



NEWS RELEASE

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ADE RECOMMENDS ANNEXATION FOR BALD KNOB

On Wednesday morning, Arkansas Commissioner of Education Dr. Ken James informed the administration of the Bald Knob School District that the state was assuming immediate control of the district and would recommend to the State Board of Education that Bald Knob be annexed to another school district. A special meeting of the State Board to take up the matter is tentatively scheduled for Monday, September 24, following the required 30 days of notice.

"The financial situation in the Bald Knob School District is the worst I have seen in my four years at the Arkansas Department of Education," Dr. James said. "For the good of the students and the staff, state action had to be taken now."

The district's board of education and its superintendent, Mr. Wayne Fawcett, were removed from power effective immediately. The district will remain under direct control of the state until the State Board of Education makes its determination in September.

The Bald Knob School District, which has an enrollment of 1,300 students, was placed in fiscal distress by the State Board of Education at its June 11, 2007, board meeting for a variety of factors including a projected negative balance of \$478,902 at the end of the 2007-2008 school year. In addition, in recent years the district had obtained a number of short-term loans during the past several years to meet its operational expenses. Payments of \$610,501 on those loans are due this school year. As of August 13, 2007, the school district posted a bank balance of \$18,142 and the state had to issue an early payment of \$1,241,000 of the district's foundation funding so that the Bald Knob School District could make its August 15 payroll as well as pay a bank note due on August 21.

"That is money that the school district will not receive at the end of the year," Dr. James told about 150 members of the Bald Knob community when he met with them to explain the severity of their financial situation August 15.

School districts placed in fiscal distress by the State Board of Education may have up to two years to submit a plan to ADE showing how they will remove themselves from the classification, have the plan approved by ADE and then successfully implement the steps. Once a school district has done so, ADE allows it to petition the State Board for removal from the fiscal distress list. This is the experience for most districts who find themselves in fiscal distress – Dollarway, Lead Hill, Pulaski County Special and Cross County school districts being the most recent instances of that.

The Bald Knob School District has submitted a plan to remove itself from fiscal distress, but it has not yet been approved by the Department. Due to the extent of the short term loans, it became apparent to ADE officials that the Bald Knob School District budget would be about \$2 million in the red this school year, with no readily obvious way to compensate for that deficit.

In the past several years, the Department has had to take over three other school districts: Helena-West Helena, Eudora and Midland. Helena-West Helena remains under state control but is in the process of having its board regain its powers incrementally over the next several months. Rudolph Howard, who was appointed superintendent by Dr. James at the time of the takeover in September 2005, remains in that position. Eudora was annexed into the Lakeside (Chicot County) school district at the beginning of the 2006-2007 school year and Midland will eventually regain control of its school district after the September school board elections, in which all school board positions are open and subsequent training.

In addition to Bald Knob, Helena-West Helena and Midland, five other school districts are currently classified as being in fiscal distress. They are Bismarck, Clinton, Hughes, Omaha and Turrell.

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The Arkansas Department of Education strives to ensure that all children in the state have access to a quality education by providing educators, administrators and staff with leadership, resources and training.