



AB 1200 School District Oversight

Presented by:

Carlene Naylor, Associate Superintendent

Alameda County Office of Education

What is Fiscal Oversight?

The State's fiscal oversight system for School Districts and COE's is often referred to as AB 1200 – the initial legislation that set the system in place. Since then, there have been more than 25 bills that have added to or modified the original provisions.

- AB 1200 is an early warning system.
- Relies on multi-year projections (current and subsequent two years).
- Includes a State Board of Education – adopted set of criteria for measuring fiscal solvency.
- Involves a system of reporting timelines throughout the year.
- Increases the responsibility of local School Districts.

What is Fiscal Oversight?

- Increases the authority and responsibilities of COE's.
- Includes a series of authorized interventions by the County Superintendent and if necessary, the CDE, to avoid Legislative intervention (a loan).
- Increases the responsibility of the CDE.
- Creates the Fiscal Crisis and Management Assistance Team (FCMAT) to provide fiscal crisis intervention and management assistance.

General Responsibilities

CATEGORY	DISTRICT	COUNTY SUPERINTENDENT
Adopted Budgets	Adopt	Review/Approve
Annual Financial Reports	Approve	Review
Interim Reports	Certify	Review/Certify
Collective Bargaining Agreements	Certify	Review
Independent Audits	Review	Review/Request Action Plan
District Expenditures	Approve	Review/Approve
AB 139 (Fraud/Misappropriation)	N/A	Review/Investigate
Charter Oversight	Review	Review

School District Responsibilities

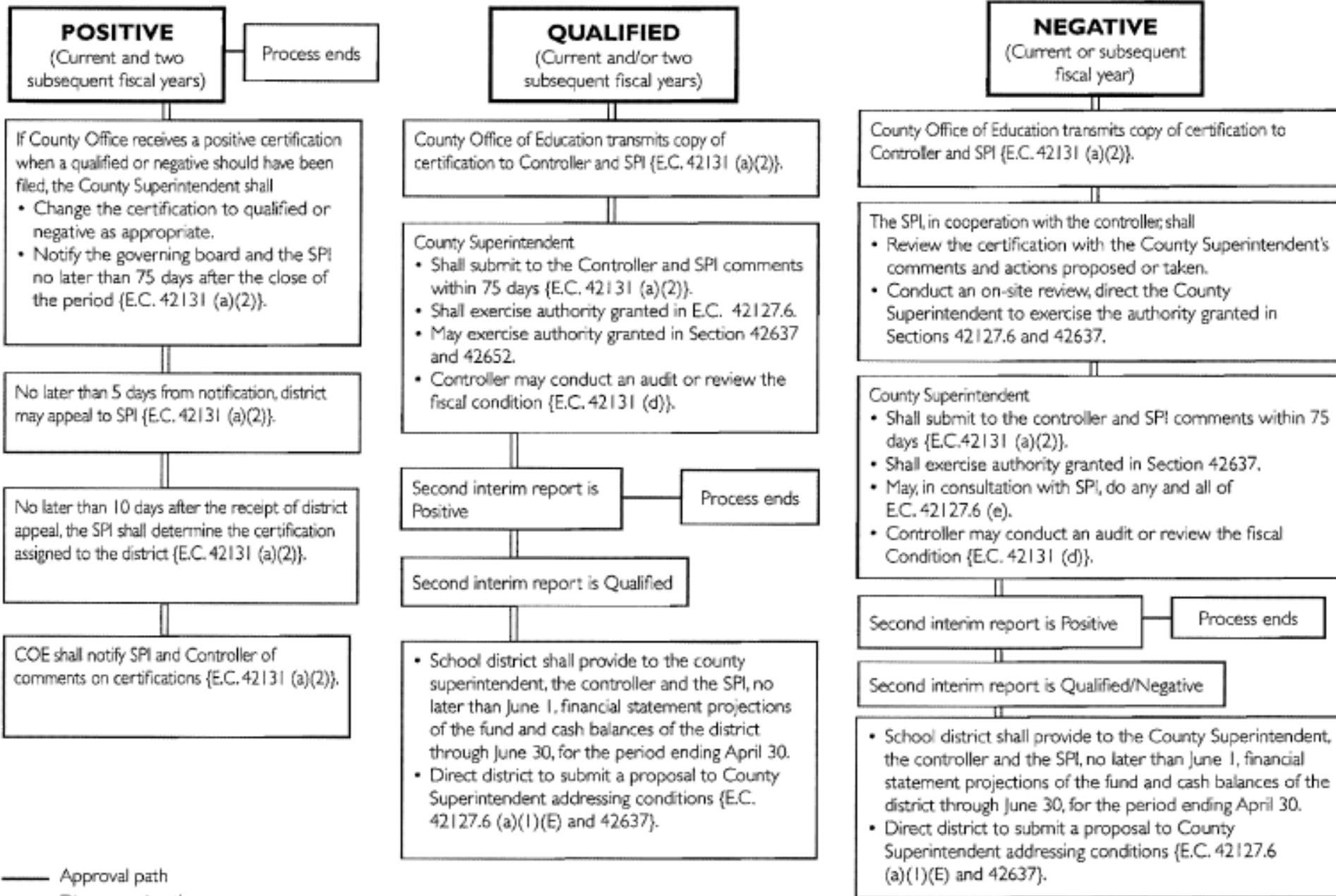
- The first line of responsibility for the school district's fiscal solvency resides locally with the elected board and administration.
- Fiscal reports for prescribed time periods have been designated as the benchmarks for the financial oversight review.

Definition of Terms Certification (E.C. 42131 (a) (1))

- A *positive certification* shall be assigned to any school district that, based upon current projections, will meet its financial obligations for the current fiscal year and subsequent two fiscal years.
- A *qualified certification* shall be assigned to any school district that, based upon current projections, may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.
- A *negative certification* shall be assigned to any school district that, based upon current projections, will be unable to meet its financial obligations for the remainder of the fiscal year or the subsequent fiscal year.

INTERIM REPORTS

Education Code Section 42131



County Office of Education

Review of Interim Financial Reports

- E.C. 42130 Requires two Interim Financial Reports for the periods ending Oct. 31 and Jan. 31.
- School District Board approval dates are 45 days after period ends (December 15 and March 15).
- School district certifies that it can meet its financial obligations for the current and two subsequent fiscal years.
 - Positive, Qualified or Negative certification
- County Superintendent must review each report and must approve or revise the certification if necessary.

County Office of Education

Review of Interim Financial Reports

- Invoke E.C. 42127.6 (Going Concern) if Qualified or Negative certification.
- If County Superintendent changes certification, school district may appeal to CDE (short timelines).
- Shall exercise authority granted in E.C. 42127.6.
- May exercise authority granted in Section 42637 and 42652.

At Any Time....

Applicable for Going Concern/Qualified or Negative Interims Ed Code 42127.6 Interventions

- If at any time during the fiscal year the County Superintendent determines that a school district may not meet its financial obligations for the current or subsequent two years, the County Superintendent shall do at least one of the following and all as necessary.
 - Assign a fiscal expert to advise the school district.
 - Conduct a study of the financial condition of the school district which shall include a review of internal controls.
 - Direct the school district to submit financial projections.
 - Require the school district to follow different accounting procedures.
 - Direct the school district to submit a plan to address the issues.
 - Withhold compensation from the Governing Board and District Superintendent if there is failure to provide requested information.
 - Assign FCMAT to review teacher hiring practices, teacher retention rates, percentage of HQT's and extent of teacher misassignments, and provide recommendations.
 - School district shall follow recommendations unless they can show good cause why they should not.

Ed. Code 42127.6 Interventions continued...

- If after taking the prior action(s) the County Superintendent determines the school district cannot meet its obligations, and the school district was unsuccessful in, or did not file an appeal, then the County Superintendent shall take at least one of and all necessary actions as follows:
 - In consulting with the SPI and School District Board, develop and impose a budget.
 - Stay or rescind any action inconsistent with the school district's ability to meet its financial obligations.
 - Assist in developing a financial plan.
 - Assist in developing a budget for the subsequent fiscal year.
 - Appoint a fiscal advisor to perform any/all duties.
 - School district pays 75% and COE pays 25% of the costs of experts/advisors.

Last Stop

State Trustee

- School district requests emergency apportionment (E.C. 41320.1)
 - School district develops recovery plan and repayment schedule
 - Trustee is appointed by the CDE until loan is repaid.

State Administrator

- School district becomes insolvent and requires an emergency apportionment (E.C. 41325). Required Loan is 200% of the required reserve or greater.
 - SPI assumes control of the School District and appoints a State Administrator
- School District Board becomes advisory only.
- School District Board cannot receive any stipends, benefits or compensation.
- School District Superintendent is terminated with a maximum of zero to six month severance (determined by State Administrator)
- Any other school district administrator may be terminated by the State Administrator if they failed to call attention to the financial problem.

County Superintendent oversight continues in either case

In the event a State Administrator is appointed, SPI reviews County Superintendent oversight procedures and reports to various individuals and agencies, including to the Legislature.

Question and Answer Period