

Committee on Education

CS/CS/CS/HB 1279 — School District Accountability

by Education Committee; PreK-12 Appropriations Subcommittee; PreK-12 Quality Subcommittee; Rep. Sullivan and others (CS/CS/SB 1804 Appropriations Committee; Education Committee; and Senator Stargel)

The bill (Chapter 2018-5, L.O.F.) increases fiscal accountability and expands fiscal transparency requirements for district school boards. Specifically, the bill:

- Increases fiscal accountability requirements in the following ways:
 - Adds to the Auditor General's (AG's) duties, the requirement to contact each district school board with findings and recommendations contained within the AG's previous operational audit report; and specifies compliance requirements for the district school boards.
 - Requires the Department of Education's (DOE's or department's) Inspector General to investigate allegations and reports of possible fraud or abuse against a district school board made by any member of the Cabinet; the presiding officer of either house of the legislature; a chair of a substantive or appropriations committee; or a member of the board for which the investigation is sought.
 - Requires school districts receiving annual federal, state, and local funds in excess of \$500 million to employ an internal auditor and specifies that the scope of the internal auditor must not be restricted and must include every functional and program area of the school system.
- Expands fiscal transparency in the following ways:
 - Requires district school boards to provide a full explanation of any budget amendments at the boards' next scheduled public meeting.
 - Modifies the information that each district school board must post on its website to add graphical representations, for each public school within the district and for the school district, of summary financial efficiency data and 3-year fiscal trend information.
 - Specifies additional information that each school district must report to the DOE including the total operating costs and expenditures for classroom instruction.
 - Requires the DOE to calculate specified expenditure information for each public school, school district, and the state; and develop a web-based fiscal transparency tool that identifies public schools and districts that produce high academic achievement based on the ratio of classroom instruction expenditures to total expenditures.
 - Requires the DOE to contract with an independent third party to conduct an investigation of all accounts and records to determine the cause of the deficit; what efforts, if any, were made to avoid the deficit; and whether any of the specified financial emergency conditions have occurred. The bill specifies the documents and records that must be reviewed and specifies related reporting requirement.
 - Requires the withholding of each district school board member's and district school superintendent's salary, with some exceptions, if any of the conditions of a financial emergency exist, until such conditions are corrected.

- Authorizes an individual school board member to request any proposed, tentative, and official budget documents, including all supporting background information; and requires such documents to be provided to the school board member.
- Requires prior approval by the district school board for reimbursement of out-of-district travel expenses that exceed \$500, and requires any request for travel outside of the state to include an itemized list detailing all anticipated travel expenses and to provide the public an opportunity to speak on the specific travel agenda item.
- Adds district school boards to the entities whom the Commission of Ethics (commission) may contact regarding a fine owed to the commission for a failure to timely file disclosure of financial interests.
- Requires district school boards to withhold a specified amount of funding from employee salaries for fines for a failure to timely file disclosure of financial interests and authorizes district school boards to retain a portion of such withheld funds to cover administrative costs.
- Requires a district school superintendent to reduce the district's administration expenditures in proportion to the reduction in the general fund's ending balance or the reduction in student enrollment, whichever is greater if, for 2 consecutive fiscal years, the portion of the fund's ending balance is projected to fall below 3 percent of the projected general fund revenues.

Additionally, the bill:

- Extends the standards of ethical conduct for instructional personnel and school administrators to also apply to administrative personnel and school officers.
- Aligns school board member salaries with the beginning salary for teachers who hold baccalaureate degrees or the amount calculated pursuant to law, whichever is less.
- Applies a lobbying restriction for 2 years after vacating office to appointed district school superintendents.
- Prohibits a district school superintendent from appointing or employing a relative to work under his or her direct supervision.

The bill also appropriates \$100,000 in nonrecurring funds from the General Revenue Fund to the DOE to implement the provisions related to the department contracting with an independent third party to conduct an investigation of all accounts and records in the event of specified financial emergency conditions.

These provisions were approved by the Governor and take effect July 1, 2019, except that the provisions which require the DOE to contract with an independent third party to conduct an investigation in the event of specified financial emergency conditions take effect July 1, 2018.

Vote: Senate 31-6; House 96-16