



DIVISION OF ELEMENTARY & SECONDARY EDUCATION

Legislative Update for Earle School District

State Authority

July - September 2021

Submitted by

Office of Coordinated Support & Service

October 15, 2021

Pursuant to Ark. Code Ann. § 6-13-112, a quarterly status report is provided for each school district currently under state authority. The following report is submitted to the State Board of Education, the Chairs of both the House and Senate Education Committees, and others prescribed by law.

The current report is part of quarterly reporting under the Every Student Succeeds Act (ESSA). Although a district may be under state authority for various purposes, the Division of Elementary and Secondary Education (DESE) believes that all systems must be fortified in order to have an effective school district. These systems are Academics, Facilities and Transportation, District Operations and Fiscal Governance, Human Capital, Student Support, and Stakeholder Communication/Family and Community Engagement.

The district support plan (DSP) is designed to describe the resources that will be allocated to the individual schools in the district in order to support implementation of the school improvement plan (SIP) and also the manner in which actions within the SIP are monitored by the district. Both the DSP and the SIP are based on the review of data and should follow a continuous cycle of inquiry. The DESE then can work in a collaborative manner to support the district based on items identified in the district plan of support and continue to work with the district to prioritize and identify solutions to further enhance any other systems including the use of DESE supports. DESE will further work with the district to develop local capacity in addressing each system by developing measurable goals and monitoring progress. This is intended to be reflective in nature and a way for DESE and the district to be purposeful in their future work together for the betterment of students.

EARLE BACKGROUND

Pursuant to Ark. Code Ann. §6-20-1905, the Earle School District received notice by certified mail as being identified by the Arkansas Department of Education (ADE) for Fiscal Distress status. The District was classified in Fiscal Distress on October 12, 2017 due to the district failing to file an audit report within the nine month time period or within the time period under any extension granted by the Department of Education. The identification is based on acts or violations determined to jeopardize the fiscal integrity of the district including, without limitation, failure to fully develop and implement adequate corrective actions for previously identified audit findings and deficiencies.

Because of significant findings that jeopardized the fiscal integrity of the district, the State Board of Education assumed authority of the district and appointed an interim superintendent on November 6, 2017. As a result of the issues, ADE Commissioner Johnny Key exercised the authority granted under Arkansas Code 6-20-1901 et seq. to assume authority over the board of directors; however, Commissioner Key offered the board the opportunity to remain in place in an advisory capacity to the new superintendent. ADE personnel determined the following Fiscal Distress Indicators during an internal audit:

- Title I 2015-16 unallowable expenditures \$300,299.97; 2016-17 unallowable expenditures \$303,436.85
- NSL 2015-16 potential unallowable expenditures \$555,128.63; 2016-17 potential unallowable expenditures \$717,429.86
- Athletic/Activity Concessions had gate receipts unaccounted for: one football game, one in concession, two for basketball game 17 in concession 20.

- Payroll had some contracts that could not be tied to a W2 and some W2s have no contract.
- District website was missing documents listing legal balances, budget, salary reports, monthly expenditures reports, student handbook, audits, policy signature page, ASCIP plan, statistical report, and board minutes were not up to date.
- Credit card showed unmonitored use/unaccounted for documentation; potential cash advance to cover payroll.

On May 9, 2019, the State Board of Education approved a [request](#) from the Earle School district leadership and community advisory board to classify the district in need of Level 5 support. At this time the appointed Superintendent is Tish Knowles.

Current DESE Quarterly Support of Level 5 Support

July - September 2021

The Office of Coordinated Support and Service (OCSS) team in coordination with the Division of Elementary & Secondary Education (DESE) has provided support to the Earle School District in each of the six systems (Academic, Fiscal, Human Capital, Facilities, Student Support, and Communication/ Stakeholder Engagement). John Hoy, Assistant State Superintendent is onsite supporting the district 3-4 days a week. Ryan Burgess and Julie Almutz, both Leadership Development Coaches, support the principals in the district. A continued emphasis this quarter has been establishing a budget, securing and developing qualified staff, and living up the district's mission of preparing graduates for the next phase of life (college, career, technical training, and community engagement). All OCSS team members have played a significant role in supporting the district through regular onsite visits, virtual collaborations, and coordinating services of multiple organizations/ agencies.

Student Support

The initial push for the district, as students returned for the 20-21 school year, was ensuring that students were accessing the onsite instruction being offered at each campus. Initially only 318 students returned to school on the first day. This number was alarming and was more than 100 students less from the end of last year. Earle School District did not offer a virtual option for students at the beginning of the school year. However, continuous outreach efforts by district staff have resulted in all students being accounted for and with 421 students onsite at the time of this report. Prior year, 3rd quarter average ADM was just over 426 students. School choice transfers and home school choices contributed to small losses.

Keeping students and staff safe continues to be at the forefront of concerns for the district and mitigation efforts to address the COVID-19 virus on campus are ongoing. As a result of the efforts of staff and students the district has seen no major disruptions in the teaching and learning continuum. On the occasion where students have been quarantined due to possible exposure they have been allowed to continue accessing educational opportunities virtually.

Computers and wifi devices are available to all students but connectivity is still a concern in rural Earle.

Human Capital

Earle School District has developed and followed plans to recruit and retain quality staff. Those efforts put the district in the position to have most of the necessary positions staffed at the beginning of the year. Unfortunately, school bus drivers have been difficult to secure statewide, and Earle is no exception. Additionally, unexpected resignations of certified staff and logistical issues with accessing virtual staff have been a struggle. The district is working with a group that provides certified teachers utilizing the district's curriculum. Currently, most staffing has been resolved and efforts are underway to shore up remaining staff shortages through virtual options. The district was able to meet the minimum salary requirements set forth in legislation for this year, but will be required to increase again next year. Salary in Earle is less than the surrounding districts. However, the district did utilize federal ESSER funds to provide a retention incentive and pandemic pay at the end of last year. This year the district has established a Retention and Learning Loss Plan that provides incentive pay for staff to participate in additional mentoring and tutoring opportunities, as well as priority on staff attendance.

Academics

With renewed focus on the district's mission, improving classroom instruction and securing instructional resources have been points of emphasis for the administrative team and OCSS support staff. During this quarter the OCSS team has assisted with ensuring mathematics resources aligned to State recommendations have been secured for educators and students. The literacy resources for the "bottom of the rope" (phonics and phonemic awareness) are being utilized, however the faculty has developed their own "top of the rope" curriculum that is currently being reviewed. Classroom walkthrough documents have been refined and are currently being used to gather data that will ultimately inform professional development decisions. Greater intensity on student engagement and instruction is a priority. The district does have an established contract with Solution Tree.

Family and Community Engagement

The Earle School District continues to benefit from strong community and parental involvement. The district's parent and community engagement liaison is a longtime member of the community and communicates with family members regularly. The superintendent meets regularly with the Community Advisory Board (CAB), city officials, and community organizations which include the newly formed Parent Teacher Organization. The superintendent has provided explanations of financial decisions and an overview of the district's budget to the CAB. The district hosted a Back to School event that was a huge success. The event provided school supplies, a vaccine clinic, food, and hair care with local barbers and stylists. The annual parental engagement survey continues to inform district

staff of parental needs. Engagement plans are revised as needed and only occasional support in this system has been requested and provided by the OCSS team.

Fiscal Governance and District Operations

The district has continued to address financial matters this quarter, the DESE Fiscal Support and Services unit provides the bulk of support. The district has been able to utilize ESSER funds to assist with HVAC, transportation needs, technology, and curriculum needs. The district must continue to right-size their staffing to match their operating budget. Central office staff have weekly meetings to discuss financial matters. In addition to the scheduled weekly meetings additional meetings are scheduled on an as needed basis. The district's fiscal team is now in their second year as a unit and is continuing to develop professionally. Two team members regularly attend Certified Arkansas School Business Official (CASBO) training which has been made available through the OCSS office. Progress is continuing to be made in addressing those areas which initially caused the classification of fiscal distress and a revised fiscal distress plan for FY22 has been developed to guide the continued work in this area.

In other operational matters the district has a system in place for revising policies. With the understanding that the district is nearing the fifth year of state takeover, the district is now reviewing and drafting proposed board policies in anticipation of a State Board decision as to the future of the district. DESE staff with the district are working to place the district in the best financial position that would allow the district to return to local control at some point. OCSS team members have assisted in the development of the policies and are continuing to do so with the support of DESE and Arkansas School Boards Associations (ASBA) legal staff.

Facilities and Transportation

During this quarter the district has focused on facility improvements designed to improve air quality in school buildings. The district has submitted a proposal to replace targeted HVAC systems to the DESE for consideration. The development of those plans included collaboration with the ADE Facilities division, the district's facilities consultant, and members of the DESE & OSCC staff. The current plan is to address needed improvements in phases with the first phase to begin sometime in late May and be substantially completed in late August of 2022.

Fiscal Distress Plan

Arkansas law sets forth a clear process for school districts to follow in order to remove themselves from fiscal distress classification. Pursuant to Ark. Code Ann. § 6-20-1908, a school district in fiscal distress may only petition the State Board of Education for removal from fiscal distress status after the Arkansas Department of Education certifies in writing that the school district has corrected all criteria for being classified as in fiscal distress and has

complied with all department recommendations and requirements for removal from fiscal distress status.

The Division of Elementary and Secondary Education will continue to work with the Earle School District to correct all criteria for being classified as in fiscal distress. Direct technical support from the ADE fiscal unit is provided weekly to assist the school district.

Objective 1: Reduce the percentage of foundation funds spent on salary expenses (salaries, benefits, cost for substitutes) to a maximum of 85%.

Action	Expected Completion Date
DESE will provide a staffing audit to determine the classes and number of sections needed to meet the Standards for Accreditation.	11/1/2021
In collaboration with DESE, the district will utilize the Master Schedule Matrix report from Cognos to identify the number of classes and/or course sections that the district is currently offering and compare to the staffing audit to identify areas in which the district is over staffed.	12/15/21
In collaboration with DESE, the district will create a reduction in force plan to implement in the spring of 2022.	2/1/22

Objective 2: Comply with required financial reporting.

Action	Expected Completion Date
The district will submit all cycle reports by the deadline and retain printed or electronic copies in the district office.	As Outlined in the SIS Cycle Reporting Manual
The district will submit monthly required financial reports/documents to the DESE Fiscal Services Office.	15 th of each Month
The district will submit all required reports/budgets by the deadline to the proper agencies.	As Required by Deadlines

Objective 3: Reduce the negative building fund balance by a minimum of 20% each year.

Action	Expected Completion Date
The district will transfer excess debt service funding to the building fund by the close of each fiscal year to reduce the negative balance by a minimum of 20%.	9/30/22
The district will maintain a net legal balance as required by law.	October 1 of each year

Objective 4: Repay the Division of Elementary and Secondary Education \$636,635.97 that was repaid on the district's behalf due to misusing federal funds.

Action	Expected Completion Date
The district will make monthly payments to DESE as outlined in the MOU and debt payment schedule.	30 th of Each Month

Objective 5: Implement best financial practices.

Action	Expected Completion Date
The district will budget all Foundation Funding in fund 2000.	September 30 th of each year
In collaboration with DESE, the district will create and implement a written plan for internal control processes.	March 2022
The district will conduct and document a physical inventory check annually.	September 15 th of each year
The superintendent will ensure that budget line items are checked prior to submitting debt requests to DESE to ensure funds are available.	Daily
The superintendent will open and document monthly review of bank statements.	Monthly
The superintendent will approve and maintain documentation of all journal entries by period.	Monthly

The superintendent will print and document a review of a district Board Report from eFinance weekly for all funds.

Every Monday