

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

A Bill

HOUSE BILL 1878

4
5 By: Representatives Pierce, Webb
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For An Act To Be Entitled

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

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15 TO PROVIDE OVERSIGHT OF AND
16 ACCOUNTABILITY FOR STATE DESEGREGATION
17 FUNDING RECEIVED AND EXPENDED BY THE
18 PULASKI COUNTY SCHOOL DISTRICTS AND TO
19 DECLARE AN EMERGENCY.
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22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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24 SECTION 1. Arkansas Code § 6-20-415, concerning authority to hire
25 consultants in public school desegregation matters, is amended to add an
26 additional subsection to read as follows:

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

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

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



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

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

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

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

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

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

(B) All expenditures of that funding.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) ~~As protecting~~ Protect any school district from action or sanction by the department for fiscal, academic, or facilities distress.

SECTION 3. Arkansas Code § 6-20-2203(c)(2), concerning the categories and descriptions of public school and school district expenditures required to be reported by a school district in the annual school performance report, is amended to add an additional subdivision to read as follows:

(G) Expenditures of court-ordered desegregation funding;

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

(ix) Expenditures of court-ordered desegregation funding.

SECTION 5. Arkansas Code § 6-20-2203(c)(4)(A), concerning the categories and descriptions of public school and school district expenditures required to be reported by a school district that allow for the tracking of expenditures from specific sources of revenue, is amended to add an additional subdivision to read as follows:

(x) Court-ordered desegregation funding.

SECTION 6. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the state has paid the Pulaski County School Districts over one billion dollars as required by the Pulaski

County Desegregation Case styled Little Rock School District v. Pulaski County Special School District No. 1, et al, No. LR-C-82-866; that the Attorney General and the Department of Education are examining the finances of the Pulaski County school districts to determine how those funds are utilized by the districts; that the accounting required by this act is an essential part of reaching a fiscally responsible end to the case; that the General Assembly's support for the efforts of the Attorney General and the department should be provided immediately because the continued funding under the existing settlement agreement without proper accounting and State oversight is detrimental to the fiscal integrity of the three school districts and the State, and to the education of the students in the school districts. 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.