

# Hall of the House of Representatives

86th General Assembly - Regular Session, 2007

## Amendment Form

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### Subtitle of House Bill No. 2426

"AN ACT TO ACCELERATE THE PROCESS OF ENSURING THAT PUBLIC SCHOOL  
DISTRICT ACADEMIC FACILITIES ARE ADEQUATE."

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### Amendment No. 2 to House Bill No. 2426.

Amend House Bill No. 2426 as engrossed, H3/14/07 (version: 03-14-2007 09:20):

Delete everything after the enacting clause and substitute the following:

SECTION 1. FINDINGS. The General Assembly finds that:

(1) The General Assembly adopted Acts 34 and 35 of the First Extraordinary Session of 2006 to determine whether school districts were unable to contribute local resources necessary to qualify for participation in state-funded facilities programs;

(2) School districts with insufficient bonding capacity were accommodated by the passage of Acts 22 and 23 of the First Extraordinary Session of 2006, which removed the bonded debt ratio, thus removing the cap on bond issuance;

(3) School districts with declining enrollment were addressed by Act 2206 of 2005 by allowing a three-year average to be used in determining the school district's facilities wealth index and by Act 21 of the First Extraordinary Session of 2006, which provided additional funding for declining enrollment based on the previous two (2) years' average daily membership. No evidence was presented during the hearings held in 2006 pursuant to Act 57 of any school district suffering from a problem related to this;

(4) The General Assembly researched a school district with a low assessed property valuation and a low facilities wealth index and determined that it is treated the same as a school district with high property valuation and a high facilities wealth index. The research indicated, for example, that Poyen is required to use the same amount of mills to build facilities for ten percent (10%) of its students as Bryant, which is in the middle, and as Bentonville, which is on top. No evidence was presented during the hearings held in 2006 pursuant to Act 57 of any school district suffering from a problem related to this; and

(5) School districts at or above the 95th percentile are addressed through SB962 of the 86<sup>th</sup> General Assembly. It provides that every school district at 100% of the facilities wealth index or above is adjusted to the same amount as the first district below one hundred percent (100%) on the facilities wealth index, unless that would exceed five thousandths



(.005). In that case, the amount is capped at five thousandths (.005). No evidence was presented during the hearings held in 2006 pursuant to Act 57 of any school district suffering from a problem related to this.

SECTION 2. Arkansas Code § 6-21-811 is amended to read as follows:  
6-21-811. Academic Facilities Distress Program.

(a) As used in this section, "safe, dry, and healthy" means improvements that are required for a public school academic facility to:

(i) Be in good and acceptable condition;  
(ii) Provide a safe and comfortable environment for the public school academic facility's inhabitants; and  
(iii) Maintain the integrity of the academic facility envelope.

~~(a)~~(b) The Division of Public School Academic Facilities and Transportation shall identify a public school or school district as being in academic facilities distress if the division determines that the public school or school district has engaged in actions or inactions that result in any of the following:

(1) Any act or violation determined by the division to jeopardize any academic facility used by a public school or school district, including, but not limited to:

(A) Material failure to properly maintain academic facilities in accordance with this subchapter and rules adopted by the Commission for Arkansas Public School Academic Facilities and Transportation;

(B) Material violation of local, state, or federal fire, health, or safety code provisions or laws;

(C) Material violation of applicable building code provisions or law;

(D) Material failure to provide timely and accurate facilities master plans to the division;

(E) Material failure to comply with state law governing purchasing or bid requirements in relation to academic facilities projects;  
~~or~~

(F) Material default on any school district debt obligation; or

(G) Material failure to progress according to the school district's facilities master plan; and

(2) Any other condition of an academic facility or facilities in a public school or school district that is determined by the division to have a detrimental impact on educational services provided by that public school or school district.

(c)(1) Every two (2) years beginning February 1, 2008, the division shall determine whether the progress of each school district complies with the school district's facilities master plan and shall notify the school district of any noncompliance.

(2) The division shall annually review the applications made for the Academic Facilities Partnership Program established under § 6-20-2507, to identify any school district that did not apply for state funding for necessary facilities to meet adequacy requirements of safe, dry, and healthy, suitability, and growth and shall notify the school district of any deficiencies.

(3) Within thirty (30) days of receiving the notice provided

under subdivision (c)(1) or (2) of this section, the school district shall submit a facilities improvement plan to the division for its review and approval that states how the school district will address the noncompliance issues contained in the notice.

(4) If the division does not approve the facilities improvement plan submitted by the school district, it shall identify the school district as being in facilities distress.

(5) A school district may appeal the decision of the division under this subsection (c) to the commission pursuant to the procedures established by the commission;

(d)(1)(A) Within ten (10) days of a school district's failure to pass a millage required to fulfill its obligations under the school district's facilities master plan, the division shall provide written notice to the school district of the date, time, and place for a conference with the school district at which the division will:

(i) Determine whether as a result of the failed millage there are facilities issues relating to:

(a) Safe, dry, and healthy public school academic facilities;

(b) The presence and number of suitability needs of public school academic facilities; or

(c) Immediate need for academic facilities to meet student growth; and

(ii) Thoroughly discuss and explain the sanctions and requirements that are available to the commission if the school district is identified as being in facilities distress under this section and § 6-21-812.

(B) The written notice shall be provided via certified mail to the president of the school board and the superintendent of the school district.

(C) The commission shall establish rules for the implementation of this subdivision (d)(1).

(2)(A) If the commission determines that there are safe, dry, and healthy, growth, or suitability issues, the commission may direct the school district to conduct a special election to vote on a millage increase.

(B)(i) The division and the school district shall agree upon the issues to be submitted for a vote in the special election.

(ii) The special election may not include any issues other than the issues that are mutually agreed upon.

(C) The special election shall be held on a date that is:  
(i) Mutually agreed upon by the division and the school district; and

(ii) Not later than seven (7) months from the date of the election at which the millage failed, unless it is necessary to extend the date beyond seven (7) months because of restrictions on the number of elections that may be held within a calendar year.

(D) If within ninety (90) days from the notice provided to the school district under subdivision (d)(1)(A) the school district has not set an election date, the division shall identify the school district as being in facilities distress.

(E)(i) If the school district is able to finance the safe, dry, and healthy, growth, and suitability improvements without the necessity

of a special election on increasing its millage, the school district may enter into an agreement with the division to fund its safe, dry, and healthy, growth, and suitability improvements separately, which shall include an implementation timeframe.

(ii) The division shall identify the school district as being in facilities distress for failure to implement the agreed upon plan for safe, dry, and healthy, growth, and suitability improvements within the timeframe specified in the agreement.

~~(b)~~(e) The division shall provide written notice, via certified mail, return receipt requested, to the president of the school board and the superintendent of the public school or school district identified as being in facilities distress.

~~(e)~~(1)(f)(1) A public school or school district identified as being in facilities distress shall develop a facilities improvement plan within thirty (30) days from the date of receipt of the notice and promptly submit the facilities improvement plan to the division for review and approval.

(2) A public school or school district shall review and revise its facilities improvement plan on a periodic basis as determined by the division and submit the updated facilities improvement plan to the division in order for the division to determine whether the public school or school district is correcting its deficient areas of practice regarding academic facilities.

(3) A school district shall use facilities improvement plans as necessary to supplement and update its facilities master plan.

~~(d)~~(g) When a school district is identified by the division commission to be in facilities distress, the division may with the approval of the commission:

(1)(A) Provide on-site technical evaluation and assistance and make recommendations to the district superintendent regarding the care and maintenance of any academic facility in the district.

(B) Any school district identified as being in facilities distress status shall accept on-site technical evaluation and assistance from the division.

(C) The recommendations of the division are binding on the district, the superintendent, and the school board;

(2) Require the superintendent to relinquish all administrative authority with respect to the school district;

(3)(A) Appoint an individual in place of the superintendent to administratively operate the school district under the supervision and approval of the Director of the Division of Public School Academic Facilities and Transportation Commissioner of Education, or his designee.

(B) The division may direct the school district to compensate from school district funds the individual appointed to operate the school district;

(4) Suspend or remove any or all members of the current board of directors and call for the election of a new school board for the school district, in which case the school district shall reimburse the county board of election commissioners for election costs as otherwise required by law;

(5) Require the school district to operate without a local school board under the supervision of the local superintendent ~~or an individual or panel appointed by the director~~;

(6) Require the school district to operate without a local

school board under the supervision of an individual or panel appointed by the commissioner.

~~(6)~~(7) Return the administration of the school district to the former board or place the administration of the school district in a newly elected school board;

~~(7)~~(8) Require school district staff and employees to attend training in areas of concern for the public school or school district;

~~(8)~~(A)(9)(A) Require a school district to cease ~~immediately~~ all expenditures related to activities not described as part of an adequate education in § 6-20-2302 and place money that would have been spent on the activities into an academic facilities escrow account to be released only upon approval by the division for use in conjunction with a local academic facilities project.

(B) School districts shall include a clause addressing this contingency in all contracts with personnel who are involved with activities not described as part of an adequate education;

~~(9)~~(10) Notify the public school or school district in writing that the deficiencies regarding academic facilities shall be corrected within a time period designated by the division;

~~(10)~~(A)(11)(A) Petition the ~~state board~~ State Board of Education at any time for the consolidation, annexation, or reconstitution of a school district in facilities distress or take other appropriate action as allowed by this subchapter in order to secure and protect the best interest of the educational resources of the state or to provide for the best interest of students in the school district.

(B) The state board may approve the petition or take other appropriate action as allowed by this subchapter.

~~(C)~~(i) The state board shall consolidate, annex, or reconstitute any school district that fails to remove itself from the classification of a school district in facilities distress within two (2) consecutive school years of receipt of notice of identification of facilities distress status by the division;

~~(ii)(a) A school district may appeal the action of the state board to the Commission for Public School Academic Facilities and Transportation in accordance with procedures developed by the state board.~~

~~(b) The commission may reverse the action of the state board if the commission finds that the school district could not remove itself from facilities distress due to impossibility caused by external forces beyond the school district's control; and~~

(12) Correct the failure of a school district to complete its agreed plan or to pass the millage in the special election under subdivision (d)(2) of this section by contracting for and completing the necessary improvements under the agreed plan;

(13)(A) If the division recommends and the commission concurs that the academic facilities in the public school district in facilities distress are inadequate to provide an adequate education, the state board may dissolve the district and transfer students to public schools in other public school districts.

(B) The state board shall assign the public school district's territory, property, and debt;  
and

~~(11)~~(14) Take any other action allowed by law that is deemed

necessary to assist a public school or school district in removing criteria of facilities distress.

~~(e)~~(h) No school district identified by the division as being in facilities distress may incur any debt without the prior written approval of the commission.

~~(f)~~(i) A public school or school district in facilities distress may petition the commission for removal from facilities distress status only after the division has certified in writing that the public school or school district has corrected all criteria for being classified as in facilities distress and has complied with all division recommendations and requirements for removal from facilities distress.

~~(g)~~(j) The division shall submit a written evaluation on the status of each school district in facilities distress to the commission and the state board at least one (1) time every six (6) months.

(k)(1)(A) If a school district is identified as being in facilities distress and has safe, dry, and healthy, growth, or suitability improvement issues, the division, in addition to any other remedy under this section and § 6-21-812, may provide a loan to the school district to be repaid from any funds available that are not required to provide an adequate education.

(B) Funds available that are not required to provide an adequate education include:

(i)(a) Fund balances and any cash on hand that are not part of foundation funding or categorical funding under § 6-20-2305 and are not otherwise required to provide an adequate education for students in the public school district; and

(b) Revenues that are not obligated on bonds;

(ii) Funds remaining after the annual payment on a bond obligation are included in funds that are not required to provide an adequate education.

(2) The public school district shall repay the loan on the schedule determined by the division.

(1) The commission in conjunction with the Academic Facilities Oversight Committee is requested to:

(1) Reexamine the role and function of the State Facility Assessment of 2004;

(2) Assess the progress made by the state in the mandates of the Arkansas Supreme Court in Lake View School District No. 25 v. Huckabee, No. 01-836; and

(3) Make needed changes in the implementation of the academic facilities distress program by modifying the commission's rules.

SECTION 3. NOT TO BE CODIFIED. The document attached hereto titled "Arkansas Department of Education, Analysis of the Academic Facilities Wealth Index for Providing Facilities for 10% of a District's ADM", dated March 8, 2007, is specifically adopted by the House Education Committee and the Senate Education Committee and recommended to the General Assembly and shall be filed in the journals of the House and Senate."

The Amendment was read \_\_\_\_\_  
By: Representative Cook  
CLR/CLR - 03-15-2007 07:44  
CLR337

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Chief Clerk