

**DIVISION OF ELEMENTARY AND SECONDARY EDUCATION RULE GOVERNING
SCHOOL TRANSFORMATION CONTRACTS
Effective date: August 10, 2024**

1.00 AUTHORITY

- 1.01 The State Board of Education enacted these rules pursuant to its authority as set forth in Ark. Code Ann. §§ 6-11-105, 6-15-3204, and 25-15-201 et seq.

2.00 DEFINITIONS

- 2.01 “Public school zone” means the geographic area designated by a public school district for attendance in a public school that is a proposed transformation campus.
- 2.02 “School transformation contract” means a contract between a transformation campus operator and a public school or public school district that meets the criteria in section 3.01 for the purpose of creating a transformation campus.
- 2.03 “Third party management contract” means a contract between a public school or public school district and a transformation campus operator for education services, that is not a school transformation contract.
- 2.04 “Transformation campus” means a public school or school district that is operated by a transformation campus operator with the intent to return to management as a traditional public school or school district after accelerated, meaningful, and sustainable increases in student achievement have been achieved.
- 2.05 “Transformation campus operator” means the governing body of an open-enrollment public charter school or another entity approved by the State Board of Education that enters into or intends to enter into a school transformation contract with a public school or public school district under this rule.

3.00 SCHOOL ELIGIBILITY

- 3.01 A public school district with a "D" or "F" school rating according to the most recent results of the school rating system under Arkansas Code § 6-15-2101 et seq., or a school district classified as in need of Level 5 - Intensive support by the State Board of Education shall be eligible for an exemption from sanctions or action under Arkansas Code §§ 6-15-2915, 6-15-2916, and 6-15-2917, and qualify for funding provided under Arkansas Code § 6-15-3203 and section 6.04 of this rule if the public school district board of directors enters into a school transformation contract to operate a transformation campus with:

- 3.01.1 The governing body of an open-enrollment public charter school; or

3.01.2 Another entity approved by the state board.

3.02 Nothing in this rule shall prohibit a public school or open-enrollment public charter school who does not meet the criteria in section 3.01 from entering into a third-party management contract with a transformation campus operator to provide education services to the public school or open-enrollment public charter school.

4.00 PROCEDURE FOR SCHOOL TRANSFORMATION CONTRACTS

4.01 A school district board of directors or the Commissioner of Elementary and Secondary Education acting in lieu of a school district board of directors, with approval from the State Board of Education, may enter into a school transformation contract with:

4.01.1 An entity approved by the state board under § 6-15-3201 and determined to be in good standing; or

4.01.2 The governing body of a current or former open-enrollment public charter school, if the entity:

4.01.2.1 Has not previously operated an open-enrollment public charter school in which the charter expired or was revoked or surrendered; and

4.01.2.2 For the three (3) school years preceding the school year of the proposed school transformation, all open-enrollment public charter schools under the entity's governance had:

4.01.2.2.a An overall performance rating of "C" or higher according to the school rating system under § 6-15-2101 et seq., or an equivalent performance rating in the accountability system of the state in which it currently operates; and

4.01.2.2.b Had no significant findings on the prior year annual financial audit.

4.02 A public school district proposing to enter into a contract under this section shall notify the commissioner of the public school district's intent to enter into the contract at least ninety (90) days prior to the school year in which the contract is effective.

4.03 If a transformation campus operator requests a new charter or seeks to amend its existing charter to include the transformation campus, then the state public charter

authorizer will review the public school or public school district's request to enter into a school transformation contract and shall decide whether to approve a school transformation contract, subject to review by the state board.

- 4.04 The division shall notify a public school district whether a proposed school transformation contract is approved not later than sixty (60) days after the date the state board and the commissioner received notice of the proposed contract and all information required by the commissioner to be submitted has been received.

5.00 TERMS OF SCHOOL TRANSFORMATION CONTRACTS

- 5.01 A school transformation contract that is entered into under this rule shall:

5.01.1 Provide that any student residing in the public school zone as it existed before the operation of the public school zone under the contract shall be admitted for enrollment at the public school transformation campus;

5.01.1.1 For purposes of this rule, "any student" includes students with special needs under the Individuals With Disabilities Act, Section 504 of the Rehabilitation Act, Americans With Disabilities Act, an eligible student under the National School Lunch Program, a student identified as homeless under the McKinney-Vento Act, or a public school student with protections under any other Arkansas or federal law.

5.01.2 Establish the following enrollment preference order for students who do not reside in the public school zone:

5.01.2.1 Other students who reside in the public school district in which the public school transformation campus is located; and

5.01.2.2 Students who reside outside the public school district in which the public school transformation campus is located;

5.01.3 Ensure comprehensive management of the transformation campus by the transformation campus operator including:

5.01.3.1 Administrative operation and management of the transformation campus;

5.01.3.2 Student and school accountability;

5.01.3.3 School safety;

5.01.3.4 Maintenance of facilities;

- 5.01.3.5 Safe, effective, and efficient transportation;
 - 5.01.3.6 Food service programs;
 - 5.01.3.7 Special education and related services;
 - 5.01.3.8 Extracurricular activities, programs, and services;
 - 5.01.3.9 Fiscal management and accountability services;
 - 5.01.3.10 Professional development programs and services;
 - 5.01.3.11 Curriculum development and support;
 - 5.01.3.12 Academic assessment and support services;
 - 5.01.3.13 Parent and student engagement programs and support;
 - 5.01.3.14 Student counseling support programs and services;
 - 5.01.3.15 Career and technical educational programs;
 - 5.01.3.16 Gifted and talented and other enrichment programs; and
 - 5.01.3.17 Other services and programs necessary to comply with the Standards of Accreditation, Arkansas law and division rules;
- 5.01.4 Make clear that the transformation campus operator acts as the executive of the transformation campus and the public school board of directors retains its powers and responsibilities with respect to oversight and governance of the transformation campus.
- 5.01.5 Identify annual goals, milestones, and performance targets that the transformation campus operator intends to achieve that will enable the transformation campus to return to management as a traditional public school or school district.
- 5.01.5.1 Goals, milestones, and performance targets shall reflect without limitation:
 - 5.01.5.1.a Improved academic outcomes for students;
 - 5.01.5.1.b Student academic growth and performance as measured by state assessments; and
 - 5.01.5.1.c Increased fiscal sustainability;

- 5.01.5.2 The specific objectives under section 5.01.6 may be amended in the contract by agreement of the parties.
- 5.01.6 Include a provision by which a public school district or the State Board of Education may terminate the school transformation contract early if the goals identified in the school transformation contract are not met.
- 5.01.7 Include a provision by which a public school district and transformation campus operator can terminate the school transformation contract if the continued performance under the contract would lead to less desirable outcomes for students than the public school or public school district's previous performance prior to the transformation contract.
- 5.01.8 Include clear recordkeeping requirements for budgeting, invoicing, and expenditure and expense management.
- 5.02 This rule does not prohibit a contract between a transformation campus operator and another entity for the provision of services for a transformation campus.
 - 5.02.1 However, a contract between a transformation campus operator and another entity for the provisions of services for a transformation campus shall be for the benefit of the public school or public school district for which the transformation campus operator is operating the transformation campus.
 - 5.02.1.1 Any financial benefit resulting from a contract between a transformation campus operator and another entity for the provisions of services for a transformation campus shall be passed on to the public school district for which the transformation campus operator is operating the transformation campus.
- 5.03 A transformation campus operator shall provide quarterly reports to the division for the initial two (2) years of the transformation contract, during which the school is receiving an alternate letter grade, under section 6.02.
 - 5.03.1 Reports under section 5.03 shall include information sufficient to enable the division to monitor the academic performance and educational efficiency of the transformation campus including, without limitation:
 - 5.03.1.1 Enrollment data;
 - 5.03.1.2 Academic growth;
 - 5.03.1.3 Disciplinary incidents and actions; and

5.03.1.4 Attendance rate.

5.03.2 The division may require any party to the transformation contract to provide any additional information the division determines is necessary to evaluate performance and may require quarterly reports beyond the initial two-year period.

5.04 A transformation contract for a school within a school district under state authority shall not extend beyond the time the district is under state authority.

5.04.1 The division shall annually review the quarterly reports submitted by the school and any additional information requested by the division to determine whether progress has been made during the transformation period.

5.04.2 If the division determines that sufficient growth has not been made, the commissioner shall request that the state board terminate the transformation contract immediately and consider other options available to the state board for a school district under state authority.

5.05 A school district that is not under state authority may enter into a transformation contract for one (1) or more of its schools, for a term mutually agreed upon by both parties to the contract.

5.06 A transformation campus operator is not prohibited from fundraising in its own name in accordance with Arkansas and federal law.

5.06.1 However, any and all grants, donations, or funds received by the transformation campus operator for the benefit of the public school district for which the transformation campus operator is operating the transformation campus shall be public school district's property and used in accordance with the purpose for which the grants, donations, or funds were given, subject to Arkansas and federal law.

5.07 All facilities, buildings, and land that belonged to the public school district prior to the execution of a school transformation contract shall remain the property of the public school district.

5.07.1 The parties may contract for use of the public school district's facilities, buildings, and land, subject to the requirements of Arkansas and federal law.

5.08 All facilities, buildings, and land that belonged to the transformation campus operator prior to the execution of a school transformation contract shall remain the property of the transformation campus operator.

- 5.09 A transformation campus under this rule is a public school and subject to all requirements for public schools under Department of Education rules and Arkansas law.
 - 5.09.1 A transformation campus under this rule shall keep all waivers that were granted by the charter authorizer to the transformation campus operator, or waivers that were granted by the State Board of Education to the public school district, at the time of execution of the school transformation contract.
 - 5.09.1.1 However, a transformation campus operator may apply for additional waivers in accordance with the Division of Elementary and Secondary Education Rules Governing Public School Waivers.

6.00 INCENTIVES FOR SCHOOL TRANSFORMATION CONTRACTS

- 6.01 The Division of Elementary and Secondary Education shall encourage transformation campus operators and public school districts with eligible schools, to enter into transformation contracts.
- 6.02 For purposes of accountability, during the first two (2) full school years of operation under a school transformation contract, a public school transformation campus shall be:
 - 6.02.1 Awarded with an alternate letter grade, which shall be established and defined by the State Board of Education.
 - 6.02.1.1 While a public school transformation campus is receiving an alternate letter grade under section 6.02.1, the State Board of Education shall not impose a sanction or take action against the public school transformation campus for failure to satisfy academic performance standards; and
 - 6.02.2 Required to post its status as a public school transformation campus on the school district's website.
- 6.03 Following the first two (2) years of transformation in which an alternate letter grade is awarded to the transformation campus, the division shall evaluate and assign all performance ratings to the public school district transformation campus in a manner consistent with 6-15-2101, et seq. and the division's Rules Governing the Public School Rating System on Annual School Performance Reports and the School Recognition Program.

6.04 The division may provide, where allowable, financial incentives to support transformations under this rule.