

Appendix A Section 695-A of Act 55 of 2017

PUBLIC SCHOOL CODE OF 1949 - OMNIBUS AMENDMENTS

Act 55 of 2017

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Section 695-A. Financial administrator in financial watch school district.

(a) Appointment of financial administrator.--A school district that has been identified for financial watch status under section 694-A and, in the 2017-2018 fiscal year or any fiscal year thereafter, receives educational access program funding shall be placed under the supervision of a financial administrator.

The financial administrator:

(1) Shall be appointed by the Governor from a list of at least three names submitted by the President pro tempore of the Senate within 30 days of the effective date of this section.

(2) Must possess knowledge and experience in such areas as business administration, budget development or fiscal management and facilities management.

(3) Shall be considered a Commonwealth employee.

(4) Shall be paid by the department for actual and necessary expenses incurred in the performance of the duties as a financial administrator and a reasonable salary, as determined by the secretary.

(b) Powers and duties of financial administrator.--The financial administrator shall:

(1) Have complete access to the school district finances and may engage an independent audit of the school district at any time.

(2) Utilize the expertise of the department or hire technical staff as necessary to assist in the development of the financial improvement plan.

(c) Financial improvement plan development.--The financial administrator shall develop a financial improvement plan in consultation with the secretary that includes:

(1) Performance goals, benchmarks and timetables to improve the financial performance and ensure fiscal solvency of the school district.

(2) Cash flow analysis.

(3) Projections of revenues and expenditures for the current year and next five years, both assuming the continuation of present operations and as impacted by measures included in the plan.

(4) Annual training for members of the board of school directors, to include no less than 10 hours in school finance and policy provided by a Statewide organization specializing in school finance and administration and approved by the financial administrator.

(5) Facility maintenance and improvement.

(d) Financial improvement plan requirements.--The financial administrator shall review existing school policy and procedure and may require changes to be included in the financial improvement plan regarding:

- (1) Accounting and automation procedures.
- (2) Permanent staffing levels.
- (3) Performance goals that administrative staff must meet for contract renewal.
- (4) Changes in school district policy.
- (5) Sale, lease, conveyance, assignment or disposition of school district assets.
- (6) Consolidation of existing school buildings, existing noninstructional programs or other school district services.
- (7) Greater use of intermediate unit programs.

(e) Plan approval.--When the financial administrator completes the financial improvement plan, the financial administrator shall submit the plan to the secretary for approval and provide a copy to the board of school directors. Within 45 days of submission of the plan, the secretary shall approve or disapprove the plan. If the secretary disapproves the plan, the secretary shall include suggested revisions to the plan that will allow for the plan to be resubmitted and approved.

(f) Report of final financial improvement plan.--When the financial improvement plan is approved by the secretary, the financial administrator and the secretary shall present the plan to the board of school directors at a public meeting and transmit copies of the plan to the Governor and the chair and minority chair of the Appropriations Committee of the Senate, the chair and minority chair of the Education Committee of the Senate, the chair and minority chair of the Appropriations Committee of the House of Representatives and the chair and minority chair of the Education Committee of the House of Representatives. The school district shall post the final financial improvement plan and any subsequent revision on the school district's publicly accessible Internet website.

(g) Implementation of financial improvement plan.--

(1) The board of school directors shall reopen the school district's budget and revise its budget and other policies to reflect the financial improvement plan. Future budgets and policies shall adhere to the financial improvement plan as determined by the financial administrator.

(2) At any time, the financial administrator may make revisions to the plan as necessary with the approval of the secretary.

(h) Noncompliance with financial improvement plan.--If the financial administrator and the secretary determine that the board of school directors has not complied with the provisions of the plan, the financial administrator shall assume the authority of the board of school directors, except for the authority to levy taxes under section 507, and implement the provisions of the financial improvement plan in consultation with the secretary.

(i) Removal from financial watch status.--The financial administrator, upon consultation with the secretary, provided that the school district has demonstrated the ability to maintain a structurally balanced budget, may remove the school district from financial watch status and, at that time, the provisions of this section shall no longer apply to the school district.