

## Minutes

State Board of Education

Thursday, July 31, 2008

The State Board of Education met for a specially called session on Thursday, July 31, 2008, in the Auditorium of the State Education Building. Randy Lawson, Chair, called the meeting to order at 9:00 a.m.

The following Board members were present: Randy Lawson, Chair; Dr. Naccaman Williams, Vice-Chair; Sherry Burrow; Brenda Gullett; Sam Ledbetter; Alice Mahony; Dr. Ben Mays; and Diane Tatum.

The following Board member was absent: Jim Cooper.

Mr. Lawson welcomed Alice Mahony and Sam Ledbetter as new members to the Board.

Dr. James also recognized Ms. Mahony and Mr. Ledbetter. Dr. James also reported on the Smart Leadership Conference recently held at the Little Rock Convention Center at which over 1000 principals and superintendents engaged in capacity building and leadership development.

### Action Agenda

#### **Request for Approval of 2008-2009 Arkansas Better Chance Grants – Round #2**

Paul Lazenby was recognized to present this item. Mr. Lazenby stated that each of the proposed grants was reviewed by the ABC staff and recommended for approval. He acknowledged that grants approved in this round of funding will receive funding prior to the scheduled beginning of the new school year.

Dr. Williams asked about grants that seemed to be awarded to entities which were not associated with students. Mr. Lazenby responded that those grants were for equipment and materials grants to supplement centers that do not have sufficient resources for materials or have materials deficiencies. He stated that such awards are recommended based on careful review and on a case-by-case basis.

Ms. Tatum noted that there were requests for funding that were awarded to out of state providers. Mr. Lazenby indicated that those awards were to support the professional development and evaluation of ABC programs, which is required by law. He stated that Rutgers University is the evaluator and they work through the University of Arkansas Medical Sciences campus.

Ms. Tatum moved approval of the grants as presented. Dr. Williams seconded the motion. The motion was adopted unanimously.

### **Consideration of Request for Proposed Annexation of the Decatur School District to a Contiguous School District**

*(The full text of the deliberations on this item was recorded by a court reporter. That transcript is available in the State Board Office of the Arkansas Department of Education.)*

Tripp Walter was recognized to present this item. Mr. Walter reviewed the procedure to be followed during the presentation of evidence regarding the annexation of the Decatur School District. Department of Education staff – Bill Goff, Dr. Charity Smith, and Frank Wimer reviewed documents provided by the state as part of the Agenda background materials.

Ms. Gullett noted that assessment scores from the Decatur District, with the exception of Grade 7 are significantly below those from the contiguous school districts, which should provide cause for concern. She also questioned comparisons of students across grade levels. Dr. Smith responded that it's not possible to consider growth looking at a single year.

Mr. Lawson pointed out that the review of the achievement data from this school is a good example of the importance of individual student longitudinal growth data or the measurement of growth in student learning and the need to consider student performance over time.

Mr. Lee Ortman, school consultant for Decatur School. And Mr. Bobby King, interim superintendent were recognized to present information from the Decatur District. Mr. Ortman stated that he had been retained by the Decatur School Board to determine the extent of the financial problems facing the district and to make recommendations regarding immediate financial decisions. Following comments by Mr. Ortman, the interim superintendent identified strategies that were being implemented toward getting organized for the opening of school in two weeks.

Dr. Mays asked about the status of the FY 05-06 audit report. Mr. Ortman indicated that he has not seen the report and is not aware of the findings related to fiscal management of the district. Dr. Williams asked if the Board were aware of any financial difficulty facing the school board. Mr. Ortman responded that it was his belief that the Board was not aware of any pending difficulty based on financial statements provided by the former superintendent.

Dr. Gary Compton, superintendent of the Bentonville District, was recognized to address the Board. Dr. Compton stated that it was his opinion that the best case for the Decatur students would be to find a way to maintain that district; however, if it were the State Board's decision to annex the Decatur District to Bentonville, it could be done with a minimum of disruption. He noted that each year the Bentonville District experiences growth in the 1,000 range.

Dr. Randy Barrett, superintendent of the Gentry District, was recognized to address the Board. Dr. Barrett suggested that it would be problematic to annex Decatur to the Gentry District due to a lack of time to plan for instruction and facilities utilization before the scheduled beginning of the coming school year.

Dr. Andrea Kelly, superintendent of the Gravette District, was recognized to address the Board. She noted that at this late date, it would be best if the Decatur District remained intact for the coming year, but should the Board determine that annexation is the best avenue, then the Gravette District would be willing to work to make the annexation successful for students in both districts.

Among those recognized to make public comments, Dr. Lynn Abercrombe, president of the Decatur Education Foundation, stated that the Foundation has established a fund to support the financial deficit of the Decatur District and currently has \$265,000 in cash or in pledges that can be used to reduce the debt provided that the district is not annexed or consolidated with another district.

Mr. Lawson noted that one of the cost saving (revenue increasing) strategies proposed would be to restructure bonds issued by the district. He noted that Buster Beardsley, a financial consultant to the district and many other districts, was present. Mr. Lawson asked Mr. Beardsley about projections made by the district. Mr. Beardsley responded that he has looked at options for reissuing bonds, which would save the district some money in annual payments. He stated that such action would require a vote of the people and that could not happen until probably January 2009.

Senator Kim Hendren was recognized. Senator Hendren stated that he has access to general improvement funds that are allocated by the General Assembly to be used for local initiatives. He offered to commit \$100,000 to the Decatur School District to assist in removing the debt that would allow the district to remain intact. Senator Hendren strongly advocated a solution to the financial condition of the Decatur District that did not include annexation or consolidation.

Dr. Williams asked about the nature of incentive funding available to districts that are annexed or consolidated. Dr. James responded that approximately

\$2.6 million is available over a two-year period that would be paid to the receiving district to support transition costs of the new entity.

Mr. Lawson reported that Benton County Clerk, Mary Lou Slinkard, had advised that it would be virtually impossible to get a school election established with new candidates for the merged district should such merger occur in time for the regular school election in September.

Dr. Mays moved to deny the petition submitted by the Department of Education to annex the Decatur School District to a contiguous district, but consider other actions to address the fiscal condition of the district. Dr. Williams seconded the motion. The motion was adopted unanimously on a roll call vote.

Dr. Mays asked about the option that would cause the Decatur District to be sub-divided among contiguous districts as opposed to annexing the entire district to one district. Discussion noted several issues such as different millages, staff salaries, and the nearness of the date for opening of the 2008-2009 school year and others as items that would take time to resolve that would preclude this action at this time. Dr. Mays suggested this should be a consideration for the fall 2009.

Ms. Tatum moved that the state assume management of the Decatur School District with the following conditions:

1. The superintendent of the Decatur School District be permanently dismissed.
2. The Decatur School Board be removed as of this date.
3. The Commissioner of Education appoint an interim superintendent who would answer directly to the Commissioner.
4. The interim superintendent and Department of Education staff would make quarterly reports to the Board as to progress in meeting financial obligations of the Decatur District.
5. During the 2008-2009 school year the Department of Education staff conduct a study to examine school district boundaries with the option of a recommendation for dividing the Decatur District among the contiguous districts.

Dr. Williams seconded the motion. The motion was adopted unanimously on a roll-call vote.

Dr. Williams challenged the district staff to look carefully at academic performance and seek ways to improve student overall performance.

Dr. James affirmed that there is a clear expectation on the Decatur District to meet cash-flow loan payments and other financial obligations in a timely manner and that there is no additional money from the state beyond that it receives based on student enrollments.

Mr. Lawson observed that the state takes great pause in actions in which the state takes control of a local school district. He stated that the manpower at the Department is already stretched thin and such actions add additional duties to the staff. Mr. Lawson noted the Board's commitment to local control of school districts; however, he affirmed that the Board would take actions as required by law when such actions are in the best interest of students.

Without dissent, the Chair declared the meeting adjourned at 12:30 p.m.

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