

Minutes
State Board of Education
Monday, September 24, 2007

The State Board of Education met for a specially called session by Commissioner of Education, Dr. Ken James and Chairman, Diane Tatum on Monday, September 24, 2007, in the Auditorium of the State Education Building. Diane Tatum, Chairman, called the meeting to order at 9:00 a.m.

Board members present: Diane Tatum, Chair; Randy Lawson, Vice-Chair; Sherry Burrow; Jim Cooper; Brenda Gullett; Dr. Tim Knight; Dr. Ben Mays; MaryJane Rebick; and Dr. Naccaman Williams.

No Board members were absent.

Report

Update on HAAS Hall Charter School Payments to Arkansas Teacher Retirement System

Mary Ann Brown was recognized to present this report. Dr. Brown introduced Mindy Looney representing the Arkansas Teacher Retirement System (ATRS) who affirmed that full agreement has been reached between the ATRS and HAAS Hall Academy and that a payment of the total amount of restitution funds was received. She confirmed that HAAS Hall Academy has no additional outstanding obligations to ATRS.

Ms. Rebick inquired as to the source of funds used to make the payment. Dr. Martin Shoppmeyer responded that the payment was made using carry-over funds from last school year and new award funds from the current operating budget.

Mr. Lawson moved to accept the report as presented. Dr. Williams seconded the motion. The motion was adopted unanimously.

Action Agenda

Consideration of Request for Proposed Annexation of Bald Knob School District to Another Appropriate School District – Arkansas Code Annotated § 6-13-1404 et. seq. and Arkansas Code Annotated § 6-20-1901 et. seq.

(A complete transcript of the proceedings of this item were recorded and reported by a court reporter. That transcript can be accessed through the State Board of Education Office in the Department of Education.)

Dr. Ken James opened the discussion of this item with a PowerPoint presentation detailing the financial status of the Bald Knob School District. Dr. James noted that the data presented were also presented to a community meeting in Bald Knob prior to the State assuming fiscal administration of the district.

Scott Smith reviewed the steps taken by the Department of Education in filing the petition for annexation of the district to another district due to the financial status of the Bald Knob School District. He stated that all preceding actions were complete that would allow the Board to take action based on the petition. Mr. Smith also outlined the process that the hearing would follow. Mr. James Staggs, former superintendent of the Bald Knob District (retired), was introduced as the interim superintendent. Scott Smith referenced a letter from the Attorney General, which recapped any potential negative impact that the proposed action might have on pending desegregation within the Bald Knob District or any other district that might be involved in an annexation.

Dr. Bobbie Davis reviewed the financial status of the Bald Knob District and the districts that are contiguous to the Bald Knob District. Dr. Diana Julian reviewed the school improvement status as defined by No Child Left Behind and Frank Wimer presented the accreditation status of each of the districts.

James Staggs was recognized to report progress of the district since August 22, 2007. At the conclusion of Mr. Staggs' comments he recognized Mr. Larry Kirchner, president and CEO of Citizens State Bank of Bald Knob who affirmed that citizens of the Bald Knob District had raised in excess of \$1.5 million, which is on deposit in Citizens State Bank. Mr. Staggs concluded his presentation with a listing of proposed cuts, reductions and other cost saving measures that are being implemented and will be carried out over the next two years. He stated that his projection is for a possible surplus of \$400,000 at the end of the current fiscal year. He appealed for the Board to allow the Bald Knob District to work through these financial issues and to continue to exist as an independent school district.

Superintendents from each of the five contiguous districts, Augusta, Bradford, Midland, Riverview and White County Central spoke and cited cautions about annexing the larger Bald Knob District with a smaller district.

Questions and discussion focused on further affirmation that the district is now headed in a positive direction financially and that it is possible to end the fiscal year with an operating balance. Dr. Davis responded that there are no

guarantees, but Department staff members work almost daily with Mr. Staggs on budget issues and pursue strategies for implementing the outlined cost-saving strategies.

Mr. Lawson moved to allow the Bald Knob District to remain independent under state supervision. Mr. Cooper seconded the motion.

Dr. Williams asked to consider an amendment to the motion that provides additional timelines and conditions. Other Board members raised issues related to staffing in the administrative area, passage of the proposed sales tax, audit of school books by Legislative Audit, and other options to total district annexation such as dividing up the district and annexing to multiple districts.

Dr. James provided the following summarizing statements:

- Commended the community for raising over \$1.5 million
- Mr. Staggs is working most cooperatively with Department staff in implementing cost-saving measures including staff reductions
- Community proposed a \$0.02 sales tax devoted to school debt repayment which has a potential revenue income of \$176,000 this year
- Potential for budget to have up to \$400,000 excess by end of the current fiscal year if all options come together as planned.

Dr. James proposed, that given the current status of potential revenue and cost-saving measures presented, to allow the district to retain its classification in fiscal distress and continue to operate until after the sales tax election in November; then, place an item on the December Board agenda that would report on the tax proposal, provide an update on cost-saving implementation, and report on budget projections at that time. He suggested that the Board could consider additional action in December.

Mr. Lawson and Mr. Cooper agreed to the conditions outlined by Dr. James. The motion was adopted unanimously on a roll call vote.

Dr. Mays asked for the Bald Knob District to provide a break down on facilities cost for instructional space as compared to space for athletics events in the new facility.

The meeting adjourned at 11:20 a.m.

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