

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas  
95th General Assembly  
Regular Session, 2025

# A Bill

HOUSE BILL 2002

By: Representative Wardlaw

## For An Act To Be Entitled

AN ACT TO AMEND THE EDUCATION SERVICE COOPERATIVE ACT OF 1985; TO REMOVE BOUNDARIES ESTABLISHED FOR EDUCATION SERVICE COOPERATIVES; TO REQUIRE AN EDUCATION SERVICE COOPERATIVE BOARD OF DIRECTORS TO ESTABLISH AN EXECUTIVE SUBCOMMITTEE; TO REQUIRE EACH EDUCATION SERVICE COOPERATIVE TO ESTABLISH A STRATEGIC PLAN; TO REPEAL THE REQUIREMENT THAT EACH EDUCATION SERVICE COOPERATIVE ESTABLISH A TEACHER CENTER; TO AUTHORIZE THE STATE BOARD OF EDUCATION TO TAKE ACTION AGAINST AN EDUCATION SERVICE COOPERATIVE DIRECTOR UNDER CERTAIN CONDITIONS; TO REQUIRE THE DIVISION OF ELEMENTARY AND SECONDARY EDUCATION TO DEVELOP A FUNDING FORMULA FOR EDUCATION SERVICE COOPERATIVES; TO AUTHORIZE THE STATE BOARD OF EDUCATION TO TAKE CERTAIN ACTIONS AGAINST AN EDUCATION SERVICE COOPERATIVE THAT RECEIVES AN "F" RATING FOR A CERTAIN NUMBER OF YEARS; TO AMEND THE CONDITIONS UNDER WHICH THE STATE BOARD OF EDUCATION MAY DISSOLVE AN EDUCATION SERVICE COOPERATIVE; AND TO REQUIRE THE ESTABLISHMENT OF AN EDUCATION SERVICE COOPERATIVE RATING SYSTEM.

## Subtitle

TO AMEND THE EDUCATION SERVICE  
COOPERATIVE ACT OF 1985.

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



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SECTION 1. Arkansas Code § 6-13-1002 is amended to read as follows:

6-13-1002. Education service cooperatives established – Functions.

(a)(1) The State Board of Education ~~is authorized to~~ may establish a statewide system of ~~not more than fifteen (15) multicounty~~ education service cooperatives of school districts.

(2) By the 2026-2027 school year, the Division of Elementary and Secondary Education shall assign each public school district and open-enrollment public charter school to an education service cooperative within a specific region based on regional availability or specialty services provided by the education service cooperative.

~~(2)(3) Such~~ Each education service ~~cooperatives~~ cooperative shall be ~~intermediate~~:

(A) Intermediate service units in the state's elementary and secondary education system; ~~and as such shall be eligible~~

(B) Eligible to receive and expend funds from state and federal governments, public school districts, and other public or private sources.

(b) Education service cooperatives established by this subchapter ~~will~~ shall provide support and assistance to public school districts ~~which choose to use them assistance in~~:

(1) ~~Meeting To meet~~ or ~~exceeding~~ exceed accreditation standards and ~~equalizing~~ optimize educational opportunities;

(2) ~~Using~~ By using educational resources more effectively through cooperation among school districts; ~~and~~

(3) ~~Promoting~~ In the promotion of coordination between public school districts and the ~~Division of Elementary and Secondary Education~~ division in order to provide services ~~which~~ that are consistent with the needs identified by public school districts and the educational priorities of the state as established by the General Assembly or the state board;

(4) By coordinating with the division to provide oversight and monitoring of public school districts and open-enrollment public charter schools to ensure compliance with state education requirements in statute and rule; and

(5) In school improvement efforts.

SECTION 2. Arkansas Code § 6-13-1003 is repealed.

~~6-13-1003. Boundaries—Adjustments.~~

~~(a) The State Board of Education shall establish tentative boundaries for the system of education service cooperatives authorized by this subchapter.~~

~~(b) These education service cooperatives shall be established so that:~~

~~(1) They include at least three (3) but no more than nine (9) counties;~~

~~(2) They include at least ten (10) but no more than thirty five (35) school districts;~~

~~(3) They include at least twenty thousand (20,000) pupils in kindergarten through grade twelve (K-12) average daily membership;~~

~~(4) They include at least one (1) postsecondary education institution; and~~

~~(5) There is no more than fifty (50) miles distance or approximately one (1) hour driving time to the area's main offices for ninety percent (90%) of the school districts.~~

~~(c)(1) The state board may make adjustments in the boundaries when criteria such as minimum average daily membership and maximum driving distances conflict.~~

~~(2) However, no more than four (4) of the areas formed may contain fewer than twenty thousand (20,000) students.~~

~~(3) In no case shall any education service cooperative be established with fewer than twelve thousand (12,000) pupils.~~

SECTION 3. Arkansas Code § 6-13-1004 is repealed.

~~6-13-1004. Requests for establishment of education service cooperative—Requirements.~~

~~(a) Education service cooperatives shall be established when seventy-five percent (75%) of the school districts in a proposed education service cooperative area request such action by formal resolutions filed by the school district boards of directors with the Commissioner of Elementary and Secondary Education.~~

~~(b) Each resolution shall, in addition to requesting establishment of an education service cooperative, indicate by name or position that school district's representative on the board of directors of the proposed education~~

~~service cooperative.~~

~~(c) Requests must be filed by seventy five percent (75%) of the school district boards of directors by May 1 if an education service cooperative is to be established for the following school year.~~

SECTION 4. Arkansas Code § 6-13-1005 is amended to read as follows:

6-13-1005. Alteration of boundaries.

~~(a) The State Board of Education, upon the request of one (1) or more school district boards of directors, and consistent with the provisions of § 6-13-1003, may alter the boundaries of a proposed or operational education service cooperative when it determines such alteration to be in the best interest of the school districts in the education service cooperatives involved~~ In order to change membership within an education service cooperative, a public school district or an open-enrollment public charter school may petition:

(1)(A) Another education service cooperative for membership in the other education service cooperative.

(B) If the board of directors of the education service cooperative petitioned by a public school district or an open-enrollment public charter school under subdivision (a)(1) of this section votes by a majority vote to accept the public school district's or open-enrollment public charter school's petition for membership, the board of directors of the education service cooperative shall notify the State Board of Education of the membership change of the public school district or open-enrollment public charter school; or

(2)(A) The state board.

(B)(i) The state board shall consider a public school district's or an open-enrollment public charter school's petition for membership in another education service cooperative within forty-five (45) days of receipt of the petition.

(ii) The state board may approve the petition if the state board determines that the approval of the petition is in the best interest of the public school district or open-enrollment public charter school.

~~(b) Consistent with § 6-13-1003, a member of an education service cooperative formed after January 1, 1984, under The Public School Educational~~

~~Cooperative Act of 1981, § 6-13-901 et seq., may not be moved to another education service cooperative without that member's consent~~ Each public school district and open-enrollment public charter school may petition to change the status of its membership within an education service cooperative according to the procedures established in subsection (a) of this section only one (1) time every three (3) years.

SECTION 5. Arkansas Code § 6-13-1006 is amended to read as follows:  
6-13-1006. Board of directors.

(a)(1)(A) Each education service cooperative shall be governed by a board of directors consisting of one (1) representative appointed by a voted resolution of each public school district board of directors ~~within the boundary of the education service cooperative and open-enrollment public charter school governing body~~ that is a member of the education service cooperative during a legally held meeting of the school district board of directors.

(B) The resolution required under subdivision (a)(1)(A) of this section shall be+

~~(i) Signed~~ signed by both the president and the secretary of a public school district board of directors or an open-enrollment public charter school governing body; ~~and~~

~~(ii) Forwarded annually by June 30 to the director of the education service cooperative of which a school district is a member.~~

(2) A representative who is appointed under subdivision (a)(1)(A) of this section may include one (1) of the following:

(A) A superintendent of a public school district ~~within the boundary of an~~ that is a member of the education service cooperative;

(B) An individual employed by a public school district ~~within the boundary of an~~ that is a member of the education service cooperative;

(C) A member of a public school district board of directors ~~within the boundary of an~~ that is a member of the education service cooperative; or

(D) A member of a community that is within the boundary of ~~an~~ a public school district or served by an open-enrollment public charter school that is a member of the education service cooperative.

(b) The board of directors of each established education service cooperative shall:

(1) Function as a public corporate body;

(2)(A) Meet, ~~except as otherwise provided in § 6-13-1007 [repealed],~~ at least eight (8) times each year.

(B)(i) Each meeting of a board of directors of an education service cooperative shall be public.

(ii) The board of directors of each education service cooperative shall make the minutes of each of its meetings publicly available within a reasonable amount of time following the ~~conclusion of a meeting~~ approval of the minutes; and

(3) Exercise general fiduciary responsibilities for the education service cooperative with regard to policies and practices ~~which~~ that guard the integrity of the agency and maintain public trust in its operation;

(4) Elect an executive subcommittee that shall be comprised of a chair, a vice chair, and a secretary who shall have the authority to:

(A) Oversee proper procedures of the education service cooperative board of directors;

(B) Conduct personnel hearings;

(C) Conduct the evaluation of the education service cooperative; and

(D) Make recommendations to the education service cooperative board of directors; and

(5) If the education service cooperative is comprised of more than twelve (12) public school districts and open-enrollment public charter schools, include two (2) additional at-large officer positions to represent the education service cooperative board of directors in personnel matters, including without limitation disciplinary hearings and director evaluations.

~~(c) The first meeting of the board of directors shall be held within thirty (30) days of January 1, 2024.~~

~~(d) At its first regular meeting, the board of directors shall elect a chair.~~

~~(e)(1)(c)(1)~~ The term for a representative appointed under this section shall be two (2) years.

(2)(A) Each representative shall hold over after the expiration

of his or her term until his or her successor ~~shall be~~ is duly appointed and qualified.

(B) A public school district board of directors ~~within the boundary of or an open-enrollment public charter school that is a member of~~ an education service cooperative may reappoint an outgoing representative following the conclusion of his or her two-year term under this subsection.

(C) A vacancy shall be filled by the public school district board of directors or open-enrollment public charter school governing body that appointed the representative ~~who previously served in the currently vacant position~~ according to the requirements established by subsection (a) of this section.

~~(f)~~(d) Responsibilities of ~~the~~ an education service cooperative board of directors, consistent with funds available, shall include without limitation the following:

(1) Employment of a director of the education service cooperative who shall serve as the nonvoting executive officer of the education service cooperative board of directors;

(2) Establishment of policies and procedures for the operation and management of the education service cooperative, which shall be in written form and shall be filed with the ~~State Board of Education~~ Division of Elementary and Secondary Education;

(3) Preparation of an annual budget estimating income and expenditures for programs and services in accordance with procedures established by the ~~state board~~ division;

(4) Receipt and expenditure of funds needed to provide programs and services in the area of the education service cooperative;

(5) ~~Making such surveys or other inquiries which may be required to determine the service needs of school districts in the education service cooperative and developing plans to provide such needed services;~~

~~(6)~~ Employment, upon the recommendation of the director of the education service cooperative, of such personnel as may be required to provide the services requested by the public school districts ~~in the area and open-enrollment public charter schools based on the needs of the public school districts and open-enrollment public charter schools and services recommended by the division~~;

~~(7)~~(6) Implementation of policies established by the ~~state board~~

division for the operation of education service cooperatives;

~~(8)~~(7) Cooperation with other education service cooperatives, public school districts, open-enrollment public charter schools, and other agencies to provide programs and services for children and adults residing within their respective areas;

~~(9)~~(8) For facilities and buildings as may be required to provide authorized programs and services:

(A) Renting, leasing, purchasing, constructing, or receiving by gift;

(B) Borrowing from the Revolving Loan Fund under § 6-20-818; or

(C) Borrowing from other sources for limited or unusual circumstances upon approval of the Commissioner of Elementary and Secondary Education and the Secretary of the Department of Finance and Administration; and

~~(10)~~(9) Carrying out such other duties as may be required for the efficient operation of the education service cooperative for which the board of directors is responsible.

~~(g) Members of the board of directors shall be paid per diem and mileage at the rate established by law for attending meetings of the board of directors.~~

~~(h)~~ In addition to evaluations required under § 6-13-1021, each board of directors of an education service cooperative shall approve the strategic plan that shall be developed by the education service cooperative and verify outcomes submitted to the state Education Service Cooperative Committee, including:

(1) ~~Compile~~ Compiling data that demonstrates what, if any, improvement has been achieved with respect to the performance of students enrolled in public school districts ~~within the boundary of~~ and open-enrollment public charter schools that are members of the education service cooperative in light of the programs and services offered by the education service cooperative; and

(2) Annually by July 1, ~~provide~~ providing the data compiled under subdivision ~~(h)(1)~~ (g)(1) of this section to each public school district ~~within the boundary of~~ and open-enrollment public charter school that is a member of the education service cooperative.

(h) A representative of a public school district or an open-enrollment public charter school under this section shall not be qualified to serve on the executive committee of the board of directors of an education service cooperative if the representative's public school district or open-enrollment public charter school:

- (1) Has been found to be in violation of the Standards for Accreditation for Arkansas Public Schools and School Districts;
- (2) Has a letter grade of "F";
- (3) Is classified as in need of Level 5 – Intensive support status; or
- (4) Is identified as in fiscal distress under § 6-13-1027.

(i) If there are no representatives of a public school district or an open-enrollment public charter school who are qualified to serve on the executive subcommittee of an education service cooperative board of directors, the state Education Service Cooperative Committee shall appoint a member of the education service cooperative board of directors to preside as chair and exercise the powers of the executive subcommittee.

SECTION 6. Arkansas Code § 6-13-1008 is repealed.

~~6-13-1008. Teacher center—Teacher center committee.~~

~~(a) Each education service cooperative shall establish a teacher center which will provide, consistent with funds available, curriculum development assistance, educational materials, and staff development services to teachers within the school districts in the service area.~~

~~(b) A teacher center committee, composed of at least one (1) representative from the staff of each school district, shall advise the director and the governing body on the staffing, programs, and operation of the teacher center.~~

~~(c) The governing body of each cooperative shall determine the initial composition of the teacher center committee to achieve a balance of elementary, middle school or junior high, and high school personnel and assure that at least one half ( $\frac{1}{2}$ ), but not more than two thirds ( $\frac{2}{3}$ ), of the members are classroom teachers.~~

~~(d) All positions on the committee shall be assigned to school districts by lot.~~

~~(e) Each teacher must be elected by colleagues in his or her school~~

~~district, and each administrator or support person shall be appointed by the superintendent.~~

~~(f) Initial terms shall be determined by lot for equal or nearly equal periods of one (1), two (2), and three (3) years.~~

~~(g) Thereafter, terms shall be for three (3) years.~~

~~(h) The committee shall meet at least three (3) times per year.~~

~~(i) In the last meeting each year, positions represented by expiring terms shall be reassigned by lot.~~

SECTION 7. Arkansas Code § 6-13-1009 is amended to read as follows:  
6-13-1009. Cooperative committees generally.

Each education service cooperative may establish ~~other~~ committees of local public school personnel needed to keep its programs responsive to the public schools it serves.

SECTION 8. Arkansas Code § 6-13-1010 is amended to read as follows:  
6-13-1010. Director.

(a) Each education service cooperative shall be administered by a director who shall perform the following duties:

(1) Administer the programs and services of the education service cooperative;

(2) Recommend the employment of professional and nonprofessional personnel authorized by the education service cooperative's ~~governing body~~ board of directors;

(3) Prepare the budget for adoption by the education service cooperative's ~~governing body~~ board of directors;

(4) Direct expenditures of funds within the budget; ~~and~~

(5) Perform other duties as required by the education service cooperative's ~~governing body~~ board of directors and the policies and rules of the State Board of Education;

(6) Coordinate with the Division of Elementary and Secondary Education to provide onsite monitoring and support to meet the Standards for Accreditation for Arkansas Public Schools and School Districts and division rules; and

(7) Provide guidance and support to public school district superintendents and open-enrollment public charter school directors.

(b) The director of each education service cooperative shall:

(1) Hold an administrator's license and meet all requirements to serve as a superintendent of public schools in the State of Arkansas; or

(2) Have an equivalent level of education and administrative experience and obtain the approval of the state board.

(c) The ~~governing body~~ board of directors of ~~any~~ an education service cooperative may enter into a contract with a director for a period not to exceed three (3) years.

(d) Beginning with the 2026-2027 school year, the state board may remove permanently, reassign, or suspend on a temporary basis a director of an education service cooperative pursuant to § 6-13-1022 if the education service cooperative has received an "F" rating for three (3) consecutive years.

SECTION 9. Arkansas Code § 6-13-1011 is amended to read as follows:  
6-13-1011. Personnel generally.

~~(a)(1) Personnel of education service cooperatives shall be employed in accordance with laws, rules, and procedures applicable to the school districts of this state~~ An education service cooperative shall establish a salary schedule in accordance with the needs and supports of personnel provided and approved by the board of directors of the education service cooperative.

(2) In lieu of a salary schedule, an education service cooperative annually may submit to the Division of Elementary and Secondary Education a complete listing of all employees of the education service cooperative and each employee's position, salary, and benefits.

(3) An education service cooperative shall post on its website a complete listing of employees of the education service cooperative and each employee's position, salary, and benefits.

(b) License requirements shall be the same as those expected of persons holding similar positions in local public school districts.

(c) Termination or contract nonrenewal of education service cooperative personnel shall be as provided by law for the public school district or open-enrollment public charter school personnel.

SECTION 10. Arkansas Code § 6-13-1012 is amended to read as follows:

6-13-1012. Agency personnel.

With the approval of an education service cooperative's ~~governing body~~ board of directors, the Commissioner of Elementary and Secondary Education may assign state educational agency personnel to ~~that~~ the education service cooperative.

SECTION 11. Arkansas Code § 6-13-1013 is amended to read as follows:

6-13-1013. Policies and rules.

(a) The State Board of Education ~~shall develop such policies and may promulgate~~ rules as may be needed for the proper administration of this subchapter consistent with the need to support and assist education service cooperatives in the delivery of services to public school districts and open-enrollment public charter schools and with prudent use of available human and financial resources.

(b) ~~The policies and~~ If the state board establishes rules under subsection (a) of this section, the rules shall include without limitation:

(1) ~~The rules governing the operation~~ Operation of an education service cooperative within appropriate state and federal laws;

(2) Guidelines for settling possible disputes between public school districts and open-enrollment public charter schools and in equity or jurisdictional matters relating to shared assets and services;

(3) The obligation of an education service cooperative board of directors ~~for overseeing~~ to oversee administrative and program expenditures; and

(4) The fiscal distress status of an education service cooperative under §§ 6-13-1027 – 6-13-1031.

SECTION 12. Arkansas Code § 6-13-1014 is amended to read as follows:

6-13-1014. Sharing and coordination of activities – Liaison.

(a) The Division of Elementary and Secondary Education shall encourage sharing and coordination of activities among the education service cooperatives.

(b)(1) The Commissioner of Elementary and Secondary Education shall ~~name a person to serve as liaison between the division and the education service cooperatives~~ appoint a state-level Education Service Cooperative Committee to:

- (A) Review and approve strategic plans established by education service cooperatives;
- (B) Measure outcomes of strategic plans established by education service cooperatives;
- (C) Evaluate education service cooperatives; and
- (D) Provide recommendations to the State Board of Education based on the evaluation and letter grade of each education service cooperative that receives an "F" rating for three (3) consecutive years.
- (2) The committee shall consist of at least five (5) members.
- (3) One (1) member of the committee shall:

(A) Serve as a direct liaison between the education service cooperatives and the division; and

~~(e) This liaison shall provide~~ (B) Provide information on resources and programs and be the general contact person ~~in the division~~ for the education service cooperatives.

(c) The commissioner may appoint a qualified public employee to serve on the committee as part of his or her job duties.

(d) Members of the committee who are not public employees shall serve without compensation but shall be eligible to receive reimbursement for mileage and for expenses not to exceed the rate established for state employees by state travel regulations.

SECTION 13. Arkansas Code § 6-13-1015 is amended to read as follows:  
6-13-1015. Liaison with postsecondary institutions.

(a) Each education service cooperative, in carrying out its programs and services, shall cooperate with the various state-supported postsecondary educational institutions located within its area.

(b) Each ~~such~~ postsecondary institution, within the availability of funds and personnel, shall establish a liaison with the education service cooperatives in its service area and assist them in all practical ways.

SECTION 14. Arkansas Code § 6-13-1016 is amended to read as follows:  
6-13-1016. Annual surveys and needs assessments.

(a)(1) Each An education service cooperative shall ~~conduct annual surveys and:~~

(A) Support member public school districts and open-

enrollment public charter schools in conducting needs assessments as part of the strategic plan established by the education service cooperatives; and

(B)(i) Utilize data and analyses from member public school districts and open-enrollment public charter schools to assist the education service cooperative in its first priority of helping school districts improve their educational programs and practices.

(ii) The data and analyses utilized in subdivision (a)(1)(B)(i) of this section shall be included in each education service cooperative's strategic plan.

(2) A needs assessment under this section shall be conducted regularly but not less than one (1) time every five (5) years.

~~(b) Such activities may~~ A needs assessment under this section:

(1) Shall include an analysis of each member public school district's and open-enrollment public charter school's state summative data, teacher quality, and graduation rates; and

(2) May include without limitation written surveys, visits to public schools to meet with local public school personnel, and other means to identify local needs throughout the service area.

(c) Each education service cooperative shall work with the Division of Elementary and Secondary Education to conduct statewide surveys ~~which~~ that complement, rather than duplicate, the work of the division.

(d) The objective of this section shall be to obtain statewide, area, and local data with as little duplication as possible.

SECTION 15. Arkansas Code § 6-13-1017 is amended to read as follows:  
6-13-1017. Programs and services.

(a) The programs and services of each education service cooperative shall be based upon the needs of ~~the~~ its member public school districts and open-enrollment public charter schools ~~included in its service area~~ and upon the educational priorities of the state.

~~(b) Each education service cooperative shall provide a teacher center as its basic curriculum and staff development capability.~~

~~(c)~~ Education service cooperatives may provide shared educational programs and services such as needs assessment and school improvement planning, staff development, curriculum development, itinerant teachers, instructional materials, adult and vocational education, programs for gifted

and talented, education for children with disabilities, alternative educational programs, secondary area vocational centers, community-based education programs, and other services ~~which~~ that the State Board of Education may approve or ~~which~~ that public school districts may support with local funds.

SECTION 16. Arkansas Code § 6-13-1018 is amended to read as follows:

6-13-1018. Participation of local school districts – Contracts.

(a) Each public school district ~~within the service area of the~~ and open-enrollment public charter school that is a member of an education service cooperative shall be entitled to participate in ~~those~~ programs and services ~~which~~ that are fully supported by state funds.

(b) A public school district or an open-enrollment public charter school shall not deny or object to an education service cooperative that is monitoring the public school district or open-enrollment public charter school to ensure compliance with state laws and rules.

~~(b)(c)~~ ~~No~~ A public school district or an open-enrollment public charter school shall not be required to participate in any service.

~~(e)(d)~~ ~~School districts~~ A public school district and an open-enrollment public charter school may enter into contracts with ~~the~~ an education service cooperative for services supported partially or completely by local public school funds.

~~(d)(e)~~ ~~School~~ Public school districts and open-enrollment public charter schools within one (1) education service cooperative may ~~also~~ contract for services with another education service cooperative.

(f)(1) It shall be the responsibility of a public school district or an open-enrollment public charter school to monitor and evaluate programs provided to the public school district or open-enrollment public charter school by an education service cooperative.

(2) Outsourcing personnel or programs to an education service cooperative does not waive the public school district's or open-enrollment public charter school's responsibility to ensure the programs provided by an education service cooperative satisfy applicable laws or rules.

SECTION 17. Arkansas Code § 6-13-1019 is amended to read as follows:

6-13-1019. Funding of education service cooperatives.

(a)(1) ~~The state~~ Division of Elementary and Secondary Education shall ~~provide funds to support the basic structure of the education service cooperatives established under the provisions of this subchapter~~ develop a formula for the distribution of funds allocated for education service cooperatives that includes without limitation a base amount for each education service cooperative and an amount dependent on the number of students in each member public school district and open-enrollment public charter school.

(2) The formula developed under subdivision (a)(1) of this section may include additional factors relevant to the composition of an education service cooperative and the services it will provide, as determined by the division.

(b) ~~This structure shall include~~ Funds provided to education service cooperatives under this subchapter shall be used to support the basic structure of the education service cooperatives established under the provisions of this subchapter, including:

(1) ~~Salaries and fringe benefits for a~~ an education service cooperative ~~director, a teacher center coordinator,~~ and support staff;

(2) Costs such as travel, utilities, rent, equipment, and supplies; and

(3) Funds to support staff and curriculum development activities; and

(4) ~~Funds in an annual amount not to exceed twenty five thousand dollars (\$25,000) for the travel expenses of itinerant personnel employed by the education service cooperative to serve the part time needs of local school districts.~~

(c) When making a determination regarding additional funding under this section, the division shall:

(1) Analyze and consider education service cooperative strategic plans;

(2) Ensure funding is targeted to directly support public school district and open-enrollment public charter school improvement or state priorities; and

(3) Identify and consider measurable student and educator outcomes for member public school districts and open-enrollment public charter schools that can be used to evaluate the effectiveness of an

education service cooperative.

~~(e)~~(d) ~~School~~ Public school districts may contract with their education service cooperative for services and part-time personnel to be supported in whole or in part by local funds, but ~~ne~~ a public school district shall not be assessed a membership fee.

~~(d)~~(e) Categorical state funds or federal funds may ~~also~~ be assigned to ~~any~~ an education service cooperative upon approval of its ~~governing body~~ board of directors and under conditions set by the State Board of Education.

~~(e)~~(f) As a public agency, each education service cooperative shall be eligible to receive and expend public and private funds.

SECTION 18. Arkansas Code § 6-13-1020 is amended to read as follows:

6-13-1020. Policies and procedures – Expenditures, reports, and audits.

(a) ~~On or before August 31 of each year, each~~ Each education service cooperative shall ~~file with the State Board of Education for the state board's approval~~ establish:

(1) The policies and procedures of the education service cooperative, including without limitation the board of directors' policies and procedures for overseeing the administrative and program expenditures of the education service cooperative; and

(2) A record of the education service cooperative's employment policies and practices ~~for the year that includes without limitation:~~

~~(A) The race and sex of each person the education service cooperative employed or terminated during the year;~~

~~(B) The race and sex of every person who sought employment with the education service cooperative during the year; and~~

~~(C) The name of each person employed by the education service cooperative during the year who is related by blood or marriage to another employee or board member of the education service cooperative; and~~

~~(3)(A) A report of its receipts and expenditures made in accordance with uniform accounting procedures adopted by the Commissioner of Elementary and Secondary Education.~~

~~(B) The report shall contain without limitation:~~

~~(i) An itemization of administrative and program expenditures; and~~

~~(ii) The result of the board of directors' review of the expenditures made under its oversight function.~~

~~(b) The Division of Elementary and Secondary Education may prescribe the forms and procedures for filing the information required by subsection (a) of this section.~~

~~(e)(b)~~ Each education service cooperative is subject to an annual audit approved by the Legislative Joint Auditing Committee.

~~(d)(1)(A)(c)(1)~~ In an annual meeting of the an education service cooperative board of directors, which must convene between May 15 and July 15, each education service cooperative shall report to its constituent member public school districts and open-enrollment public charter schools on the year's operations.

~~(B)(2)(A)~~ The report ~~also~~ shall include information on fiscal distress under § 6-13-1027.

(B) A copy of the report required under this subdivision (c)(1) shall be submitted to the Education Service Cooperative Committee by August 1 each year.

~~(2) The education service cooperative shall supplement its report with written reports to each school district and to the division on a school by school, service by service accounting basis.~~

~~(e) Following the end of each fiscal year, any balances in particular service accounts must be apportioned and returned to the schools involved or credited to their accounts for the following year.~~

SECTION 19. Arkansas Code § 6-13-1021 is amended to read as follows:  
6-13-1021. Evaluations— Performance rating.

(a)(1) Each education service cooperative shall be evaluated during the 2012-2013 school year, and at least once within each five-year period, on a schedule established by the Commissioner of Elementary and Secondary Education.

(2) All active education service cooperatives must be visited by an evaluation committee of not more than nine (9) persons shall have an on-site visit by a member of the Education Service Cooperative Committee one (1) time each year.

(3) An education service cooperative that receives a rating of "D" or "F" shall be evaluated during the year following the receipt of the

"D" or "F" rating.

~~(b)(1)(A) Each evaluation shall include, but not be limited to, an investigation of user satisfaction, without limitation:~~

~~(1) A review of the strategic plan established by an education service cooperative and outcomes;~~

~~(2) Member public school district and open-enrollment public charter school student academic outcomes and progress; service~~

~~(3) Service adequacy, extent of local financial support,;~~

~~(4) Fiscal stability staff;~~

~~(5) Staff qualifications,; and performance~~

~~(6) Performance and administration effectiveness.~~

~~(B) The final evaluation, including any self-evaluation, shall be included in the annual report to the Division of Elementary and Secondary Education, § 6-13-1020, and made available on the website of the education service cooperative.~~

~~(2)(A) The evaluation criteria shall be developed collaboratively between the division and the director of each education service cooperative.~~

~~(B) The evaluation criteria shall be fully implemented by September 1, 2012.~~

~~(c)(1) The report of this committee shall be filed with the education service cooperative visited, with its constituent school districts, and with the State Board of Education.~~

~~(2) The state board shall acknowledge receipt of the report and comment on any deficiencies identified in the report that should be corrected for the education service cooperative to remain eligible for base funding.~~

~~(3) The report shall identify each education service cooperative as being in one (1) of the following category levels, based on the evaluation:~~

~~(A) "Level 5", education service cooperative of excellence;~~

~~(B) "Level 4", education service cooperative exceeding standards;~~

~~(C) "Level 3", education service cooperative meeting standards;~~

~~(D) "Level 2", education service cooperative on alert; or~~

~~(E) "Level 1", education service cooperative in need of immediate improvement.~~

~~(d)(1)(c)(1)~~ The intent of ~~this~~ the evaluation procedure under this section is to provide a means for public school districts and open-enrollment public charter schools to express their concerns about the operation of their education service cooperative and to ensure that each education service cooperative remains ~~alert~~ aware of and responsive to the needs of the local public schools it serves.

~~(2) An education service cooperative that receives a performance category level of Level 1 shall be reevaluated during the evaluation cycle the following year.~~

~~(3) For all education service cooperatives that receive a performance category level of Level 1 for two (2) consecutive years, the division shall:~~

~~(A) Withhold base funding to the education service cooperative; or~~

~~(B) Take over administration of the education service cooperative~~ An education service cooperative that has a rating of a "D" or an "F" shall develop an improvement plan that is submitted to the committee to take specified actions to improve performance and demonstrate improved outcomes.

(d) If an education service cooperative has received a rating of "F" for three (3) consecutive years, the State Board of Education may take one (1) or more of the following remedial measures:

(1) Remove, reassign, or suspend the education service cooperative director;

(2) Appoint an education service cooperative director who may:

(A) Operate the education service cooperative under the supervision and approval of the commissioner;

(B) Terminate employees of the education service cooperative in accordance with state and federal law; and

(C) Restructure the internal operations of the education service cooperative;

(3) Designate the committee as the acting board of directors for the education service cooperative; and

(4) Direct the commissioner to assume some or all of the

authority of the education service cooperative board of directors as necessary to operate the education service cooperative.

(e) If the state board directs the commissioner to assume the authority of the education service cooperative board of directors under subdivision (d)(4) of this section, it may also direct the commissioner to appoint an advisory board to act in an advisory capacity to the commissioner regarding the powers and duties maintained by the commissioner.

~~(e)(f) The division shall promulgate rules necessary for implementing this section.~~

~~(f)(1) For each evaluation, the commissioner shall appoint the committee and designate its chairperson.~~

~~(2) The committee shall include the following from outside the boundary of the education service cooperative being evaluated:~~

~~(A) A division staff member;~~

~~(B) A teacher;~~

~~(C) An administrator;~~

~~(D) A college staff member; and~~

~~(E) A present or former staff member of an area education service agency.~~

~~(3) In addition, the committee shall include from within the education service cooperative's area:~~

~~(A) A member of the school district board of directors;~~

~~(B) A representative of business and industry; and~~

~~(C) A school parent from each of two (2) school districts.~~

~~(4) Each education service cooperative shall pay the reasonable costs of its evaluation.~~

SECTION 20. Arkansas Code § 6-13-1022 is amended to read as follows:  
6-13-1022. Dissolution of education service cooperative.

~~(a) After 1990, the The State Board of Education shall be authorized to may dissolve any an education service cooperative upon the request of a majority of its school district boards of directors or upon the recommendation of the evaluation committee provided for in § 6-13-1021:~~

(1) The request of a majority of its member public school district board of directors or open-enrollment public charter school governing body;

(2) The recommendation of an evaluation conducted pursuant to § 6-13-1021;

(3) An education service cooperative receiving a rating of "F" for three (3) consecutive years; or

(4) An education service cooperative classified as in fiscal distress.

(b)(1) A dissolved education service cooperative's area member public school districts and open-enrollment public charter schools shall be assigned to one (1) or more ~~adjacent~~ education service cooperatives, ~~the provisions of § 6-13-1003 notwithstanding, with the dissolved education service cooperative's base funding apportioned to all remaining education service cooperatives in the state.~~

(2) Upon the dissolution of an education service cooperative, the division shall revise the funding formula established under § 6-13-1019.

(c) After payment of debts, the assets of a dissolved education service cooperative shall be distributed to the member public school districts and open-enrollment public charter schools ~~in its service area~~ based on each school district's or open-enrollment public charter school's three-quarter average daily membership for the immediately preceding school year.

SECTION 21. Arkansas Code § 6-13-1023 is amended to read as follows:  
6-13-1023. Technology training center – Technology coordinator.

(a) Consistent with funds available and upon a majority vote of the members present and voting, the board of directors of each education service cooperative established under this subchapter ~~is authorized to~~ may establish a technology training center and employ a technology coordinator who has demonstrated expertise in computer technology and staff development.

(b) The duties of the technology coordinator at ~~such a~~ a technology training center established under this section shall include, ~~but not be limited to,~~ without limitation the following:

(1) To provide staff development for personnel of member ~~schools~~ public school districts and open-enrollment public charter schools;

(2) To assist member ~~schools~~ public school districts and open-enrollment public charter schools with determining technology needs and types of computer hardware and software necessary to meet those needs;

(3) To assist with technology system analysis and local network design;

(4) To provide member ~~schools~~ public school districts and open-enrollment public charter schools with information on technology standards and specifications;

(5) To develop and coordinate a technology training center located at the education service cooperative;

(6) To coordinate information with the Arkansas Public School Computer Network, ~~the Instructional Microcomputer Project for Arkansas Classrooms, and the Governor's Technology Task Force~~ so that member ~~schools~~ public school districts and open-enrollment public charter schools will be informed on technological activity in the state; ~~and~~

(7) To assist with requests for proposal development and bid analysis so that member ~~schools~~ public school districts and open-enrollment public charter schools will be better able to spend funds for technology; ~~and~~

(8) To assist with coordinated efforts to address cyber incidents and develop appropriate response teams.

SECTION 22. Arkansas Code § 6-13-1025 is repealed.

~~6-13-1025. Mathematics and science resource center — Mathematics and science coordinator.~~

~~(a) Consistent with funds available and upon a majority vote of the members present and voting, the board of directors of each education service cooperative established under this subchapter is authorized to establish a mathematics and science resource center and to employ a mathematics and science coordinator who has demonstrated expertise in mathematics and science content, in pedagogy, and in staff development.~~

~~(b) The duties of the mathematics and science coordinator at the mathematics and science resource center shall include, but not be limited to, the following:~~

~~(1) Providing mathematics and science staff development for and individual technical assistance to personnel of member schools;~~

~~(2) Assisting member schools with determining mathematics and science curricula, with instruction, and with assessment of needs and resources necessary to meet those needs;~~

~~(3) Enhancing curricula and instruction using technology;~~

- ~~(4) Providing member schools with information for curriculum alignment with mathematics and science standards and state frameworks;~~
- ~~(5) Developing and coordinating a mathematics and science resource center located at the education service cooperative; and~~
- ~~(6) Assisting with the development of requests for proposals for teacher enhancement in mathematics and science.~~

SECTION 23. Arkansas Code § 6-13-1027(e), concerning requirements for an education service cooperative that receives a classification of fiscal distress, is amended to read as follows:

(e) Within two (2) weeks following the date the education service cooperative receives the final classification by the state board of fiscal distress, the education service cooperative shall:

(1) Notify in writing each member public school district ~~in its service area~~ and open-enrollment public charter school that the education service cooperative is classified as being in fiscal distress; and

(2) File with the division a fiscal distress plan under § 6-13-1028.

SECTION 24. Arkansas Code § 6-13-1027(g), concerning an annual report provided by an education service cooperative that receives a classification of fiscal distress, is amended to read as follows:

(g) The education service cooperative shall include in the annual report to constituent member public school districts and open-enrollment public charter schools under § 6-13-1020(d) the progress the education service cooperative has made on its fiscal distress plan.

SECTION 25. Arkansas Code Title 6, Chapter 13, Subchapter 10, is amended to add an additional section to read as follows:

6-13-1032. Education service cooperative rating system – Established.

(a) The education service cooperative rating system established by this section shall be a multiple-measures approach that shall include without limitation:

(1) Academic achievement on the annual statewide student assessment of all students in member public school districts and open-enrollment public charter schools;

(2) Student growth on the annual statewide student assessment of all students in member public school districts and open-enrollment public charter schools;

(3) School-level graduation rate or rates of all students in member public school districts and open-enrollment public charter schools;  
and

(4) Any other measures identified by the Division of Elementary and Secondary Education.

(b) An education service cooperative rating shall not be calculated by averaging the school letter grades of member public school districts and open-enrollment public charter schools.

(c) Indicators included or considered as part of the education service cooperative rating system shall:

(1) Allow for meaningful differentiation in education service cooperative performance; and

(2) Be valid, reliable, comparable, and applicable statewide.

(d) The State Board of Education may take one (1) or more actions under § 6-13-1021 when an education service cooperative receives a rating of "F" for three (3) consecutive years.

(e) The division may promulgate rules to implement this section.