



DIVISION OF ELEMENTARY & SECONDARY EDUCATION

Legislative Update for Lee County School District

State Authority

May 31, 2020-August 31, 2020

Submitted by

Office of Coordinated Support & Service

August 31, 2020

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 the new process 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 major focus of this report will be around the Academic System and District Operations and Fiscal Governance System.

The Academic System consists of academic updates centered around the district support plan (DSP). The DSP is designed to describe the resources that will be allocated to the building 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.

The legislative report consists of information related to the DSP and subsequent reports will provide updates of the monitoring of the DSP and any other relevant academic information pertaining to the goals of the schools. In the event that the district is under state authority for fiscal reasons, the report will also contain all relevant financial information.

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BACKGROUND

On March 25, 2019, the State Board of Education found that the Lee County School District and Lee High School to be in probationary violation of the Rules Governing the Standards for Accreditation (Sections 1-C.2.1 and 1-C.2.2 respectively). The DESE recommended to the State Board that the Board place the District and Lee High School on probationary status for these violations. The District appealed the Department's determination; however, the State Board of Education did not approve the appeal. Under Ark. Code Ann. § 6-15-207(c), the superintendent and school board were removed and the district was placed under state authority.

Pursuant to Ark. Code Ann. § 6-20-1905, on May 9, 2019, the Arkansas Department of Education identified the Lee County School District as a school district in fiscal distress. The Arkansas Department of Education made this identification because the Lee County School District met the following fiscal distress indicator(s) as set forth in Ark. Code Ann. § 6-20-1904:

- A declining balance determined to jeopardize the fiscal integrity of the school district.
- Material state or federal audit exceptions or violations
 - General Ledger cash balance understated by \$69,770 (Repeat)
 - Bank reconciliation \$2,811 less than General Ledger balance (Repeat)
 - Significant corrections to the cash balance and bank reconciliation (Repeat)
 - District failed to make accurate and timely tax deposits (Repeat)
 - IRS penalties of \$54,558
 - Board approved and directed bonuses to be paid to 3 ABC staff who weren't eligible to receive the bonus (Repeat)
 - Multiple payroll discrepancies (Repeat)
 - Errors in Capital Outlay expenditures and Fixed Asset recording
 - The District paid \$1,000 to an employee for catering services without obtaining Board approval, as required by Ark. Code Ann. § 6-24-107
 - The District did not implement proper controls related to employee health insurance benefits, such as reconciling billing statement details received from the Employee Benefits Division (EBD) to District records, which resulted in the following discrepancies during the period January 2016 through December 2018:
 - Numerous variances were noted between the information contained in the EBD billing statements and the information recorded in eFinance for employee insurance premiums and

employer matching payments. The net effect of these errors resulted in \$11,236 underpayments to EBD.

- The District failed to enter termination dates for 17 employees into the eFinance computer system. As a result, EBD continued to bill the District for insurance benefits for these employees, and the District paid EBD a total of \$11,385 on behalf of these 17 employees.
- The District overpaid \$28,962 to EBD on behalf of 66 employees as a result of errors the District made in not properly withholding health insurance premiums from the salaries of these employees.
- The District withheld health insurance premiums totaling \$7,154, more than the amount owed according to the EBD billing statement, and did not remit these funds to EBD.

School Level Plans

[Anna Strong Learning Academy](#)

[Lee High School](#)

District Plan of Support

[Ready for Learning Plan](#)

[Lee County District Plan of Support](#)

ADE/DESE Support Plan

[Support Plan for Lee County School District](#)

[Quarter 1 Update to DESE Support Plan](#)

[Quarter 2 Update to DESE Support Plan](#)

[Quarter 3 Update to DESE Support Plan](#)

[Quarter 4 Update to DESE Support Plan-Current](#)

Updated ESSA School Index by School

The link [here](#) shows the updated ESSA School Index scores and each indicator for the 2017-2018 and 2018-2019 school year.

Act Aspire Preliminary Data

Data for schools identified is linked [here](#).

Fiscal Distress Plan

A copy of the latest plan can be found [here](#).