

1 A bill to be entitled
2 An act relating to school district best
3 financial management practices reviews;
4 amending s. 11.51, F.S.; requiring the Office
5 of Program Policy Analysis and Government
6 Accountability to conduct or contract for best
7 financial management practices reviews of
8 school districts; correcting a cross reference;
9 amending s. 11.515, F.S.; revising references
10 to "performance reviews" to "best financial
11 management practices reviews"; clarifying and
12 conforming the authorization for contracting
13 for reviews; revising the scope of such
14 reviews; amending s.230.22, F.S.; authorizing
15 school boards to adopt specified rules pursuant
16 to the Administrative Procedures Act; amending
17 s. 230.23025, F.S.; providing the purpose of a
18 best financial management practices review;
19 authorizing OPPAGA to develop best practices
20 for review and adoption by the Commissioner of
21 Education; revising areas addressed by the
22 review; establishing a timeframe for school
23 district review; requiring districts to be
24 reviewed to be specified in the General
25 Appropriations Act; providing funding
26 requirements; revising reporting requirements;
27 revising provisions relating to the "Seal of
28 Best Financial Management"; amending s.
29 230.23026, F.S.; conforming terminology;
30 creating s. 230.23027, F.S.; establishing the
31 Small School District Stabilization Program;

1 providing for a best financial management
2 practices review of certain small districts;
3 amending s. 235.2197, F.S.; correcting cross
4 references; repealing s. 230.2302, F.S.,
5 relating to performance reviews; providing an
6 effective date.

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8 Be It Enacted by the Legislature of the State of Florida:

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10 Section 1. Subsection (1) of section 11.51, Florida
11 Statutes, is amended to read:

12 11.51 Office of Program Policy Analysis and Government
13 Accountability.--

14 (1) There is hereby created the Office of Program
15 Policy Analysis and Government Accountability as a unit of the
16 Office of the Auditor General appointed pursuant to s. 11.42.
17 Such office shall perform program evaluation and justification
18 reviews as required by s. 11.513 and performance audits as
19 defined in s. 11.45 and shall conduct or contract for best
20 financial management practices ~~performance~~ reviews of school
21 districts pursuant to ss. 11.515 and 230.23025 ~~230.2302~~.

22 Section 2. Section 11.515, Florida Statutes, is
23 amended to read:

24 11.515 School district best financial management
25 practices ~~performance~~ review.--

26 (1) Any best financial management practices
27 ~~performance~~ review of a school district pursuant to this
28 section shall be conducted ~~by a private firm selected~~ by the
29 Office of Program Policy Analysis and Government
30 Accountability. The director of the Office of Program Policy
31 Analysis and Government Accountability may, at his or her

1 discretion, contract with a private consultant selected
2 through a formal request for proposal process to perform part
3 or all of the review of any district.

4 (2) In developing the scope of the review, the Office
5 of Program Policy Analysis and Government Accountability shall
6 seek input from the school district subject to a review. The
7 scope of the review shall include, but not be limited to:

8 (a) ~~School district organization and~~ Management
9 structures.

10 (b) Educational service delivery.

11 (c) Community involvement.

12 (d) Facilities ~~use and management.~~

13 (e) Personnel systems and benefits management.

14 ~~(f) Asset and risk management.~~

15 ~~(g) Financial management.~~

16 ~~(h) Purchasing.~~

17 ~~(f)(i)~~ Student transportation.

18 ~~(g)(j)~~ Food service operations.

19 ~~(h)(k)~~ Safety and security.

20 (i) Performance accountability.

21 (j) Use of lottery proceeds.

22 (k) Cost control systems.

23 (l) Instructional and administrative technology.

24 Subsection (2) of section 230.22, Florida Statutes,
25 1998 Supplement, is amended to read: 230.22 General powers of
26 school board.--The school board, after considering
27 recommendations submitted by the superintendent, shall
28 exercise the following general powers:

29 (1) Determine policies and programs deemed necessary
30 by it for the efficient operation and general improvement of
31 the district school system.

1 (2) Adopt rules pursuant to ~~ss. 120.536(1) and~~ 120.54
2 to implement the provisions of law conferring duties upon it
3 to supplement those prescribed by the state board and the
4 commissioner. School boards may adopt rules for governance and
5 operations, general school administration, fiscal management,
6 support services, facilities management, personnel,
7 instructional programs, student management, parent relations,
8 school-community relations, court orders, and federal
9 mandates.

10 Section 3. Section 230.23025, Florida Statutes, 1998
11 Supplement, as amended by chapters 97-384 and 98-225, Laws of
12 Florida, is amended to read:

13 230.23025 Best financial management practices;
14 standards; reviews; designation of districts.--

15 (1) The purpose of a best financial management
16 practices review is to improve a school district's management
17 and use of resources, and to identify cost savings.The Office
18 of Program Policy Analysis and Government Accountability
19 (OPPAGA) and the Office of the Auditor General are directed to
20 develop a system for reviewing the ~~financial~~ management
21 practices of school districts. In this system, OPPAGA and the
22 Auditor General shall jointly examine district operations to
23 determine whether they meet "best financial management
24 practices." The best financial management practices adopted by
25 the Commissioner of Education may be updated periodically
26 after consultation with the Legislature, the Governor, the
27 SMART Schools Clearinghouse, OPPAGA, and the Auditor General.
28 In areas for which the commissioner has not adopted best
29 practices, OPPAGA may develop additional best practices, with
30 input from a broad range of stakeholders. OPPAGA shall present
31 any additional best practices or updates to existing best

1 practices to the commissioner for review and adoption. The
2 best financial management practices adopted by the
3 commissioner must be used in a school district review
4 conducted according to this section.The best financial
5 management practices, at a minimum, must instill public
6 confidence by addressing the following areas:

7 (a) Efficient use of resources, use of lottery
8 proceeds, student transportation and food service operations,
9 management structures, and personnel systems and benefits,
10 educational service delivery, community involvement, safety
11 and security, facilities, and administrative and instructional
12 technology;

13 (b) Compliance with generally accepted accounting
14 principles and state and federal laws relating to financial
15 management;

16 (c) Performance accountability systems, including
17 performance measurement reports to the public, internal
18 auditing, financial auditing, and information made available
19 to support decisionmaking;

20 (d) Cost control systems, including asset, risk, and
21 financial management, purchasing, and information system
22 controls.

23 (2) It is the intent of the Legislature that each
24 school district shall be subject to a best financial
25 management practices review. OPPAGA shall develop a schedule
26 to review all school districts on a 10-year cycle unless
27 otherwise recommended by the director of OPPAGA and approved
28 by the Legislature in the General Appropriations Act. No later
29 than December 31 of each year, OPPAGA shall recommend to the
30 President of the Senate and the Speaker of the House of
31 Representatives those districts proposed to undergo review and

1 a maximum number of school districts to be reviewed during the
 2 next fiscal year. ~~School districts may, by a unanimous vote of~~
 3 ~~the membership of the school board, apply to OPPAGA for a~~
 4 ~~complete best financial management practice review or a review~~
 5 ~~of components of the best financial management practices,~~
 6 ~~including management, personnel, transportation, and food and~~
 7 ~~nutrition services. OPPAGA shall prioritize districts for~~
 8 ~~review based on their growth rates and demonstrated need for~~
 9 ~~review. The director of OPPAGA may, at his or her discretion,~~
 10 ~~contract with private consultants to perform part or all of~~
 11 ~~the review of any district.~~

12 (3) The Legislature shall annually designate in the
 13 General Appropriations Act those school districts that will
 14 receive a best financial management practices review. The
 15 Legislature may specifically designate that certain districts
 16 receive fully funded reviews and that certain districts may
 17 receive matching funds equal to 50 percent of the total cost
 18 of the review as estimated by OPPAGA. ~~Districts applying for a~~
 19 ~~complete review shall contribute 50 percent of the total cost~~
 20 ~~of the review costs, unless funding for the entire cost of the~~
 21 ~~review is specifically provided by the Legislature. Districts~~
 22 ~~applying for a review of a component shall contribute 75~~
 23 ~~percent of the review cost.~~ ~~All moneys contributed by any~~
 24 ~~school district under this section toward the cost of a~~
 25 ~~complete or component best financial management practices~~
 26 ~~review of the district shall be deposited into the Florida~~
 27 ~~School District Review Trust Fund administered by OPPAGA.~~

28 (4) ~~(3)~~ District reviews conducted under this section
 29 must be completed within 6 months after commencement. OPPAGA
 30 shall issue a report to the district regarding its financial
 31

1 management practices and cost savings recommendations within
 2 60 days after completing the reviews.

3 (5) If the district is found not to conform to best
 4 financial management practices, the report must contain an
 5 action ~~a plan of action~~ detailing how the district could meet
 6 the best practices within 2 years and be eligible for a "Seal
 7 of Best Financial Management." The school board must vote,
 8 within 90 days of receipt of the final report, to implement or
 9 not to implement the action plan. In order to be eligible to
 10 receive the seal, the school board must vote by a majority
 11 plus one to implement the action plan.

12 ~~(4)~~ No later than 1 year after receipt of the report,
 13 district school boards that agree by a majority plus one vote
 14 to institute the action plan must ~~shall~~ submit an initial
 15 ~~annual~~ report to the Legislature, the Governor, the SMART
 16 Schools Clearinghouse, OPPAGA, the Auditor General, and the
 17 Commissioner of Education on progress made towards
 18 implementing the plan and whether changes have occurred in
 19 other areas of operation which would affect compliance with
 20 the best practices. Thereafter, the report will be submitted
 21 annually. Such districts shall be reviewed annually by
 22 OPPAGA, in addition to the annual financial audit required
 23 under s. 11.45, to determine whether they have attained
 24 compliance with the best financial management practices in the
 25 areas covered by the plan.

26 (6) Districts ~~that are~~ found to comply with the best
 27 financial management practices shall receive a "Seal of Best
 28 Financial Management" from ~~by~~ the State Board of Education
 29 certifying that the district is adhering to the state's best
 30 financial management practices. This designation shall be
 31 effective for a 5-year period, beginning upon the

1 certification date, after which the district school board may
 2 reapply for the designation to be granted after another best
 3 financial management practice review. During the designation
 4 period, the district school board shall annually notify, not
 5 later than the anniversary date of the certification, the
 6 SMART Schools Clearinghouse, OPPAGA, the Auditor General, and
 7 the State Board of Education of any changes in policies or
 8 operations or any other situations that would not conform to
 9 the state's best financial management practices. The State
 10 Board of Education may revoke the designation of a district at
 11 any time if it determines that a district is no longer
 12 complying with the state's best financial management
 13 practices.

14 (7)~~(5)~~ Any audit or performance review of one or more
 15 of the designated components conducted or supervised by OPPAGA
 16 or the Department of Management Services, and completed within
 17 2 years before the district is scheduled in the General
 18 Appropriations Act ~~date of application to OPPAGA~~ for a best
 19 financial management practices review, may, at the OPPAGA
 20 director's discretion, serve as all or part of ~~the audit or~~
 21 ~~review required as~~ the examination of district operations
 22 necessary for a determination of whether a district meets the
 23 "best financial management practices" designation. ~~The cost~~
 24 ~~contribution requirements of subsection (2) do not apply to~~
 25 ~~any such audit or performance review.~~

26 Section 4. Subsection (2) of section 230.23026,
 27 Florida Statutes, 1998 Supplement, is amended to read:
 28 230.23026 Florida School District Review Trust Fund.--
 29 (2) OPPAGA shall use the funds deposited in the trust
 30 fund to pay costs of conducting best financial management
 31 practices reviews, ~~or reviews of components of the best~~

1 ~~practices~~, in school districts under s. 230.23025. Funds may
2 be expended to pay the expenses of reviews conducted by
3 OPPAGA, by the Auditor General, or by private consultants at
4 the discretion of the director of OPPAGA. The expenses may
5 include professional services, travel expenses of OPPAGA and
6 the Auditor General, and any other necessary expenses incurred
7 as part of a ~~complete or component~~ best financial management
8 practices review. OPPAGA may refund to a school district any
9 portion of funds contributed by the school district that
10 OPPAGA determines are not needed to conduct the ~~complete or~~
11 ~~component~~ best financial management practices review ~~requested~~
12 ~~by the district~~.

13 Section 5. Section 230.23027, Florida Statutes, is
14 created to read:

15 230.23027 Small School District Stabilization
16 Program.--

17 (1) There is created the Small School District
18 Stabilization Program to assist school districts in rural
19 communities that document economic conditions or other
20 significant community influences that negatively impact the
21 school district. The purpose of the program is to provide
22 technical assistance and financial support to maintain the
23 stability of the educational program in the school district. A
24 rural community means a county with a population of 75,000 or
25 less; or a county with a population of 100,000 or less that is
26 contiguous to a county with a population of 75,000 or less.

27 (2) In order to participate in this program, a school
28 district must be located in a rural area of critical economic
29 concern designated by the Executive Office of the Governor,
30 and the school board must submit a resolution to the Office of
31 Tourism, Trade, and Economic Development requesting

1 participation in the program. A rural area of critical
 2 economic concern must be a rural community, or a region
 3 composed of such, that has been adversely affected by an
 4 extraordinary economic event or a natural disaster or that
 5 presents a unique economic development concern or opportunity
 6 of regional impact. The resolution must be accompanied with
 7 documentation of the economic conditions in the community,
 8 provide information indicating the negative impact of these
 9 conditions on the school district's financial stability, and
 10 the school district must participate in a best financial
 11 management practices review to determine potential
 12 efficiencies that could be implemented to reduce program costs
 13 in the district.

14 (3) The Office of Tourism, Trade, and Economic
 15 Development, in consultation with the Department of Education,
 16 shall review the resolution and other information required by
 17 subsection (2) and determine whether the school district is
 18 eligible to participate in the program. Factors influencing
 19 the office's determination may include, but are not limited
 20 to, reductions in the county tax roll resulting from business
 21 closures or other causes, or a reduction in student enrollment
 22 due to business closures or impacts in the local economy.

23 (4) Effective July 1, 2000, and thereafter, when the
 24 Office of Tourism, Trade, and Economic Development authorizes
 25 a school district to participate in the program, the
 26 Legislature may give priority to that district for a best
 27 financial management practices review in the school district,
 28 as authorized in s. 11.515, to the extent that funding is
 29 provided annually for such purpose in the General
 30 Appropriations Act. The scope of the review shall be as set
 31 forth in s. 11.515.

1 (5) Effective July 1, 2000, and thereafter, the
2 Department of Education may award the school district a
3 stabilization grant intended to protect the district from
4 continued financial reductions. The amount of the grant will
5 be determined by the Department of Education and may be
6 equivalent to the amount of the decline in revenues projected
7 for the next fiscal year. In addition, the Office of Tourism,
8 Trade, and Economic Development may implement a rural economic
9 development initiative to identify the economic factors that
10 are negatively impacting the community and may consult with
11 Enterprise Florida, Inc., in developing a plan to assist the
12 county with its economic transition. The grant will be
13 available to the school district for a period of up to 5 years
14 to the extent that funding is provided for such purpose in the
15 General Appropriations Act.

16 (6) Based on the availability of funds the Office of
17 Tourism, Trade, and Economic Development or the Department of
18 Education may enter into contracts or issue grants necessary
19 to implement the program.

20 Section 6. Paragraphs (a) and (c) of subsection (2) of
21 section 235.2197, Florida Statutes, 1998 Supplement, are
22 amended to read:

23 235.2197 Florida Frugal Schools Program.--

24 (2) The "Florida Frugal Schools Program" is created to
25 recognize publicly each district school board that agrees to
26 build frugal yet functional educational facilities and that
27 implements "best financial management practices" when
28 planning, constructing, and operating educational facilities.
29 The State Board of Education shall recognize a district school
30 board as having a Florida Frugal Schools Program if the

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1 district requests recognition and satisfies two or more of the
2 following criteria:

3 (a) The district receives a "Seal of Best Financial
4 Management" as provided in s. 230.23025 ~~s. 230.2302~~ or
5 implements best financial management practices in the area of
6 educational facilities as evidenced by a ~~partial~~ review under
7 s. 230.23025 ~~s. 230.2302~~.

8 (c) The district school board submits a plan to the
9 Commissioner of Education certifying how the revenues
10 generated by the levy of the capital outlay sales surtax
11 authorized by s. 212.055(7) will be spent. The plan must
12 include at least the following assurances about the use of the
13 proceeds of the surtax and any accrued interest:

14 1. The district school board will use the surtax and
15 accrued interest only for the fixed capital outlay purposes
16 identified by s. 212.055(7)(d) which will reduce school
17 overcrowding that has been validated by the Department of
18 Education, or for the repayment of bonded indebtedness related
19 to such capital outlay purposes.

20 2. The district school board will not spend the surtax
21 or accrued interest to pay for operational expenses or for the
22 construction, renovation, or remodeling of any administrative
23 building or any other ancillary facility that is not directly
24 related to the instruction, feeding, or transportation of
25 students enrolled in the public schools.

26 3. The district school board's use of the surtax and
27 accrued interest will be consistent with the best financial
28 management practices identified and approved under s.
29 230.23025 ~~s. 230.2302~~.

30 4. The district school board will apply the
31 educational facilities contracting and construction techniques

1 authorized by s. 235.211 or other construction management
2 techniques to reduce the cost of educational facilities.

3 5. The district school board will discontinue the
4 surtax levy when the district has provided the
5 survey-recommended educational facilities that were determined
6 to be necessary to relieve school overcrowding; when the
7 district has satisfied any bonded indebtedness incurred for
8 such educational facilities; or when the district's other
9 sources of capital outlay funds are sufficient to provide such
10 educational facilities, whichever occurs first.

11 6. The district school board will use any excess
12 surtax collections or accrued interest to reduce the
13 discretionary outlay millage levied under s. 236.25(2).

14 Section 7. Section 230.2302, Florida Statutes, is
15 repealed.

16 Section 8. This act shall take effect July 1, 1999.
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