

STATE BOARD OF EDUCATION

Action Item

April 22, 2009

SUBJECT: Appointment of Financial Emergency Board to Provide Support and Financial Oversight to the District School Board of Jefferson County

PROPOSED BOARD ACTION

Approval of Appointments

AUTHORITY FOR STATE BOARD ACTION

Section 218.503, Florida Statutes

EXECUTIVE SUMMARY

Commissioner Smith recommends that the State Board of Education appoint Mr. William Johnson, Mr. James Messer, and Mr. James Parry as members to a financial emergency board to provide support and financial oversight to the District School Board of Jefferson County pursuant to Section 218.503, Florida Statutes.

The June 30, 2008 Audited Financial Statements for Jefferson County District Schools were received by FLDOE January 21, 2009, reflecting an Unreserved Fund Balance of \$28,201.81, or 0.28% of General Fund Revenues. A Financial Condition Ratio below 3% is considered to be a sign of an unhealthy financial condition.

General Fund - Fund Balance History:

Fiscal Year Ended June 30	Total Fund Balance	Unreserved Fund Balance	Percent of General Fund Revenues
2004	\$ 804,890.39	\$ 397,476.83	4.06%
2005	\$ 1,563,249.81	\$ 1,105,452.12	11.19%
2006	\$ 1,429,021.91	\$ 1,157,397.67	11.81%
2007	\$ 883,287.34	\$ 715,825.75	6.99%
2008	\$ 175,547.62	\$ 28,201.81	0.28%

Deputy Commissioner Linda Champion and Chancellor Frances Haithcock met with the Jefferson County Superintendent, Will Brumfeld, and district senior management on January 23, 2009 to discuss the district's plan for financial recovery.

A team from the Florida Association of District School Superintendents (FADSS) (Mr. James Messer and Dr. Luther Rogers), and the Department of Education met with Superintendent William Brumfield, Board Chair Edward Vollertsen, Chief Financial Officer Marcia Willis, and Director Dr. Kelvin Norton, to develop a fiscal recovery plan for the District.

The Fiscal Recovery Plan dated March 9, 2009, included the following strategies to return the District to a zero or positive fund balance by June 30, 2010.

<u>Fiscal Recovery Strategies</u>	
1) Staffing Reductions and decrease of hours for non-instructional positions	\$877,117.68
2) 5% Across the Board Pay Cut	\$307,384.17
3) Merger of Maintenance and Transportation Facilities	\$6,900.00
4) Reorganization of Opportunity School-Utilities Savings	\$8,100.00
5) Capping District Health Supplement at \$250/month for FY 0809	\$41,400.00
6) Utility savings by conservation	\$18,000.00
7) Savings on Insurance (PAEC 1-Year Subsidy)	\$100,000.00
8) Sale of Land	\$172,000.00
9) Sale of Vehicles and Equipment	\$5,000.00
10) Transfer from Capital Outlay for Maintenance	\$276,000.00
11) Maintenance Savings on decreased bus routes	\$35,000.00
12) Fuel Savings on Changes in bus routes	\$75,000.00
TOTAL FISCAL IMPACT	\$1,921,901.85
Projected 2008-09 Fund Balance After Implementation of Fiscal Recovery Plan	\$6,916.85
Revised Projected Financial Condition Ratio	0.09%

Jefferson County's Total Unreserved Fund Deficit projected at June 30, 2009 based on information available February 28, 2009 and reported to the Department on March 15, 2009, is \$747,357, or 7.99% of the District's General Fund Revenues.

On April 14, Commissioner Smith received formal notification as required by Section 218,503, F.S., that the Jefferson County School District had declared a financial emergency.

District Staffing Analysis (detailed table comparing Jefferson to similarly sized districts is attached):

- Jefferson has had a 20% decrease in student membership from 2004-05 to present.
- Jefferson has had an 18% decrease in total full-time staff from 2004-05 to present.
- Jefferson has a higher current ratio of administrators to full-time staff than three districts of similar size / FTE.
- Jefferson has a lower current ratio of students to full-time staff than three districts of similar size / FTE.

Supporting Documentation Included: District Staffing Analysis, Section 218.508, Florida Statutes, Jefferson County Memorandum, Jefferson County Audit Report No. 2009-094, and Resumes for Bill Johnson, James Messer, and James Parry.

Facilitator: Dr. Eric J. Smith, Commissioner of Education