

STATE BOARD OF EDUCATION
Action Item
August 12, 2016

SUBJECT: Commissioner's Recommendation to Appoint a Financial Emergency Board for Jefferson County School District

PROPOSED BOARD ACTION

Approval of Appointments

AUTHORITY FOR STATE BOARD ACTION

Sections 1011.051 and 218.503, F.S.

EXECUTIVE SUMMARY

To assist school districts in avoiding a financial emergency, districts are required to notify the Commissioner of Education when certain indicators of financial distress exist. Thus, any time that the portion of a district's general fund's ending balance not classified as restricted, committed, or nonspendable is projected to fall below 2 percent, a district's superintendent is required to notify the Commissioner of Education. When the projection is below 2 percent, the Commissioner reviews action taken, or proposed, by a district to determine whether the district has a plan that is reasonably anticipated to avoid a financial emergency. Where the Commissioner determines that the district does not have such a plan and is in need of assistance, a financial emergency board is appointed to assist the district and to oversee the activities of the district.

The Florida Department of Education (FDOE) received the Jefferson County School District's monthly 2015-16 financial report to the school board, dated May 31, 2016, and it reflected a negative financial condition ratio, indicating that it projected a shortfall in its funds available for contingencies.

On July 1, 2016, the Department requested that the district provide a plan outlining its actions to avoid the emergency and on July 20, 2016, the State Board of Education directed the district to submit a fiscal recovery plan. Ultimately, two plans were received and carefully reviewed. Based on this review, the Commissioner has determined that the district does not have a plan that is reasonably anticipated to avoid a financial emergency.

A number of deficiencies in the plans have been identified, such as the following:

- While the district has proposed to cut staff positions in the amount of \$172,945, these cuts were all to instructional positions, and no reductions in district administrative positions were proposed.
- The district failed to fund costs of \$296,928 associated with improving its low-performing schools, which Jefferson officially presented to the State Board of Education on July 20, 2016.
- The district improperly included energy savings of \$68,972 from a new HVAC (projected to cost \$2,300,000) that has not yet been purchased or installed.

- The district included budgeted savings of \$22,577 related to fuel efficiencies based on buses not yet purchased and eliminated bus routes with no documentation.
- The district included \$28,540 of budgeted savings with no explanation or supporting documentation.
- The district failed to reconcile discrepancies regarding audit findings related to federal grants.

On August 10, the district was advised of the Commissioner's determination and that a State Board of Education meeting would be promptly held to appoint a financial emergency board.

Supporting Documentation Included: Resumes for Recommended Financial Emergency Board: John Newman, James Parry, and Philoron Wright; Notification Letter to Jefferson County School Board and Superintendent; and Sections 218.503 and 1011.051, F.S.

Facilitator/Presenter: Pam Stewart, Commissioner of Education