

1 State of Arkansas
2 90th General Assembly
3 Regular Session, 2015
4

As Engrossed: H3/17/15

A Bill

HOUSE BILL 1842

5 By: Representative Murdock
6

For An Act To Be Entitled

8 AN ACT TO CLARIFY TERMS UNDER THE ARKANSAS FISCAL
9 ASSESSMENT AND ACCOUNTABILITY PROGRAM; AND FOR OTHER
10 PURPOSES.
11

Subtitle

12
13 TO CLARIFY TERMS UNDER THE ARKANSAS
14 FISCAL ASSESSMENT AND ACCOUNTABILITY
15 PROGRAM.
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19 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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21 SECTION 1. Arkansas Code § 6-20-1904 is amended to read as follows:
22 6-20-1904. Indicators of fiscal distress or fiscal distress status.

23 (a) A school district meeting any of the following criteria may be
24 identified by the Department of Education to be a school district in fiscal
25 distress status upon final approval by the State Board of Education:

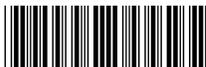
26 (1)(A) A declining balance determined to jeopardize the fiscal
27 integrity of a school district.

28 (B) However, capital outlay expenditures for academic
29 facilities from a school district balance shall not be used to put the school
30 district in fiscal distress;

31 (2) An act or violation determined to jeopardize the fiscal
32 integrity of a school district, including without limitation:

33 (A) Material failure to properly maintain school
34 facilities;

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



1 (C) Material violation of local, state, or federal
2 construction code provisions or law;

3 (D) Material state or federal audit exceptions or
4 violations;

5 (E) Material failure to provide timely and accurate legally
6 required financial reports to the department, the Division of Legislative
7 Audit, the General Assembly, or the Internal Revenue Service;

8 (F) Insufficient funds to cover payroll, salary, employment
9 benefits, or legal tax obligations;

10 (G) Material failure to meet legally binding minimum
11 teacher salary schedule obligations;

12 (H) Material failure to comply with state law governing
13 purchasing or bid requirements;

14 (I) Material default on any school district debt
15 obligation;

16 (J) Material discrepancies between budgeted and actual
17 school district expenditures;

18 (K) Material failure to comply with audit requirements; or

19 (L) Material failure to comply with any provision of the
20 Arkansas Code that specifically places a school district in fiscal distress
21 based on noncompliance; or

22 (3) Any other fiscal condition of a school district deemed to
23 have a detrimental negative impact on the continuation of educational
24 services by that school district.

25 (b)(1) By August 31 of each year, the department shall report to the
26 superintendent of a school district if the department is aware that the
27 school district has experienced two (2) or more indicators of fiscal distress
28 status in one (1) school year that the department deems to be at a
29 nonmaterial level but that without intervention could place the district in
30 fiscal distress status.

31 (2) The superintendent of a school district shall report to the
32 department if the superintendent is aware the school district has experienced
33 two (2) or more indicators of fiscal distress status in one (1) school year
34 that the superintendent deems to be at a nonmaterial level but that without
35 intervention could place the district in fiscal distress status.

36 (3)(A) The department and the superintendent shall review all

1 data related to the nonmaterial indicators of fiscal distress status.

2 (B)(i) Within thirty (30) days of the department's
3 determination that the school district may be experiencing fiscal distress
4 status at a nonmaterial level, the department shall provide a notice to the
5 school district's superintendent and board of directors that:

6 (a) Describes the nonmaterial indicators of
7 fiscal distress status that could jeopardize the fiscal integrity of the
8 school district if not addressed; and

9 (b) Identifies the support available from the
10 department to address each nonmaterial indicator of fiscal distress status.

11 (ii) The board of directors shall place on the agenda
12 for the next regularly scheduled meeting of the board of directors a
13 discussion of the notice of nonmaterial indicators of fiscal distress status.

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15 SECTION 2. Arkansas Code § 6-20-1906(a) and (b), concerning
16 classification of fiscal distress status, is amended to read as follows:

17 (a) Those school districts identified by the Department of Education as
18 *being in fiscal distress or fiscal distress status* shall be classified as
19 school districts in fiscal distress *or fiscal distress status* upon final
20 determination by the State Board of Education.

21 (b) Any school district classified as in fiscal distress *or fiscal*
22 *distress status* shall be required to publish at least one (1) time for two
23 (2) consecutive weeks in a newspaper of general circulation in the school
24 district the school district's classification as a school district in fiscal
25 distress *or fiscal distress status* and the reasons why the school district
26 was classified as being in fiscal distress *or fiscal distress status*.

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28 SECTION 3. Arkansas Code § 6-20-1907 is amended to read as follows:
29 6-20-1907. Debt issuance.

30 ~~No~~ A school district identified in fiscal distress *or fiscal distress*
31 *status* may not incur any debt without the prior written approval of the
32 Department of Education.

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34 SECTION 4. Arkansas Code § 6-20-1908(a)-(c), concerning a *fiscal*
35 *distress or fiscal distress status* plan, is amended to read as follows:

36 (a) Those school districts identified by the Department of Education as

1 being in fiscal distress shall file with the department within ten (10) days
2 after the final classification by the State Board of Education a written
3 fiscal distress or fiscal distress status improvement plan to address any
4 area in which the school district is experiencing fiscal distress or fiscal
5 distress status as identified by the department.

6 (b) Each school district shall seek and obtain approval of its plan
7 from the department and shall describe how the school district will remedy
8 those areas in which the school district is experiencing fiscal distress or
9 fiscal distress status and shall establish the time period by which the
10 school district will remedy all criteria which placed the school district in
11 fiscal distress status.

12 (c) A school district in fiscal distress or fiscal distress status may
13 only petition the state board for removal from fiscal distress status after
14 the department has certified in writing that the school district has
15 corrected all criteria for being classified as in fiscal distress or fiscal
16 distress status and has complied with all department recommendations and
17 requirements for removal from fiscal distress or fiscal distress status.

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19 *SECTION 5. Arkansas Code § 6-20-1911(a), concerning rules and*
20 *regulations, is amended to read as follows:*

21 *(a) The Department of Education shall promulgate rules ~~and regulations~~*
22 *as necessary to identify, evaluate, assist, and address school districts in*
23 *fiscal distress or fiscal distress status.*

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25 */s/Murdock*

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