

AGENDA
STATE BOARD OF EDUCATION
May 12, 2003

Auditorium, Department of Education Building

9:00 a.m.

- W S – 1 **Legislative Update – Raymond Simon**
Mr. Simon will provide an update on the status of education legislation.
Recommended action: *No action required.*
- WS – 2 **Program Update – National Scholars Program – Lee Gordon**
The Arkansas Scholars Program began in 1995. Today over 100 Arkansas Districts have adopted this program. On May 2, 2003, a press conference was held announcing Arkansas as one of six states to be named as a pilot state for the President's National Scholars Program. This presentation will include a brief summary of the National program and Arkansas' participation.
Recommended action: *No action required.*

Chair's Report – Shelby Hillman

Director's Report – Raymond Simon

Consent Agenda

- C – 1 **Minutes – April 14, 2003.**
Recommended action: *Approve the Minutes*
- C – 2 **Newly Employed, Promotions and Separations – Clemetta Hood**
Information item only
Recommended action: *No action required.*
- C – 3 **Commitment to Principles of Desegregation Settlement Agreement:
Report on the Execution of the Implementation Plan – Willie Morris**
As part of the Agency's continuing obligation to the Pulaski County desegregation suit, the Board receives a monthly update of activities and events. Highlights of activities since the last report include: discussion pertaining to the professional development requirement for staff and drafting revisions to the professional development plan in each of the districts and monitoring of school improvement plans.
Recommended action: *Receive this report.*
- C – 4 **Loan & Bond Applications – Patricia Martin**
State statutes require that the State Board of Education review and approve all requests for funds from the Revolving Loan Fund and commercial bond applications. Applications are pending from 4 districts for revolving loans and 4 voted bonds agreements. Each of these was reviewed and recommended for approval by the Department Review Committee
Recommended action: *Approve these recommendations.*
- C – 5 **Report of Waivers to School Districts for Teachers Teaching out-of-Field
for Longer than Thirty (30) Consecutive Days, Act 1623 – Dr. Charity
Smith**
Act 1623 requires local school districts to secure a waiver when classrooms are staffed with unlicensed teachers for longer than 30 days. Waiver requests were received from 11 districts

Action Agenda

- A – 1 Policy Pursuant to Review and Approval of Waiver of Student/Teacher Interaction Days – Dr. Charity Smith and Annette Barnes
Following a review of requests for waiver by local school districts pursuant to meeting the required 178 student/teacher interaction days, the Board requested that consideration be given to a policy statement that would inform local schools of expectations of the Board. The staff provides a draft of such policy statement for review and adoption.
Recommended action: Review and consider for adoption as Board policy.
- A – 2 Amendment to Charter: Academic Center of Excellence Charter School (Osceola School District) – Mike Scoles
This Conversion Charter School was approved in March 2002 and is currently completing its first year of full operation. The school operated with Grades 5-8 during the 2002-2003 school year and the District proposed to expand the grades by adding Grade 4 and Grade 9.
Recommended action: Approve this request.
- A – 3 Review of the Fiscal Distress Districts for 2004 – Patricia Martin
In compliance with Ark. Code Ann. §6-20-1600 et. seq. and The Rules and Regulations Identifying and Governing School Districts in Academic or Fiscal Distress, the Department performs an annual financial evaluation of all school districts for the purpose of identifying districts in fiscal distress. This evaluation identifies those districts in which the legal balance has declined sufficiently to project the district would have a negative legal balance three years hence. Each district identified in this comparison completed a questionnaire and provided a written explanation of the decline in their legal balances. Finally, each district was given another opportunity to provide any additional data pertinent to the evaluation. Based on this work, the Department recommends:
- Marked Tree School District be removed from Fiscal Distress*
South Mississippi County School District be removed from Fiscal Distress
- Augusta School District remain on Fiscal Distress Phase I*
Osceola School District remain on Fiscal Distress Phase I
Lakeside School District (Garland Co.) remain on Fiscal Distress Phase I
- Bright Star School District be moved to Fiscal Distress Phase II*
Heber Springs School District be moved to Fiscal Distress Phase II
Witts Springs School District be moved to Fiscal Distress Phase II
- Crawfordsville School District remain on Fiscal Distress Phase II*
Lake View School District remain on Fiscal Distress Phase II
- The following districts be placed on Fiscal Distress Phase I for the 2004 year:*
- Crossett School District*
Greenland School District
Oark School District
Quiltman School District
Saint Joe School District
Recommended action: Approve these recommendations
- A – 4 Nominating Committee Report – Luke Gordy
State Board Operating Guidelines require that the Nominating Committee report a slate of officers for the following fiscal year at the May meeting. Officers will be elected in June and will assume the position in July.
Recommended action: Receive the report of the Nominating Committee

The State Board of Education met on Monday, May 12, 2003, in the Auditorium of the State Education Building. Shelby Hillman, chairman, called the meeting to order at 9:10 a.m.

The following Board members were present: Shelby Hillman, Chairman; JoNell Caldwell, Vice-Chairman; Robert Hackler; Luke Gordy; MaryJane Rebick; and Dr. Jeanna Westmoreland.

Board Members absent: Peggy Jeffries, Dr. Calvin King, and Lewis Thompson.

WORK-SESSION

Legislative Update

Mr. Simon noted that copies of the "Accountability Workbook," which is part of the State's Plan for **No Child Left Behind** (NCLB) were provided as an attachment to the Board materials. That plan has been reviewed and approved by the U.S. Department of Education. Mr. Simon was honored recently by President Bush who announced the approval of the Arkansas Plan at a convening and recognition of the National Teacher of the Year at the White House. He stressed that the next steps in adoption of this plan will include working closely with the schools to communicate the requirements of the plan. Mr. Simon pointed out the most critical part of this document is the definition of the process for defining "Adequate Yearly Progress," which is framed in the NCLB legislation. He also noted that the implementation of the plan is highly dependent on the data collection capabilities of the Arkansas Public School Computer Network (APSCN) and the analysis capabilities of the Office of Research Measurement and Evaluation (ORME) housed at the University of Arkansas, Fayetteville.

Ms. Rebick inquired as to how a non-educator could get a copy of the Accountability Workbook. Mr. Simon noted that it was available on the ADE Website.

Mr. Simon reported that Act 1467 of 2003 which is referred to as the Omnibus Bill was approved by the General Assembly just prior to adjournment on the last day of the regular session. This bill links standards for accreditation of schools, the assessment system, school improvement, and the **No Child Left Behind** legislation. This Act also restores to the Board its power to implement sanctions on schools that fail to meet standards and its power to act in situations where it is evident that student learning is not taking place.

National Scholars Program

Lee Gordon was recognized to make this presentation. Mr. Gordon stated that for many years there has been a program known as Arkansas Scholars Program, which has recognized Arkansas students for exemplary performance. The National Program is

seeks to link local business and professional men and women in cooperation with local schools to stress the need for high performance in a college-preparatory program of study in high school grades. Mr. Gordon stated that there were approximately 130 local high schools participating in this program annually.

Ms. Rebick questioned the structure for recruiting business and professional representatives at the local community level. Mr. Gordon stated that many communities link through the local Chamber of Commerce or a local civic club.

Mr. Gordy commended Mr. Gordon's work as well as that of other volunteers to improve the quality of work done by students in the high school years. He also stressed the importance of striving for higher expectation for high school students.

Agenda Item:

Mr. Gordy moved that an item be added to the Action Agenda to consider budget revisions to the Public School Fund Budget for the current school year. Ms. Rebick seconded the motion. The motion was adopted unanimously.

CONSENT AGENDA

Ms. Rebick moved adoption of the Consent Agenda. Mr. Gordy seconded the motion. The motion was adopted unanimously.

- Minutes – April 14, 2003
- Newly Employed, Promotions and Separations
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- Loan and Bond Applications
- Report of Waivers to School Districts for Teachers Teaching Out-of-Field for Longer than Thirty (30) Consecutive Days, Act 1623.

ACTION AGENDA

Policy Pursuant to Review and Approval of Waiver of Student/Teacher Interaction Days

Dr. Charity Smith was recognized to present this item. Dr. Smith indicated to the Board that the draft policy statement was framed to provide a point of discussion in response to a request from the Board at the special called meeting. She reported that a primary requirement of any waiver for missed days would be that the district must have a firm policy of scheduling snow days in the school calendar and those days, as well as any spring break days, must be used as make-up days prior to any waiver of missed days being considered by the Board.

Ms. Hillman emphasized that student/teacher interaction time is the key to improved student performance and almost no interruption of that time should be allowed.

Ms. Cardwell questioned if the proposed policy clearly stated that schools were expected to designate snow days and those days, as well as spring break days, must be utilized before a waiver would be considered. Mr. Hackler stated that it was his opinion that making snow days part of the regular school calendar was at the option of the districts and not a requirement. Mr. Gordy stressed it is the intent of his motion that those things be part of required procedure, especially if a district expects to seek approval for waiver days.

Ms. Rebeck stated her concern that any “make-up days” include meaningful instructional activities regardless of when those days are scheduled. It appears that reports from some districts making up days that less than high quality instructional time may be the rule rather than the exception.

Mr. Gordy offered to withdraw the motion with a request that staff rewrite the proposed policy to include more clarity in the wording to take care of concerns expressed by Board members. The second was agreeable to the proposal to withdraw. The ADE staff was requested to revise the proposal and bring it back for further consideration at the June meeting.

Amendment to Charter- Academic Centre of Excellence Charter School – Osceola School District

Mike Scoles, ADE consultant for Charter Schools, was introduced to make this presentation. Dr. Scoles noted that in the absence of a formal process for amendment or revision to the Charter, the renewal proposal format was used to propose the amendment request. Dr. Scoles indicated that Department staff recommends the proposal, which is a formal request from the local district.

Ms. Caldwell moved adoption of the proposed revision, which is to add an additional grade at either end of the present grade structure. Mr. Hackler seconded the motion. The motion was adopted unanimously.

Mr. Gordy inquired as to the status of facility acquisition of the open enrollment school proposed for Conway. Dr. Scoles acknowledged continued difficulty in acquiring adequate facilities for this school. Some progress has been made recently. Mr. Gordy requested an update on the status at a future meeting.

Review of the Fiscal Distress Districts for 2004

Patricia Martin was recognized for these presentations. Ms. Martin distributed print material that was not previously provided to Board members. (Attachment 1) She reviewed the conditions under which districts are recommended for fiscal distress.

Two Districts previously designated in fiscal distress have improved their fiscal conditions such that they are being recommended for removal:

Marked Tree School District: Ms. Martin reported that this district has focused its work to improve the ending balance, to work with community resources, and to reduce expenses in a effort to improve its fiscal condition. She stated that the committee believes this school

removed from fiscal distress. Dr. Westmoreland seconded the motion. The motion was adopted unanimously.

South Mississippi County School District: One of the primary conditions that caused this district to be placed in fiscal distress was the excess capacity of the buildings in the district. As part of their plan, one campus was closed and students distributed to other schools in the district. This action, along with other cost saving strategies, has improved the fiscal standing and thus a recommendation for removal. Mr. Gordy moved that South Mississippi County School District be removed from fiscal distress. Ms. Rebick seconded the motion. The motion was adopted unanimously.

The following districts are recommended for continued fiscal distress Phase I:

Augusta School District: Ms. Martin reported that this district is working to implement its removal plan. One of the actions that led to fiscal distress designation was the start up of a pre-kindergarten program for the district. Although the district is making progress, the end-of-year balances continue to reveal some instability. Declining enrollment continues to be an issue. Ms. Caldwell asked if there was any indication that this may change. Ms. Martin noted that enrollment this year has stabilized.

Ms. Rebick moved Augusta continue on Phase I fiscal distress. Mr. Hackler seconded the motion. The motion was adopted unanimously.

Osceola School District: Ms. Martin reported that the primary contributing factor for fiscal distress status of this district is its continuing declining balances and some construction expenses for athletics facilities. They developed a plan of action that is being implemented. This district needs more time to implement its plan. Some actions include elimination of administrative and teaching positions. Additionally, they have made more efficient use of federal funds.

Mr. Gordy questioned the timing of the athletic construction projects. Ms. Martin responded that the school used the facility for the first time in 2002-2003, but was not aware of when construction began. She indicated that this information would be provided at a later time. Ms. Rebick moved to accept the recommendation of continued Phase I fiscal distress. Dr. Westmoreland seconded the motion. The motion was adopted unanimously.

Lakeside School District (Garland County): Ms. Martin indicated that the primary reason for this district's declining balances was a large construction project that experienced considerable cost overruns. With this project, it is possible that the district could experience a negative balance this year. Ms. Martin reported that she expects the district to appeal this action if the recommendation is approved.

Ms. Rebick inquired as to the nature of construction projects underway in the district. Ms. Martin indicated that the projects included a new middle school that was deemed to have many "extras" and an athletic facility.

Ms. Rebick moved that Lakeside School District remain in Phase I academic distress.

Ms. Martin indicated that the following group of schools be moved from Phase I to Phase II academic distress:

Bright Star School District: Bright Star was in Phase I for the 2001-2002 school year. The district continues to experience declining student enrollment and a declining ending balance. The district identified a number of issues/problems in the area of fiscal accountability, but to date has done little to address those issues. The plan as submitted by the district for 2001-2002 was deemed to be vague and the actions are not measurable.

Mr. Hackler moved to approve Phase II academic distress for Bright Star. Mr. Gordy seconded the motion. Ms. Caldwell inquired if it were possible to move a district on to Phase III and skip Phase II. Scott Smith indicated that under the current statute, that would not be possible, but under the new Omnibus bill, which will become law on July 1, that would be possible. Ms. Martin noted that under Phase II there would be a Department developed plan, required monthly reports on actions taken and copies of minutes from local school board meetings. Additionally, this district continues to experience exceptions in the annual school audit. Mr. Gordy called for the question. The motion was adopted unanimously.

Heber Springs School District: Ms. Martin summarized the issues that led this district to Phase I status for the 2001-2002 school year. Those included the adoption of a salary schedule and sick leave policy that benefited retirees and increased significantly the school's payments for staff insurance benefits. These actions have depleted the limited cash reserves. The district did provide a plan and there was evidence that the plan was being followed. Ms. Martin indicated that under the plan submitted, there was limited evidence that the overall fiscal standing of the district was being improved. It is anticipated that a new plan will be necessary with very specific targeted fiscal practices.

Mr. Gordy moved adoption of the recommendation for Phase II of fiscal distress for the Heber Springs District. Dr. Westmoreland seconded the motion. The motion was adopted unanimously.

The following districts were recommended for continued Phase II fiscal distress:

Crawfordsville School District: Ms. Martin indicated that this district appears to be making progress in meeting its plan. She reported that during the previous year, they have improved the conditions of facilities in the district while closing some buildings totally. However, the district continues to lose student enrollment and it faces some tax issues that may negatively impact the fiscal condition of the district. She also noted that the district has improved the record keeping and reporting to the Department of Education. The primary reason for continuing Phase II status at this time is the fiscal audit of the district has not been completed and there is a lack of evidence of improved balances. That audit report is expected before September. She indicated that if the audit report is positive, it is possible that a subsequent recommendation for removal may be forthcoming.

Dr. Westmoreland moved that Crawfordsville District continue on Phase II fiscal distress.

Lake View School District: Ms. Martin summarized the fiscal issues with this district since it was first identified for fiscal distress in 1997 and moved to Phase II in 2001. There are continual concerns about declining enrollment, bookkeeping practices, and deteriorating facilities. She noted that a recommendation other than continued Phase II may be necessary following the receipt of the fiscal audit report from last year. That report is not due until September. Ms. Rebick moved to continue in Phase II fiscal distress. Ms. Caldwell seconded the motion.

Mr. Gordy noted that the Lake View District has been in some stage of fiscal distress for seven (7) years, four of which have been in Phase II. He questioned why this situation has been allowed to continue for this length of time. Specifically, he asked, "How long do we continue to allow this school to under serve those children and this state?" He believes more aggressive action should be taken with this district. Mr. Simon responded that after September, the Department could be back with a different recommendation. Mr. Gordy stated that it is time to do what is right, not what is politically expedient. Mr. Simon implied that the rules and regulations under development pursuant to the Omnibus bill should help this situation. The vote on the motion to continue Phase II was adopted unanimously.

The following are recommendations for additional schools to be considered for Phase I of fiscal distress:

Ms. Martin indicated that in March, a questionnaire went to each district seeking input on conditions that might indicate a declining fiscal condition in a district. Based on district responses and other information available to the Department, the Fiscal Distress Committee has determined that each of these districts is facing, or potentially facing, fiscal problems. For the most part such conditions relate to declining ending balances, a decrease in the number of students which links with a decrease in revenue, and in some instances observed audit irregularities.

Crossett School District: Mr. Gordy moved approval of the recommendation for Phase I fiscal distress for the Crossett District. Ms. Caldwell seconded the motion. The motion was adopted unanimously.

Oark School District: In addition to other issues, this district projects a negative balance for the current school year and has subsequently acquired more debt. Mr. Gordy moved adoption of the recommendation for Phase I fiscal distress for Oark District. Ms. Rebick seconded the motion. The motion was adopted unanimously.

Quitman School District: Ms. Caldwell moved approval of the recommendation to place Quitman School District in Phase I fiscal distress. Dr. Westmoreland seconded the motion. The motion was adopted unanimously.

St. Joe School District: Ms. Caldwell moved approval of the recommendation to place St. Joe School District in Phase I fiscal distress. Mr. Hackler seconded the motion. The motion was adopted unanimously.

The following are recommended actions, which are being appealed by the districts:

with some technical revisions and asked that the Board adopt this revised hearing policy. Ms. Rebick moved adoption. Mr. Hackler seconded the motion. The motion was adopted unanimously. (Attachment 2)

Witts Springs School District: Ms. Martin stated this school was placed in Phase I fiscal distress in 2001-2002. Subsequently, the district was instructed to develop a plan of action. She observed that the plan was vague and many of the actions were not carried out during the past year. She stated that this district is the smallest in the state with only 66 students in Grades K – 12. The revenue projection is that the district will not have sufficient funds to complete the 2003-2004 school year and there is nothing left to cut. Ms. Martin stated that the district does not have a plan that will improve their balances and gain stability of this district.

Glenda Hendrix, superintendent of the Witts Springs District was introduced. She stated emphatically that the district was having financial problems. She recapped funds that were previously received by the district that have been severely decreased or eliminated completely. One example is isolated funding. She stated her reason for appealing was that the Department has not followed through with its promise for providing technical assistance. Ms. Hendrix reported receiving a certified letter from Ms. Martin on April 18 with a response due in May. One of the promises was that a team of ADE staff would provide assistance and no one has been on her campus yet.

One of the issues was a requirement from 2001-2002 that asked the district to meet with other schools to discuss the options for consolidations. When asked why no action was taken, Ms. Hendrix stated that the district did not want to get in a hurry, and thought it had more time. She admitted that her district was contacted by more than one district, but the Witts Springs District failed to meet with any of them. Ms. Hendrix continued to seek permission for more time to act.

Ms. Martin stated that the district has had numerous visits since it was placed in Phase I last year, but confirmed there have been no visits since the April 18th letter was delivered.

Ms. Hendrix expressed concern that she was advised to notify teachers that they would not receive a contract for the 2003-2004 school year. Mr. Simon stated that this advice was essential, because state statutes require each district to notify teachers by May 1 if their contract will not be renewed. With the fiscal situation the way it is, there is not sufficient money to guarantee paying those contracts; therefore, it is illegal to incur debt when there is no money to pay those contracts. Ms. Rebick inquired as to how the district was incurring debt by renewing contracts. Mr. Simon stated that contractual agreements are legal and binding and are automatically renewed if teachers are not notified on or before May 1 of any given year.

Ms. Rebick suggested to Ms. Hendrix that being classified in Phase II would be beneficial to the district in this case. In Phase I the district remains in control and is responsible for providing a plan and working that plan. In Phase II, the State provides technical assistance and assists with the development of the plan and other support services.

could be any time that the district can assure revenues that will meet the conditions of any contractual obligations.

Ms. Caldwell moved that Witts Springs be moved to Phase II fiscal distress. Ms. Rebick seconded the motion. The motion was adopted unanimously.

Greenland School District: Ms. Martin stated that Greenland continues to lose students, has committed fund balances for construction and acquisition projects, and is experiencing declining balances. She noted that Greenland is a 900 student school with a projected ending balance approximating \$100,000.

The Board recognized Tim Passmore, Superintendent of Greenland School District. Mr. Passmore indicated that a number of schools are experiencing financial difficulty due to decreased state revenue in equalization funding and interpretation of statutes that require roll back of local assessments and millage rates. He was emphatic that the district has spent the money. However, he stressed that the expenditures were planned and were expected by the patrons of his district, thus contributing to declining balances. Mr. Passmore did state that this past year he had been able to reduce spending in some categories such as cleaning and janitorial services and the employment of teaching assistants. He also noted that his district had experienced no unexpected exceptions from state fiscal audits.

Mr. Passmore made the point that Amendment 74 has negatively affected funds available to the Greenland District. Mr. Simon indicated his awareness of this issue, but stated that the Department does not have an option to exclude any district from meeting the expectation of the law.

Mr. Gordy moved Greenland School District be placed in Phase I fiscal distress. Ms. Rebick seconded the motion. The motion was adopted unanimously.

Revisions to the 2002-2003 Public School Fund Budget

John Kunkel was recognized for this presentation. Mr. Kunkel reported that proposed legislation was approved allowing the Department some options in reducing the equalization funding category. He also reported additional reductions in State revenue as announced by the Department of Finance and Administration on May 2. Based on these losses and the new option for budgeting within the Public School Fund, the proposed revisions were made. Dr. Westmoreland moved adoption of the proposed budget revisions. Ms. Rebick seconded the motion. The motion was adopted unanimously.

Nominating Committee Report

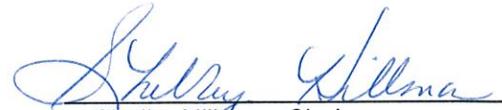
Mr. Gordy was recognized for this report. Mr. Gordy reported that the Nominating Committee recommends the election of JoNell Caldwell as Chairman and Shelby Hillman as Vice-Chairman for 2003-2004. No action is taken at the May meeting. The officers will be elected in June.

The meeting adjourned at 12:15 p.m.

These minutes were recorded and reported by Dr. Charles D. Watson.



Raymond Simon, Director



Shelby Hillman, Chair