

(7) The department shall monitor school districts for compliance with this section.

(g) The Department of Education shall develop an annual report on the status of school choice and deliver the report to the State Board of Education, the Governor, and the Legislative Council at least ninety (90) days prior to the convening of the regular session of the General Assembly.

(h) Each district school board shall annually report the number of students applying for and attending the various types of public schools of choice in the district, including schools such as magnet schools, according to rules adopted by the State Board of Education.

(i)(1) A receiving district shall accept credits toward graduation that were awarded by another district.

(2) The receiving district shall award a diploma to a nonresident student if the student meets the receiving district's graduation requirements.

(j) For purposes of determining a school district's state equalization aid, the nonresident student shall be counted as a part of the average daily membership of the district to which the student has transferred.

(k)(1) All school districts shall report to the Equity Assistance Center on an annual basis the race, gender, and other pertinent information needed to properly monitor compliance with the provisions of this section.

(2) The reports may be on those forms that are prescribed by the department, or the data may be submitted electronically by the district using a format authorized by the department.

(3) The department may withhold state aid from any school district that fails to file its report each year or fails to file any other information with a published deadline requested from school districts by the center so long as thirty (30) calendar days are given between the request for the information and the published deadline except when the request comes from a member or committee of the General Assembly.

(4) A copy of the report shall be provided to the Joint Interim Committee on Educational Reform.

(1)(1) Any student participating in the Opportunity Public School Choice Option must remain in attendance throughout the school year, unless excused by the school for illness or other good cause, and must comply fully with the school's code of conduct.

(2) The parent of each student participating in the Opportunity Public School Choice Option must comply fully with the receiving public school's parental involvement requirements, unless excused by the school for illness or other good cause.

(3) The parent shall ensure that the student participating in the Opportunity Public School Choice Option takes all statewide assessments, including, but not limited to Arkansas Comprehensive Assessment Testing, required pursuant to § 6-15-424.

(4) A participant who fails to comply with this subsection shall forfeit the Opportunity Public School Choice Option.

(m)(1) The maximum Opportunity Public School Choice funds granted for an eligible student shall be a calculated amount equivalent to the base local revenue per student allocation for the receiving district.

(2) The receiving school district shall report all students who transfer from another public school under this program. The students attending public schools pursuant to the Opportunity Public School Choice Option shall be reported separately from those students reported for purposes of compliance with the Equitable School Finance System Act, § 6-20-301, et seq.

(3) The public school that provides services to students with disabilities shall receive funding as determined by the Adequacy Study and approved by the General Assembly.

(4) Following annual notification on July 1 of the number of participants, the Department of Education shall transfer from each school district's appropriated funds the amount calculated pursuant to the Equitable School Finance System Act, § 6-20-301, et seq. and authorized categorical accounts to a separate account for quarterly disbursement to receiving district or charter schools.

(5) Upon proper documentation reviewed and approved by the Department of Education, the Comptroller shall make school transfer fund payments in four equal amounts no later than September 1, November 1, February 1, and April 1 of each academic year in which the Opportunity Public School Choice Option is in force. The initial payment shall be made after Department of Education verification of admission acceptance, and subsequent payments shall be made upon verification of continued enrollment and attendance at the receiving school.

(n) No liability shall arise on the part of the state based on any

grant or use of fund for the Opportunity Public School Choice Option.

(o) The State Board of Education shall adopt any rules necessary for the implementation of the Arkansas Opportunity Public School Choice Act of 2003, § 6-18-1301, et seq. pursuant to the Arkansas Administrative Procedures Act, codified at § 25-15-201 et seq.

(p) Losses in revenue to a district directly related to the transfer of students pursuant to this section shall not be considered when determining a district's eligibility for funding pursuant to § 6-20-326.

(q) A district participating under this program shall cause public announcements to be made over the broadcast media and in the print media at such times and in such manner as to inform parents or guardians of students in adjoining districts of the availability of the program, the application deadline, and the requirements and procedure for nonresident students to participate in the program.

SECTION 14. Arkansas Code Title 6, Chapter 15, is amended to add an additional subchapter to read as follows:

6-15-2001. Implementation of state system of school improvement and education accountability.

(a) The Department of Education is responsible for implementing and maintaining a system of intensive school improvement and education accountability, which shall include policies and programs to implement the following:

(1) A system of data collection and analysis that will improve information about the educational success of individual students and schools. The information and analyses must be capable of identifying educational programs or activities in need of improvement, and reports prepared pursuant to this section shall be distributed to the appropriate district school boards prior to distribution to the general public. This provision shall not preclude access to public records as provided in Freedom of Information Act, § 25-19-101 et seq.;

(2) A program of school improvement that will analyze information to identify schools educational programs or educational activities in need of improvement;

(3) A method of delivering services to assist school districts and schools to improve; and

(4) A method of coordinating the state educational goals and school improvement plans with any other state program that creates incentives for school improvement.

(b) The Department of Education shall be held responsible for the implementation and maintenance of the system of school improvement and education accountability outlined in this section. There shall be an annual determination of whether adequate yearly progress is being made toward implementing and maintaining a system of school improvement and education accountability.

(c) If adequate yearly progress is not being made the local school district shall prepare and implement a revised school improvement plan. The Department of Education and State Board of Education shall monitor the development and implementation of the revised school improvement plan.

(d) The Department of Education shall report to the Legislative Council and recommend changes in state policy necessary to foster school improvement and education accountability. Included in the report shall be a

list of the schools for which district school boards have developed assistance and intervention plans and an analysis of the various strategies used by the school boards. School reports shall be distributed pursuant to this subsection and § 6-15-1701 and according to rules adopted by the State Board of Education.

(e)(1) The Department of Education shall implement a training program to develop among state and district educators a cadre of facilitators of school improvement. These facilitators shall assist schools and districts to conduct needs assessments and develop and implement school improvement plans to meet state goals.

(2) Upon request, the Department of Education shall provide technical assistance and training to any school, school district, or district school board for conducting needs assessments, developing and implementing school improvement plans, developing and implementing assistance and intervention plans, or implementing other components of school improvement and accountability. Priority for these services shall be given to schools designated as performance grade category "D" or "F".

(3) The Department of Education shall provide technical assistance to each school designated as performance grade category "D" or "F" to develop a revised school improvement plan. Notice shall be given to the public of the Department of Education's intervention and shall identify each school without an approved school improvement plan.

(4) The local school district shall assign a comprehensive school improvement team to each school designated as performance grade category "D" or "F" to review the school performance data and determine causes for the low performance. The team shall make recommendations to the school board for implementing a revised school improvement plan that will address the causes of the school's low performance. The team comprehensive school improvement team shall include, but not be limited to, parents, business representatives, educators, and community activists, and shall represent the demographics of the community from which they are appointed. Each comprehensive school improvement team shall receive training prior to deployment, including, but not limited to, data disaggregation.

(g) Schools designated in performance and adequate yearly progress grade categories "A," making excellent progress, shall, if requested by the school, be given exemplary status as specified in §§ 6-15-2401 through 6-15-2409.

(h) As a part of the system of educational accountability, the Department of Education shall:

(1) Develop minimum performance standards for various grades and subject areas, as required in §§ 6-15-1701 et seq., 6-15-424, and 6-15-403;

(2) Administer the statewide assessment testing program created by § 6-15-424;

(3) Conduct the program assessments required by § 6-15-403; and

(4) Perform any other functions that may be involved in educational planning, research, and evaluation or that may be required by the State Board of Education rules and regulations or federal or state law.

SECTION 15. Arkansas Code Title 6, Chapter 15 is amended to add the following new subchapter.

6-15-2101. Best financial management practices for school districts - Standards - Reviews - Designation of school districts.

(a) The purpose of best financial management practices reviews are to improve Arkansas school district management's use of resources and to identify cost savings. The Department of Education and the Division of Legislative Audit of the Legislative Joint Auditing Committee of the General Assembly are directed to develop a system for reviewing the financial management practices of school districts. In this system, the Division of Legislative Audit shall assist the Department of Education in examining district operations to determine whether they meet "best financial management practices."

(b)(1) The best financial management practices adopted by the State Board of Education may be updated periodically after consultation with the Legislative Council, the Governor, the Department of Education, school districts, and the Division of Legislative Audit. The Department of Education shall submit to the State Board of Education for review and adoption proposed revisions to the best financial management practices adopted by the Board of Education and reviewed by the Legislative Council. The best financial management practices, at a minimum, must instill public confidence by addressing the school district's use of resources, identifying ways that the district could save funds, and improving districts' performance accountability systems, including public accountability. To achieve these objectives, best practices shall be developed for, but need not be limited to, the following areas:

- (A) Management structures;
- (B) Performance accountability;
- (C) Efficient delivery of educational services, including instructional materials;
- (D) Administrative and instructional technology;
- (E) Personnel systems and benefits management;
- (F) Facilities construction;
- (G) Facilities maintenance;
- (H) Student transportation;
- (I) Food service operations;
- (J) Cost control systems, including asset management, risk management, financial management, purchasing, internal auditing, and financial auditing;
- (K) Athletics; and
- (L) Other extra-curricular activities.

(2) In areas for which the Board of Education has not adopted best practices, the Department of Education may develop additional best financial management practices, with input from a broad range of stakeholders. The Department of Education shall present any additional best practices to the State Board of Education for review and adoption. Revised best financial management practices adopted by the State Board of Education must be used in the next year's scheduled school district reviews conducted according to this section.

(c) The Department of Education shall conduct the reviews or contract with a private firm selected through a formal request for proposal process to perform the review. The General Assembly shall appropriate and fund sufficient funds to implement this subsection. At least one member of the private firm review team shall have expertise in school district finance. The scope of the review shall focus on the best practices adopted by the State Board of Education, pursuant to subsection (b) of this section. The

State Board of Education may include additional items in the scope of the review after seeking input from the school district and the Department of Education.

(d) The State Board of Education shall consult with the Department of Education throughout the best practices review process to ensure that the technical expertise of the Department of Education benefits the review process and supports the school districts before, during, and after the review.

(e)(1) It is the intent of the General Assembly that each school district shall be subject to a best financial management practices review. The General Assembly also intends that all school districts shall be reviewed annually either by electronic data analysis or on-site visits and shall be given one of the following designations:

(A) "A", schools comprehensively complying with best financial practices;

(B) "B", schools complying with best financial practices at significant levels;

(C) "C", schools adequately complying with best financial practices;

(D) "D", schools less than adequately complying with best financial practices;

(E) "F", schools failing to comply with best financial practices.

(2) The State Department of Education shall prepare annual reports of the results of the best financial management practices reviews and shall post to its website the school and district financial grades pursuant to subsection (b) of this section. The report, which shall be part of the overall school and district report card requirement pursuant to § 6-15-1701, shall include both revenue sources and expenditures. The reporting of expenditures shall include breakdowns of administrative, instructional, support, and operations expenditures, as well as any other financial commitments of the school and district.

(f) The Legislative Council may adjust the schedule of districts to be reviewed when unforeseen circumstances prevent initiation of reviews scheduled.

(g) The Department of Education, subject to funding by the General Assembly, may conduct, or contract with a private firm to conduct, up to two (2) additional best financial management practices reviews.

(h) Reviews shall be conducted by the Division of Legislative Audit, and the Department of Education, or the consultant. Funds may be used for the cost of reviews by the Division of Legislative Audit and private consultants contracted by the State Board of Education. Costs may include professional services, travel expenses of Department of Education and staff of the Division of Legislative Audit, and any other necessary expenses incurred as part of a best financial management practices review and as preapproved by the Department of Education.

(i) Districts must complete a self-assessment instrument provided by the Department of Education which indicates the school district's evaluation of its performance on each best practice. The district must begin the self-assessment not later than sixty (60) days prior to the commencement of the review. The completed self-assessment instrument and supporting documentation must be submitted to the Department of Education not later than

the date of commencement of the review as notified by the Department of Education. The best practices review team will use this self-assessment information during their review of the district.

(j) During the review, the Department of Education or the consultant conducting the review, if any, shall hold at least one (1) advertised public forum as part of the review in order to explain the best financial management practices review process and obtain input from students, parents, the business community, and other district residents regarding their concerns about the operations and management of the school district.

(k) District reviews conducted under this section must be completed within six (6) months after commencement. The Department of Education shall issue a final report to the Legislative Council regarding the district's use of best financial management practices and cost savings recommendations within sixty (60) days after completing the reviews. Copies of the final report shall be provided to the Governor, the State Board of Education, the district superintendent and the districts' school board members. The district superintendent shall notify the press that the final report has been delivered. The notification shall state the Department of Education website address at which an electronic copy of the report is available.

(l) After receipt of the final report, or if no action plan was required because the district was found to be using the best practices, the district school board shall hold an advertised public forum to accept public input and review the findings and recommendations of the report. The district school board shall advertise and promote this forum in a manner appropriate to inform parents, school district employees, the business community, and other district residents of the opportunity to attend this meeting.

(m)(1) If the district is found not to conform to best financial management practices, the report must contain an action plan detailing how the district could meet the best practices within two (2) years. The district school board must develop and approve the implementation schedule within sixty (60) days after receipt of the final report. If a district fails to vote on the action plan within sixty (60) days, the district superintendent and school board members shall be required to appear and present testimony before the State Board of Education and/or the Legislative Council.

(2) Within sixty (60) days after the receipt of the final report, the district school board must notify the State Board of Education and the Department of Education in writing of the implementation schedule for the action plan. The Department of Education may contact the school district, assess the situation, and offer technical assistance, if needed.

(n) After a district school board votes to implement the action plan:

(1) No later than one (1) year after receipt of the final report, the district school board must submit an initial status report to the Governor, the State Board of Education, the Division of Legislative Audit, the Department of Education, and the Legislative Council on progress made toward implementing the action plan and whether changes have occurred in other areas of operation that would affect compliance with the best practices; and

(2)(A) A second status report must be submitted by the school district to the Governor, the State Board of Education, the Division of Legislative Audit, the Department of Education, and the Legislative Council

no later than one (1) year after submission of the initial report.

(B) Status reports are not required once the State Board of Education concludes that the district is using best financial management practices and the district is designated a grade category "C" for its financial practices.

(o) After receipt of each of a district's two (2) status reports required by subsection (n) of this section, the Department of Education shall assess the district's implementation of the action plan and progress toward implementing the best financial management practices in areas covered by the plan. Following each assessment, the Department of Education shall issue a report to the Governor, the State Board of Education, the Division of Legislative Audit, the district, and the Education Committees of the Senate and the House of Representatives indicating whether the district has successfully implemented the best financial management practices. If a district has failed to implement an action plan adopted pursuant to subsection (m) of this section, district school board members and the district school superintendent may be required to appear before the State Board of Education and the Legislative Council to present testimony regarding the district's failure to implement such action plan.

(p) School districts that successfully implement the best financial management practices within two (2) years, or are determined in their review to be using the best practices and are graded a category "A" pursuant to subsection (e) of this section, are eligible to receive a "Seal of Best Financial Management." Upon notification to the Department of Education and the State Board of Education by the Division of Legislative Audit that a district has been found to be using the best financial management practices, the State Board of Education shall award that district a "Seal of Best Financial Management" certifying that the district is adhering to the state's best financial management practices. The State Board of Education designation shall be effective until a district's financial accountability grade decreases. During the designation period, the district school board shall annually, not later than the anniversary date of the certification, notify the Governor, the State Board of Education, the Division of Legislative Audit, the Department of Education, and the press of any changes in policies or operations or any other situations that would not conform to the state's best financial management practices. The State Board of Education shall revoke the designation of a district school board at any time if it determines that a district is no longer complying with the state's best financial management practices. If no such changes have occurred and the district school board determines that the school district continues to conform to the best financial management practices, the district school board shall annually report that information to the State Board of Education, with copies to the Division of Legislative Audit.

(q)(1) A district school board that has been awarded a "Seal of Best Financial Management" by the State Board of Education and has annually reported to the State Board of Education that the district is still conforming to the best financial management practices may request a waiver from undergoing its next scheduled best financial management practices review so long as its financial accountability grade has not decreased.

(2) To apply for such waiver, not later than June 1 of the fiscal year prior to the fiscal year in which the district is next scheduled for review, the district school board shall certify to the Division of

Legislative Audit and the Department of Education the district school board's determination that the school district is still conforming to the best financial management practices.

(3) After consultation with the Division of Legislative Audit and review of the district school board's determination, the Department of Education may recommend to the Legislative Council that the district be granted a waiver for the next scheduled best financial management practices review. If approved for waiver, the Department of Education shall notify the school district that no review of that district will be conducted during the next scheduled review cycle. In that event, the district school board must continue annual reporting to the State Board of Education as required in subsection (p) of this section.

(r) District school boards that receive a best financial management practices review must maintain records that will enable independent verification of the implementation of the action plan and any related fiscal impacts.

(s) Unrestricted cost savings resulting from implementation of the best financial management practices must be spent at the school and classroom levels for teacher salaries, teacher training, improved classroom and school facilities, student supplies, textbooks, classroom technology, and other direct student instruction activities. Cost savings identified for a program that has restrictive expenditure requirements shall be used for the enhancement of the specific program. If the district is in fiscal distress, the cost savings may be used in accordance with the fiscal distress plan.

SECTION 16. Arkansas Code Title 6, Chapter 15 is amended to add the following new subchapter.

6-15-2201. Postsecondary feedback of information to high schools.

(a) The State Board of Higher Education shall adopt rules that require the Department of Higher Education to report to the State Board of Education, the General Assembly, and the district school boards on the performance of each first-time-in-post-secondary education student from each public high school in this state who is enrolled in a public postsecondary institution or public technical center. Such reports must be based on information databases maintained by the Department of Higher Education. In addition, the public postsecondary educational institutions and technical centers shall provide district school boards access to information on student performance in regular and preparatory courses and shall indicate students referred for remediation.

(b) The Department of Higher Education shall report, by high school, to the State Board of Education and the General Assembly, no later than November 30 of each year, on the number of prior year Arkansas high school graduates who enrolled for the first time in public post-secondary education in this state during the previous summer, fall, or spring term, indicating the number of students whose scores on the common placement test indicated the need for remediation through college-preparatory instruction.

(c) The Department of Higher Education shall organize school summary reports and student-level records by school district and high school in which the postsecondary education students were enrolled and report the information to each school district no later than January 31 of each year.

(d) As a part of the school improvement plan pursuant to § 6-15-2001, the State Board of Education shall ensure that each school district and high

school develops strategies to improve student readiness for the public postsecondary level based on annual analysis of the feedback report data.

(e) The Department of Education shall biennially recommend to the General Assembly statutory changes to reduce the incidence of postsecondary remediation in mathematics, reading, and writing for first-time enrolled recent high school graduates.

SECTION 17. Arkansas Code Title 6, Chapter 15 is amended to add the following new subchapter:

6-15-2301. Educational planning and information systems – Educational planning.

(a) The Director of Education is responsible for all planning functions for the Department of Education, including collection, analysis, and interpretation of all data, information, test results, evaluations, and other indicators that are used to formulate policy, identify areas of concern and need, and serve as the basis for short-range and long-range planning. Such planning shall include assembling data, conducting appropriate studies and surveys, and sponsoring research and development activities designed to provide information about educational needs and the effect of alternative educational practices.

(b) Each district school board shall maintain a continuing system of planning and budgeting designed to aid in identifying and meeting the educational needs of students and the public. Provision shall be made for coordination between the Department of Education and the Department of Higher Education concerning the planning for career and technical education and adult educational programs. The major emphasis of the system shall be based upon the Adequacy Study as approved by the General Assembly and the Academic Content Standards developed by the Department of Education and adopted by the State Board of Education. The Department of Education planning and budgeting system must include consideration of student achievement data and financial accountability data obtained pursuant to Title 6, Chapter 15, Subchapter 17, § 6-15-424, and § 6-15-2101.

6-15-2302. Educational planning and information systems – Comprehensive management information systems.

(a) The Department of Education shall develop and implement an integrated information system for educational management. The system must be designed to collect, via electronic transfer, all student and school performance data required to ascertain the degree to which schools and school districts are meeting state performance standards, and must be capable of producing data for a comprehensive annual report on school and district performance. In addition, the system shall support, as feasible, the management decisions to be made in each division of the Department of Education and at the individual school and district levels. Similar data elements among divisions and levels shall be compatible. The system shall be based on an overall conceptual design; the information needed for such decisions, including fiscal, student, program, personnel, facility, community, evaluation, and other relevant data; and the relationship between cost and effectiveness. The system shall be managed and administered by the Department of Education and shall include a district subsystem component to be administered at the district level. Each district school system with a unique management information system shall assure that compatibility exists

between its unique system and the district component of the state system so that all data required as input to the state system is made available via electronic transfer and in the appropriate input format.

(b) The specific responsibilities of the Department of Education shall include:

(1) Consulting with school district representatives in the review of the state's management information system for public school education management;

(2) Providing operational definitions for the state's system;

(3) Determining the information and specific data elements required for the management decisions made at each educational level, recognizing that the primary unit for information input is the individual school and recognizing that time and effort of instructional personnel expended in collection and compilation of data should be minimized;

(4) Review and develop standardized terminology and procedures to be followed at all levels of the system;

(5) Review and develop a standard transmittal format to be used for collection of data from the various levels of the system;

(6) Review and develop appropriate computer programs to assure integration of the various information components dealing with students, personnel, facilities, fiscal, program, community, and evaluation data;

(7) Review and develop the necessary programs to provide statistical analysis of the integrated data provided in subdivision (b)(6) in such a way that required reports may be disseminated, comparisons may be made, and relationships may be determined in order to provide the necessary information for making management decisions at all levels;

(8) Review and develop output report formats which will provide district school systems with information for making management decisions at the various educational levels;

(9) Assisting the district school systems in establishing their subsystem components and assuring compatibility with current district systems;

(10) Establishing procedures for continuous evaluation of system efficiency and effectiveness;

(11) Initiating a reports-management and forms-management system to ascertain that duplication in collection of data does not exist and that forms and reports for reporting under state and federal requirements and other forms and reports are prepared in a logical and uncomplicated format, resulting in a reduction in the number and complexity of required reports, particularly at the school level; and

(12) Initiating other actions as are necessary to carry out the intent of the General Assembly that a management information system for public school management is essential for school district accountability. Other actions shall be based on criteria including, but not limited to:

(A) The purpose of the reporting requirement;

(B) The origination of the reporting requirement;

(C) The date of origin of the reporting requirement; and

(D) The date of repeal of the reporting requirement.

(c) The specific responsibilities of each district school system shall include:

(1) Establishing, at the district level, a reports-control and forms-control management system committee composed of school administrators

and classroom teachers. The district school board shall appoint school administrator members and classroom teacher members. Teachers shall constitute a majority of the committee membership. The committee shall periodically recommend procedures to the district school board for eliminating, reducing, revising, and consolidating paperwork and data collection requirements and shall submit to the district school board an annual report of its findings;

(2) With assistance from the Department of Education, developing systems compatibility between the state management information system and unique local systems;

(3) Providing, with the assistance of the Department of Education, in-service training dealing with management information system purposes and scope, a method of transmitting input data, and the use of output report information;

(4) Establishing a plan for continuous review and evaluation of local management information system needs and procedures;

(5) Advising the Department of Education of all district management information needs;

(6) Transmitting required data input elements to the appropriate processing locations in accordance with guidelines established by the Department of Education;

(7) Determining required reports, comparisons, and relationships to be provided to district school systems by the system output reports, continuously reviewing these reports for usefulness and meaningfulness, and submitting recommended additions, deletions, and change requirements in accordance with the guidelines established by the Department of Education; and

(8) Being responsible for the accuracy of all data elements transmitted to the Department of Education.

6-15-2303. Educational planning and information systems – Rules.

The State Board of Education shall adopt any rules necessary to implement these sections pursuant to the Arkansas Administrative Procedures Act, § 25-15-201, et seq.

SECTION 18. Arkansas Code Title 6, Chapter 15 is amended to add the following new subchapter:

6-15-2401. Exemplary public schools program - Purpose.

The purpose of the exemplary public schools program shall be to:

(1) Improve student learning;

(2) Increase learning opportunities for all students, with special emphasis on expanded learning experiences for students who are identified as academically low achieving;

(3) Encourage the use of different and innovative learning methods;

(4) Increase choice of learning opportunities for students;

(5) Require the measurement of learning outcomes and create innovative measurement tools;

(6) Make the school the unit for improvement; and

(7) Relieve schools of paperwork and procedures that are required by the state and the district school board for purposes other than health, safety, equal opportunity, fiscal accountability and documentation of student achievement.

6-15-2402. Exemplary public schools program - Proposal.

(a) A proposal to be an exemplary school must be developed by the school principal and the parent advisory council. A majority of the members of the parent advisory council must approve the proposal, and the principal and the parent advisory council chair must sign the proposal. At least seventy-five percent (75%) of the teachers employed at the school must approve the proposal. The school must conduct a survey to show parental support for the proposal.

(b) A district school board shall receive and review all proposals for an exemplary public school. A district school board must by a majority vote approve or deny a proposal no later than 30 days after the proposal is received. If a proposal is denied, the district school board must, within ten (10) calendar days, articulate in writing the specific reasons based upon good cause supporting its denial of the proposal.

(c) The Department of Education may provide technical assistance to an applicant upon written request.

(d) The terms and conditions for the operation of an exemplary public school shall be set forth in the proposal. The district school board shall not impose unreasonable rules or regulations that violate the intent of giving schools greater flexibility to meet educational goals.

6-15-2403. Exemplary public schools program – Eligible students.

An exemplary school shall be open to all students residing in the school's attendance boundaries as determined by the district school board and to all students who chose to attend the exemplary school pursuant to the Arkansas Opportunity Public School Choice Option.

6-15-2404. Exemplary public schools program - Requirements.

Like other public schools, an exemplary public school shall:

(1) Be nonsectarian in its programs, admission policies, employment practices, and operations;

(2) Not charge tuition or fees, except those fees normally charged by other public schools;

(3) Meet all applicable state and local health, safety, and civil rights requirements;

(4) Not violate the antidiscrimination provisions Arkansas law; and

(5) Be subject to an annual financial audit in a manner similar to that of other public schools in the district.

6-15-2405. Exemplary public schools program – Elements of the proposal.

(a) The major issues involving the operation of an exemplary public school shall be considered in advance and written into the proposal.

(b) The proposal shall address, and criteria for approval of the proposal shall be based on:

(1) The school's mission and the students to be served;

(2) The focus of the curriculum, the instructional methods to be used, and any distinctive instructional techniques to be employed;

(3) The current baseline standard of achievement and the outcomes to be achieved and the method of measurement that will be used;

(4)(A) The methods used to identify the educational strengths

and needs of students and how well educational goals and performance standards are met by students attending the school.

(B) Students in exemplary public schools shall, at a minimum, participate in the statewide assessment program;

(5) In secondary schools, a method for determining that a student has satisfied the requirements for graduation as set forth in the rules and regulations adopted by the Department of Education;

(6) A method for resolving conflicts between the school and the district;

(7) The admissions procedures and dismissal procedures, including the school's code of student conduct;

(8) The ways by which the school's racial and ethnic balance reflects the community it serves or reflects the racial and ethnic range of other public schools in the same school district;

(9) The financial and administrative management of the school including a statement of the areas in which the school will have administrative and fiscal autonomy and the areas in which the school will follow district school board fiscal and administrative policies;

(10) The manner in which the school will be insured, including whether or not the school will be required to have liability insurance, and, if so, the terms and conditions thereof and the amounts of coverage; and

(11) The qualifications to be required of the teachers.

(c) The school shall make annual progress reports to the district, which upon verification shall be forwarded to the Department of Education at the same time as other annual school accountability reports. The report shall contain at least the following information:

(1) The school's progress toward achieving the goals outlined in its proposal;

(2) The information required in the annual school report pursuant to § 6-15-1701;

(3) Financial records of the school, including revenues and expenditures; and

(4) Salary and benefit levels of school employees.

(d) A district school board shall ensure that the proposal is innovative and consistent with the state education goals established by § 6-15-402(d).

(e) Upon receipt of the annual report required by subsection (c) of this section, the Department of Education shall provide the State Board of Education and the Legislative Council with a copy of each report and an analysis and comparison of the overall performance of students, to include all students in exemplary public schools whose scores are counted as part of the statewide assessment tests, versus comparable public school students in the district as determined by Arkansas Comprehensive Assessment Testing and district assessment tests and, as appropriate, and other assessments administered pursuant to § 6-15-424.

6-15-2406. Exemplary public schools program – Exemption from statutes.

(a)(1) An exemplary public school shall operate in accordance with its proposal and shall be exempt from Chapter 15 of the Arkansas Code, except those pertaining to civil rights and student health, safety, and welfare, or as otherwise required by this section.

(2) An exemplary public school shall not be exempt from the

following statutes:

(A) Freedom of Information Act, § 25-19-101 et seq., relating to public records; and

(B) Administrative Procedures Act, § 25-15-201 et seq., relating to public meetings and records, public inspection, and penalties.

(3) The school district, upon request of an exemplary public school, may apply to the State Board of Education for a waiver of provisions of law applicable to exemplary public schools under this section, except that the provisions of Title 6, Chapter 20, Subchapter 4 or laws, rules, or regulations relating to school district budgets shall not be eligible for waiver if the waiver would affect funding allocations or create inequity in public school funding. The State Board of Education may grant the waiver if necessary to implement the school program.

(b) An exemplary public school may employ or contract with skilled selected noncertified personnel in an alternative certification program to provide instructional services or to assist instructional staff members as education paraprofessionals in the same manner as defined in Title 6, Chapter 17, Subchapter 4. An exemplary public school may not employ an individual to provide instructional services or to serve as an education paraprofessional if the individual's certification or licensure as an educator is suspended or revoked by this or any other state. The qualifications of teachers shall be disclosed to parents.

(c) An exemplary public school shall employ or contract with employees who have met the requirements of Title 6, Chapter 17, Subchapter 4.

6-15-2407. Exemplary public schools program - Revenue.

Students enrolled in an exemplary public school shall be funded in a basic program or a special program in the same manner as students enrolled in other public schools in the school district.

6-15-2408. Exemplary public schools program -Length of school year.

An exemplary public school shall provide instruction for at least the number of days required by law for other public schools, and may provide instruction for additional days.

6-15-2409. Exemplary public schools program - Facilities.

An exemplary public school shall utilize facilities which comply with the requirements of state and local law, rules, and regulations relating to school facilities, or with applicable state minimum building codes and state minimum fire protection codes pursuant to the requirements of state and local law, rules, and regulations relating to school facilities.

SECTION 19. Arkansas Code Title 6, Chapter 18, Subchapter 9 is amended to add the following section.

6-18-902. Student records and reports; rights of parents and students - Notification - Penalty.

(a) The purpose of this section is to protect the rights of students and their parents with respect to student records and reports as created, maintained, and used by public educational institutions in the state. The intent of the General Assembly is that students and their parents shall have rights of access, rights of challenge, and rights of privacy with respect to records and reports, and that rules shall be available for the exercise of

these rights.

(b) Rights of access and rights of privacy. No student records or identifiable student information shall be released except as allowed by the Arkansas Freedom of Information Act, § 25-19-101, et seq., and the Federal Educational Rights and Privacy Act.

(c) Right to challenge and hearing. A parent or student shall have the right to challenge the content of any record or report to which such person is granted access under subdivision (c)(1) of this section, in order to ensure that the record or report is not inaccurate, misleading, or otherwise in violation of the privacy or other rights of the student and to provide an opportunity for the correction, deletion, or expunction of any inaccurate, misleading, or otherwise inappropriate data or material contained therein. Any challenge arising under the provisions of this subsection may be settled through informal meetings or discussions between the parent or student and appropriate officials of the educational institution. If the parties at such a meeting agree to make corrections, to make deletions, to expunge material, or to add a statement of explanation or rebuttal to the file, such agreement shall be reduced to writing and signed by the parties; and the appropriate school officials shall take the necessary actions to implement the agreement. If the parties cannot reach an agreement, upon the request of either party, a hearing shall be held on such challenge under rules adopted by the State Board of Education. Upon the request of the parent or student, the hearing shall be exempt from the requirements of the Arkansas Administrative Procedures Act, § 25-15-201, et seq. Such rules shall include at least the following provisions:

(A) The hearing shall be conducted within a reasonable period of time following the request for the hearing;

(B) The hearing shall be conducted, and the decision rendered, by an official of the educational institution or other party who does not have a direct interest in the outcome of the hearing;

(C) The parent or student shall be afforded a full and fair opportunity to present evidence relevant to the issues raised under this subdivision;

(D) The decision shall be rendered in writing within a reasonable period of time after the conclusion of the hearing; and

(E) The appropriate school officials shall take the necessary actions to implement the decision.

SECTION 20. Arkansas Code § 6-15-419 is amended to read as follows:
6-15-419. Definitions.

The following definitions shall apply in this subchapter, unless the context otherwise requires:

(1)(A) "Academic improvement plan" means 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-referenced assessments.

(B)(i) Such a plan shall be created and implemented by appropriate teachers, counselors, and any other pertinent school personnel.

(ii) All academic improvement plans shall be annually reviewed and revised to ensure effectiveness and to ensure student demonstration of proficiency in the targeted academic areas on the next state-mandated criterion-referenced assessments.

(iii) A cumulative review of all academic improvement plans shall be part of the data used by the school in creating and revising its comprehensive school plan.

(iv) All academic improvement plans shall be subject to review by the Department of Education.

(C) In any instance where a student with disabilities identified under the Individuals with Disabilities Education Act has an individualized education program that already addresses any academic area or areas in which the student is not proficient on state-mandated criterion-referenced assessments, the individualized education program shall serve to meet the requirement of an academic improvement plan;

(2) "District improvement plan" means a districtwide plan coordinating the actions of the various school improvement plans within a district. The main focus of the district improvement plan shall be to ensure that all students demonstrate proficiency on all portions of state-mandated criterion-referenced assessments;

(3) "Early intervention" means short-term, intensive, focused, individualized instruction developed from ongoing, daily, systematic diagnosis that occurs while a child is in the initial, kindergarten through grade one (K-1), stages of learning early reading, writing, and mathematical strategies to ensure acquisition of the basic skills and to prevent the child from developing poor problem-solving habits which become difficult to change. The goal is to maintain a student's ability to function proficiently at grade level;

(4) "End of course" means an examination taken at the completion of a course of study to determine whether a student demonstrates attainment of the knowledge and skills necessary to mastery of that subject;

(5) "Grade level" means performing at the proficient or advanced level on state-mandated criterion-referenced tests;

(6) "High school" means grades nine through twelve (9-12);

(7) "Middle level" means grades five through eight (5-8);

(8) "Point-in-time intervention and remediation" means intervention and remediation applied during the academic year upon the discovery that a student is not performing at grade level;

(9) "Primary" means kindergarten through grade four (K-4);

(10)(A)(i) "Remediation" means a process of using diagnostic instruments to provide corrective, specialized, supplemental instruction to help a student in grades two through four (2-4) overcome academic deficiencies.

(ii) For students in grades five through twelve (5-12), remediation shall be a detailed, sequential set of instructional strategies implemented to remedy any academic deficiencies indicated by below-basic or basic performance on the state-mandated criterion-referenced assessments.

(B) Remediation shall not interfere with or inhibit student mastery of current grade level academic learning expectations;

(11) "School improvement plan" means the individual school's comprehensive plan based on priorities indicated by assessment and other pertinent data and designed to ensure that all students demonstrate proficiency on all portions of state-mandated criterion-referenced assessments; ~~and~~

(12) "Social promotion" means the passage or promotion from one grade to the next of a student who has not demonstrated knowledge or skills

required for grade-level academic proficiency;

(13) "Kindergarten through grade twelve (K-12) data warehouse" means a technology-based tool used to gather, integrate, and store all the information used to track and analyze student performance;

(14) "Longitudinal tracking" means based on scheduled and annual assessments, tracking individual student yearly academic achievement gains;

(15) "Academic Content Standards" means standards which are approved by the State Board of Education and set the skills to be taught and mastery level for each grade and content area;

(16) "National Assessment of Educational Progress" means the national assessment program mandated by the No Child Left Behind Act, as such laws may be amended from time to time;

(17) "No Child Left Behind Act" means the No Child Left Behind Act of 2001 signed into federal law on January 8, 2002;

(18) "Statewide Assessment Standards" means the statewide program of educational assessment implemented pursuant to and described in § 6-15-424;

(19) "Limited English proficient students" means the student has sufficient difficulty speaking, reading, writing, or understanding the English language and whose difficulties may deny such individual the opportunity to learn successfully in classrooms where the language of instruction is English;

(20) "English for Speakers of Other Languages program" means that English is not a student's native language and he or she has sufficient difficulty speaking, reading, writing, or understanding the English language and whose difficulties may deny such individual the opportunity to learn successfully in classrooms where the language of instruction is English;

(21) "Individual education plan or a Section 504 plan" means that part of federal legislation which eliminates impediments to full participation by persons with disabilities and which is intended to prevent intentional or unintentional discrimination against persons with disabilities, persons who are believed to have disabilities, or family members with disabilities;

(22) "Grade inflation rate" means the statistical gap between actual grades assigned for core classes at the secondary level and student performance on corresponding subjects on nationally normed college entrance exams, such as the ACT;

(23) "Arkansas Comprehensive Assessment Testing" means the testing component of ACTAAP which shall consist of developmentally appropriate assessments for grades one (1) and two (2), criterion-referenced assessments for grades three (3) through eight (8), norm-referenced assessments for grades three (3) through ten (10), and end-of-course exams for grades nine (9) through twelve (12); provided, however, for grades three (3) through eight (8) at the option of the department of education, the testing component may consist of a norm-referenced test augmented for state standards;

(24) "Adequate yearly progress" means that level of academic improvement required of public schools or school districts on the state-mandated criterion-referenced examinations and other indicators as required in the Arkansas Comprehensive Testing, Assessment, and Accountability Program, which shall comply with The Elementary and Secondary Education Act as reauthorized in The No Child Left Behind Act of 2001, 20 U.S.C. § 6301, et seq. (2002);

(25) "Annual learning gains" or "student learning gains" means calculating a student's learning gains from one year to the next, based on a

same series assessment given in the same time frame from one (1) year to the next, used as a pre-post measure of learning for the content areas tested;

(26) "Board of Control for Southern Regional Education" means the entity identified in the Southern Regional Education Compact, § 6-4-101, et seq.

(27) "Parent Advisory Council" means the entities established under Title 6, Chapter 13, Subchapter 17;

(28) "Reconstitution" means removing school district or school faculty, staff, administration, and, if appropriate, school board members, and replacing them; and

(29) "Parent" means a parent, legal guardian, or legal representative, as appropriate, of a student.

SECTION 21. Arkansas Code Title 6, Chapter 13 is amended to add the following new subchapter:

6-13-1701. Parent advisory council – Establishment.

Each school shall establish a Parent Advisory Council based on the following tenets:

(1) A student's education is a responsibility shared by the school and family during the entire time that he or she spends in school;

(2) Schools and parents must work as knowledgeable partners in order to support the goal of the schools to educate all students effectively;

(3) Parents are integral components of a school's ability to provide for the educational success of students, although parents and students are diverse in culture, language, and needs;

(4) The engagement of parents is essential to improve student achievement; and

(5) Schools should foster a safe and secure environment that supports active parental involvement.

6-13-1702. Parent advisory council – Membership.

The Parent Advisory Council shall consist of the school principal and no fewer than six (6) parents or legal guardian, representative of the grade levels, race, gender, and socio-economic status of the school's population. No parent or legal guardian representative on the Parent Advisory Council may be an employee of that school. Each school shall establish policies regarding individual members' length of service on the council and filling vacancies. Membership on the council shall be by nomination from the school principal and that school's organized parent group. The school district board of directors will confirm nominations.

16-13-1703. Parent advisory council – Meetings.

The Parent Advisory Council shall be convened at least quarterly during the school year.

16-13-1704. Parent advisory council – Roles and responsibilities.

The Parent Advisory Council shall recognize the principal as the chief academic and operational officer of the school. It also shall:

(1) Annually review the school improvement plan including the disaggregation of achievement data from each tested grade or course in the school as well as the performance of the various student subgroups;

(2) Annually review the school's report card including the narrative

of yearly progress based on current state and federal requirements;

(3) Make recommendations encouraging regular, two-way meaningful communication with parents and legal guardians such as publishing the school's process for resolving parental concerns, including whom to approach first and how to develop solutions;

(4) Make recommendations regarding the school's parental involvement program, including activities such as sponsoring seminars to inform parents or legal guardians of high school students about how to be involved in the decisions affecting course selection, career planning, and preparation for postsecondary opportunities, as well as other activities to promote parent participation;

(5) Provide input into the development of parental involvement activities as required in the School Improvement Plan;

(6) Make recommendations regarding appropriate professional development activities to be included as part of the required professional development for teachers and administrators. These professional activities shall enhance the understanding of effective parent involvement; and

(7) Make recommendations regarding the school's collaboration with community organizations for the purpose of enhancing student achievement.

16-13-1705. Parent advisory council – School roles and responsibilities.

(a) With input from the Parent Advisory Council, each school shall develop a written parent involvement policy to encourage parents or legal guardians to participate as full partners in the decisions that affect his or her child and family. The policy shall be distributed to all parents or guardians of students in that school.

(b) Each school shall annually disseminate through multi-media an explanation of the appropriate state or federal accreditation standards, curriculum standards, and assessment and accountability requirements. The school shall also report how the school complies with those established standards and requirements.

16-13-1706. Parent Advisory Council – Monitoring.

The organization of the Parent Advisory Council and its required activities shall be monitored by the Department of Education during the official scheduled compliance review of the school.

SECTION 22. Arkansas Code § 6-20-1601 through 6-20-1610 are repealed.

~~6-20-1601. Purpose.~~

~~The purpose of this subchapter shall be to improve the capacity of local school districts whose students are not achieving at academically desired levels and local school districts in fiscal distress through targeted assistance coordinated by the Department of Education.~~

~~6-20-1602. Definitions.~~

~~(a) For purposes of this subchapter, a "school district in academic distress" shall mean any school district whose students do not score at levels established by the Department of Education on:~~

- ~~(1) The Arkansas Writing Assessment;~~
- ~~(2) The Stanford 8 Achievement Test;~~
- ~~(3) The exit examination administered by the department; or~~

~~(4) Any other test approved by the department.~~

~~(b) For purposes of this subchapter, a "school district in fiscal distress" shall mean any school district that:~~

~~(1) Has a steadily declining balance;~~

~~(2) Has not complied with the audit requirements in § 6-20-301 et seq.;~~

~~(3) Has failed to comply with a statute that automatically places the school district in fiscal distress; or~~

~~(4) Has any other fiscal condition deemed to have a detrimental negative impact on continuation of educational services. All of these determinations for fiscal distress except for subdivision (b)(3) of this section shall be as defined by the department through rules and regulations promulgated by the State Board of Education.~~

~~6-20-1603. Rules and regulations — State Board of Education.~~

~~(a) By March 1, 1996, the State Board of Education shall promulgate rules and regulations to establish and implement a program for identifying, evaluating, assisting, and addressing school districts in fiscal or academic distress.~~

~~(b)(1) The state board shall further promulgate rules and regulations by which a school district shall be classified as a Phase I, Phase II, or Phase III district and by which a local school board may appeal to the state board any ruling by the Department of Education that is relative to classification under this subchapter.~~

~~(2) An appeal shall be made within thirty (30) days of the ruling, and the state board shall act on the appeal within sixty (60) days.~~

~~6-20-1604. Rules and regulations — Department of Education.~~

~~The Department of Education is hereby authorized to develop indicators of fiscal distress and academic distress in school districts and to promulgate the necessary rules and regulations so that the Director of the Department of Education shall provide technical assistance to school districts determined by the director to be in fiscal or academic distress and shall ensure, to the extent possible, that a fiscal crisis or an academic crisis will not interrupt the educational services provided to the students of a school district.~~

~~6-20-1605. Identification of districts in distress.~~

~~Prior to the beginning of the 1996-1997 school year and each school year thereafter, the Department of Education shall identify all school districts that are in academic or fiscal distress and shall further document any school districts that meet the criteria for academic or fiscal distress but which, after investigation, the department determines are not in academic or fiscal distress.~~

~~6-20-1606. School improvement plan.~~

~~(a) Those school districts identified by the Department of Education as being in academic or fiscal distress shall be classified as Phase I school districts.~~

~~(b)(1)(A) A district classified as a Phase I school district shall develop and file with the department a school improvement plan to address any areas in which the school district is experiencing academic or fiscal~~

~~distress as identified by the department.~~

~~(B) If a district does not file a school improvement plan with the department, the district shall be immediately classified as a Phase II school district.~~

~~(2) The department shall provide technical assistance to any district classified as a Phase I district.~~

~~(A) The department shall monitor the progress of school districts in Phase I.~~

~~(B) Districts that are implementing school improvement plans shall continue to be classified as Phase I school districts for the remainder of the school year.~~

~~(C) If the department determines that a district is not implementing its school improvement plan according to department regulations, the district shall be immediately classified as a Phase II school district.~~

~~6-20-1607. Classification of school districts in distress.~~

~~(a)(1) During the 1997-1998 school year and each school year thereafter, the Department of Education shall determine which school districts shall be classified as Phase I districts or Phase II districts.~~

~~(2) A school district may be classified a Phase I district for more than one (1) year.~~

~~(b) No Phase I or Phase II district shall incur additional debt without the approval of the department.~~

~~(c)(1) During the 1997-1998 school year and each school year thereafter, only those districts classified as Phase II districts by the Director of the Department of Education shall be required to receive on-site technical assistance by a team of educators assigned by the department to work directly with the districts.~~

~~(2) During the first six (6) months of the school year in which a district is classified as a Phase II district, the department team shall evaluate and make recommendations to the district superintendent regarding the staffing of the district and concerning fiscal or academic policies or practices of the district if necessary to address the fiscal or academic distress of the district as defined by the department.~~

~~(3)(A) The recommendations of the department shall be binding on the district, the superintendent, and the school board; provided, however, that it shall be the duty of the district to follow all Arkansas laws.~~

~~(B) A district classified as a Phase II school district that fails to follow recommendations of the department shall be immediately classified as a Phase III school district.~~

~~(d) At the conclusion of the 1997-98 school year, and each year thereafter, the department shall report the progress of all districts classified as Phase II school districts to the State Board of Education.~~

~~6-20-1608. Limitation on Department of Education's authority.~~

~~The Department of Education shall not take over the operation of a Phase I or Phase II school district.~~

~~6-20-1609. Phase III school districts.~~

~~(a) Those school districts that do not meet the Department of Education's criteria for repeating procedures set forth for Phase II and those districts that did not follow the recommendations of the department for~~

~~Phase II school districts shall be classified as Phase III school districts.~~

~~(b) During the 1998-1999 school year and each year thereafter until the school district is no longer classified as a Phase III district, the department shall have the following authority in dealing with any district classified as a Phase III school district:~~

~~(1) To require the superintendent to relinquish all authority with respect to the district, to appoint an individual to operate the district under the supervision of the Director of the Department of Education, and to compensate non department employees for operating the district using the salary formerly given to the district superintendent;~~

~~(2) To have all the powers and duties of the local school board under § 6-13-620;~~

~~(3) To determine that it is in the best interests of the students in the district to continue operation of the district or that annexation to an adjacent district or districts is necessary;~~

~~(4) To call for the election of a new school board for the district, in which case the district shall reimburse the county board of election commissioners for election costs as otherwise required by law;~~

~~(5) To allow the district to operate without a local school board under the supervision of the local school district administration;~~

~~(6) To turn the administration of the district over to the former board or to a newly elected school board; and~~

~~(7) To waive the application of Arkansas law, with the exception of §§ 6-17-1501 et seq. and 6-17-1701 et seq. or department rules and regulations.~~

~~6-20-1610. Annexation—Appeals.~~

~~(a) If it is in the best interests of students in a district classified as a Phase III school district to be annexed to another district or districts, as determined by the Department of Education, the department shall hold a public hearing to discuss the annexation of the district.~~

~~(b) After the public hearing, the State Board of Education may annex the district to another district or districts upon a majority vote of the members of the state board.~~

~~(c) If the state board annexes the district, the state board shall have exclusive authority to determine the boundary lines of the new district or districts and to allocate the assets and liabilities of the district.~~

~~(d) Any district that appeals the decision of the state board in regard to annexation shall file the appeal in Pulaski County Circuit Court. Jurisdiction and venue shall not lie in any other court or the circuit court in the county where the administrative office of the district is located.~~

SECTION 23. Arkansas Code § 6-20-1802 is amended to read as follows:

6-20-1802. ~~Fiscal distress~~ Non-Compliance for failure to file.

(a) Any school district failing to file an audit report required by § 6-20-1801 within the eighteen-month time period shall automatically be considered by the Department of Education to be in ~~fiscal distress~~ non-compliance and mandated consequences of § 6-15-1901 shall be enforced.

(b) By January 31 of each year, the department, by certified mail, shall notify school districts failing to file required audit reports that the school district is considered in ~~fiscal distress~~ non-compliance.

SECTION 24. Effective Date.

Unless otherwise provided herein, this act shall be come effective on July 1, 2004.

SECTION 25. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the Arkansas Supreme Court in Lake View School District No. 25 v. Huckabee, 351 Ark. 31 (2002) has declared the now extent system of education to be unconstitutional because it is both inequitable and inadequate; that the Arkansas Supreme Court has set forth the test for a constitutional system to be one in which the State has an "absolute duty" to provide and "equal opportunity to an adequate education"; that the Arkansas Supreme Court has instructed the General Assembly to define and provide what is necessary to provide an adequate and equitable education for the children of Arkansas, forthwith. Therefore, an emergency is declared to exist and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

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

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

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

The Amendment was read _____
By: Representative Hardwick
KAS/VJF - 041020030843
VJF907

Chief Clerk