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April 22, 2021

Lynn Gray
School Board Chair
Hillsborough County School District
901 East Kennedy Boulevard
Tampa, Florida 33602

Dear Chair Gray:

I am writing because, as you know, Hillsborough County Public Schools' deteriorating financial condition has reached a point of crisis. The District's lack of attention to this issue since 2015 has already created a disruption with your workforce, and your lack of comprehensive and timely action at present threatens the basic delivery of educational services to Hillsborough's students.

I believe that it is the collective desire of the District school board and Superintendent Davis to do everything possible within the constructs of the law to prevent the District from entering into what amounts to a financial receivership. However, I have grave concerns regarding sometimes chaotic local discussions and actions that, left to their own devices, could expedite this outcome. To avoid that end, the Florida Department of Education (FDOE) wishes to collaboratively work with the district school board and Superintendent Davis to address the financial emergency.

The law requires that school districts maintain a positive fund balance of at least 2% for those funds that are not restricted, committed or nonspendable to avoid the potential of having a financial emergency declared by my office (Section 1011.051(2), Florida Statutes [F.S.]). The District's fund balance does not meet this requirement and, in fact, as of December 2020, the District's finance staff alerted us that the assigned and unassigned balance was projected to be negative \$107 million as of June 30, 2021.

As far back as 2015, the District's main reserve account dropped by \$200 million. By Hillsborough County Public Schools' own very public admissions, a leading driver of the District's financial concerns is Hillsborough's long-standing overstaffing by a few thousand employees. This is evident when comparing Hillsborough to other Florida school districts. Clearly, this overspending is not sustainable.

Since December, my office has been working with the District, but we still do not have your formal financial recovery plan. While the District's financial problems stem from prior administrations, the law requires the School Board of Hillsborough County and the Superintendent to come forward with a solution. Righting the finances of the District is necessary for the educational mission of the District to continue.

This difficult task rests on the shoulders of you and your colleagues on the school board. Notably, the law provides that when a district experiences a financial crisis, the school board must develop and implement a financial recovery plan. The law further provides that a failure to resolve a state of financial emergency “constitutes malfeasance, misfeasance, and neglect of duty,” by a school board member, pursuant to s. 218.503(6), F.S.

In view of your current financial crisis, the school board and Superintendent Davis must submit a financial recovery plan to FDOE showing how expenses have been and will continue to be reduced and that reasonably demonstrates that the District has a plan to resolve its financial emergency for this fiscal year and the next. **Your plan must include sufficient detail to support the District’s proposed actions and be submitted to me within 20 days of the date of this letter.**

As you are aware, Article VII, Section 1(c), Florida Constitution, solely provides that “No money shall be drawn from the treasury except in pursuance of appropriation made by law.” The Florida Legislature has always held the “power of the purse.” With the 2021 Legislative Session currently in progress, and the budget being finalized, FDOE is waiting for the Legislature to provide the budget authority to disburse all funds, including the Elementary and Secondary School Emergency Relief (ESSER) II funds. Note, however, these funds will likely become available in the 2021-2022 fiscal year, pursuant to the General Appropriations Act, which could be too late to prevent the immediate crisis you are facing.

That being said, if there is a thought to solving this recurring financial issue by using one-time stabilization funds, I strongly encourage you to remember that fixing a long-term problem by using a short-term resolution will not get the District on solid ground.

I highly urge all of Hillsborough’s school board members to take the time to read and become well versed in Florida law relating to financial emergencies and the Florida Constitution. Should you fail to meet the responsibilities outlined in law, I will act swiftly and decisively to utilize the totality of the powers available under the law to ensure that the education of Hillsborough County’s students goes uninterrupted.

In a school district financial emergency, Florida Statutes include, but are not limited to, requirements to:

- **Conduct a forensic audit and 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 penalties outlined in s. 1011.10, F.S., should be pursued, as identified in s. 218.503(1), F.S.
- **Delegate the authority to recommend and appoint a financial emergency board – essentially placing the school district in a financial receivership,** as outlined in ss. 1011.051(2) and 218.503(3), F.S. Such measures may include, but are not limited to:
 - Requiring approval of the district’s budget by the Commissioner of Education;
 - Authorizing a state loan to a local governmental entity and providing for repayment of same;
 - Making such inspections and reviews of records, information, reports, and assets of the local district school board as are needed. The appropriate local officials shall cooperate in such inspections and reviews;
 - Consulting with officials and auditors of the district school board and the appropriate state officials regarding any steps necessary to bring the books of account, accounting systems, financial procedures, and reports into compliance with state requirements;

- Providing technical assistance to the local governmental entity or the district school board;
- Establishing a Financial Emergency Board to oversee the activities of the district school board. Board authorities may include, but are not limited to:
 - Review all records, reports, and assets of the district school board as are needed;
 - Consult with officials and auditors of the district school board regarding any steps necessary to bring the books of account, accounting systems, financial procedures, and reports of the district school board into compliance with state requirements;
 - Review the operations, management, efficiency, productivity, and financing of functions and operations of the district school board; and
 - Consult with other governmental entities for the consolidation of all administrative direction and support services, including, but not limited to, services for asset sales, economic and community development, building inspections, facilities management, construction, insurance coverage, risk management, information systems, fleet management and purchasing.

Make no mistake about it: if your board neither possesses the will nor the ability to develop an approvable plan that will improve your fund balance to meet the requirements outlined in statute, I will be forced to utilize the totality of the powers delegated to me by the Legislature and State Constitution to take emergency action to bring the Hillsborough County School District into compliance with state law.

Such action is not our hope, and again I believe it is our collective desire to only see the education of Hillsborough's students and the delivery of that education by Hillsborough's world-class educators to go uninterrupted. Your support of Superintendent Davis and your collective ownership of these difficult, but necessary, decisions is essential to achieve those goals, and it is my expectation we can work together to avoid such drastic actions.

Sincerely,



Richard Corcoran
Commissioner

cc: Jacob Oliva, Chancellor, Florida Department of Education
Suzanne Pridgeon, Deputy Commissioner, Florida Department of Education
Matthew Mears, General Counsel, Florida Department of Education
Stacy Hahn, Hillsborough County School Board Vice Chair
Nadia Combs, Hillsborough County School Board Member
Jessica Vaughn, Hillsborough County School Board Member
Melissa Snively, Hillsborough County School Board Member
Henry "Shake" Washington, Hillsborough County School Board Member
Karen Perez, Hillsborough County School Board Member
Addison Davis, Superintendent, Hillsborough County School District