

TRANSITION PLAN FOR THE RETURN OF THE FISCAL MANAGEMENT COMPONENT TO THE NEWARK PUBLIC SCHOOL DISTRICT

I. PURPOSE

This Transition Plan is presented pursuant to N.J.A.C. 6A:30-7.2(b) and (c), and upon the return of the Fiscal Management component to the Newark Public School District by the State Board of Education on June 4, 2014. The purpose of this Transition Plan is to address the process leading to the withdrawal from State intervention in the area of Fiscal Management in the State-operated school district of Newark.

II. BACKGROUND

On July 5, 1995, and pursuant to the school district accountability system in effect at that time, the State Board of Education (State Board) revoked the authority of Newark's local board of education to control the district's operations, and created a State-operated school district. Ten years later, the legislature enacted the New Jersey Quality Single Accountability Continuum (NJQSAC), a statutory system that revised the former accountability system to "ensure that all districts are operating at a high level of performance" and to determine "the degree to which the thorough and efficient standards are being achieved." N.J.S.A. 18A:7A-10, et seq. NJQSAC established an evaluation system using five key components as measures of school district effectiveness: (1) Instruction and Program; (2) Personnel; (3) Fiscal Management; (4) Operations; and (5) Governance. N.J.S.A. 18A:7A-10. Specific quality performance indicators rate a school district's effectiveness within each of the five key components. Following an evaluation in the five key components, the Commissioner of Education (Commissioner) determines a school district's placement on the performance continuum, and can recommend full or partial State intervention to the State Board.

Consistent with the aforementioned practice, the State-operated school district of Newark (District) underwent a review in 2007 applying the indicators developed by the Department of Education (Department) with the five key component areas. That review resulted in the decision by the State Board, per the Commissioner's recommendation, to return the Operations component to local control, and place Newark under partial State intervention. Upon Newark's placement under partial State intervention, the Newark School Advisory Board of Education (Newark Advisory Board) continued as an advisory board subject to the authority and control of the State District Superintendent, and the Department has continued to monitor the District's progress. The District's progress has been monitored through interim performance reviews pursuant to N.J.S.A. 18A:7A-14(b) and N.J.A.C. 6A:30-5.6(b). The District also underwent a three-year comprehensive review pursuant to N.J.S.A. 18A:7A-11 in June, 2011.

Based, in part, on the findings of the District's interim reviews completed in July 2012, March 2010, and January 2009, together with the June 2011 three-year comprehensive review, the Commissioner concluded that the District had met the factors for returning the

Fiscal Management component to local control pursuant to N.J.A.C. 6A:30-7.1. Thereafter, on June 4, 2014, upon the Commissioner's recommendation, and pursuant to N.J.A.C. 6A:30-7.2(a), the State Board adopted a resolution directing the Department and the District to begin the process of transitioning the Fiscal Management component back to local control in the District. The resolution further directed that the functions of Instruction and Program, Personnel, and Governance remain under partial State intervention.

III. EFFECTIVE DATE FOR RETURN OF THE FUNCTION OF FISCAL MANAGEMENT TO THE NEWARK PUBLIC SCHOOL DISTRICT

This Transition Plan, approved by the Commissioner on July 28, 2014, shall be presented at a public meeting of the Newark Advisory Board on July 31, 2014 and officially noted in the minutes, pursuant to N.J.A.C. 6A:30-7.4(a). The District and the Newark Advisory Board shall assume control in the area of Fiscal Management beginning on July 1, 2014, and the provisions of this plan shall be implemented immediately according to the timelines set forth herein. The remaining components of school district functioning as defined by NJQSAC – Instruction and Program, Personnel, and Governance – will remain placed in partial State intervention.

IV. NJQSAC DISTRICT IMPROVEMENT PLAN

Pursuant to N.J.S.A.18A:7A-14 and N.J.A.C. 6A:30-5.4, a NJQSAC District Improvement Plan (District Improvement Plan) has been developed to address those areas of school district functioning where the District did not satisfy at least 80% of the indicators during the NJQSAC evaluation. The components of the District Improvement Plan are hereby incorporated into this Transition Plan.

- (a) The most recent District Improvement Plan was developed and submitted to the Department in the areas of Instruction and Program, Personnel, and Governance. This plan addresses each DPR indicator not met, strategies/interventions to be implemented, timelines, staff responsible for action items and evidence of completion for each, and was approved by the Department on October 3, 2012.
- (b) Progress on this District Improvement Plan will be monitored by the Department pursuant to N.J.S.A. 18A:7A-14 and N.J.A.C. 6A:30-5.6. Upon determination by the Commissioner that the District has satisfied the factors for initiating return to local control set forth at N.J.A.C. 6A:30-7.1 in one or more of these remaining areas, the Commissioner shall recommend to the State Board that the process for withdrawal from intervention in that area, or areas, be initiated.

V. STATE DISTRICT SUPERINTENDENT AND NEWARK ADVISORY BOARD

Pursuant to N.J.S.A. 18A:7A-53(c), because the District has not met the NJQSAC performance indicators for the Governance component of school effectiveness, the District remains under partial State intervention, and the Newark Advisory Board remains advisory. The Department and Commissioner will continue to negotiate contracts with and hire a State

District Superintendent to serve as chief school administrator to oversee the District, who will be formally appointed pursuant to N.J.S.A. 18A:7A-35.

VI. APPOINTMENT OF TECHNICAL ASSISTANCE

The Commissioner is appointing a Special Assistant to the Commissioner to provide technical assistance to the Newark Advisory Board in the areas of Fiscal Administration and Governance. To effectuate a successful transition of Fiscal Management, this Special Assistant will work with District staff and the Newark Advisory Board to build the capacity of the Newark Advisory Board through intensive and ongoing professional development, training, and technical assistance to board members. The goal is to ensure that the Newark Advisory Board effectively assumes control of Fiscal Management, in addition to its control of Operations, to successfully execute its responsibilities in accordance with NJQSAC, and create a path forward regarding the return to local control of additional areas of responsibility in the future.

VII. NEWARK ADVISORY BOARD CONDUCT AND DEVELOPMENT

Effective management of the fiscal resources of a school district requires that a school board and its individual members exercise authority in a fiscally prudent manner. Proper execution of such fiduciary duties requires a high functioning board, comprised of board members that are adequately prepared to perform the duties of a board member. Board members should be actively engaged in board meetings, understand parliamentary procedures, and maintain an awareness of a board member's ethical obligations and fiduciary responsibilities. Further, being an effective and responsible board member includes collaboration with other board members, respectful communication with the members of the district's administrative staff, and an awareness and understanding of the district's finances.

Toward that end, under the direction of the appointed Special Assistant, Newark Advisory Board development will commence on or about July 1, 2014, and will continue on an ongoing and as needed basis. The Special Assistant shall present the Newark Advisory Board with a one-year board development plan no later than July 30, 2014, which is designed to assess each board member's understanding of District financial matters, establish effective board meeting protocols to guide board interaction, develop protocols for interactions with the community, develop agenda planning protocols, including the resolution of any disagreements regarding items to be included on the agenda, develop and maintain an efficient committee structure, and enhance members' understanding and utilization of governance standards to improve and maximize NJQSAC scores, and to ensure compliance with any applicable District Improvement Plan(s) incorporated herein pursuant to Section IV. The board development plan shall include, but need not be limited to, proposed dates upon which such board development will occur, including a notation of which assessments and trainings are mandatory or optional. Upon agreement of the Special Assistant, the Newark Advisory Board Chairperson and the State District Superintendent, the trainings and dates set forth in the board development plan may be amended. The Office of the Commissioner retains discretion to modify the board development plan, in its discretion, at any time.

Should a board member fail to abide by his/her duties as a board member pursuant to board policy and this Transition Plan, including failing to make best efforts to participate in multiple mandatory trainings, without giving adequate notice to both the Special Assistant and the Newark Advisory Board Chairperson, the Special Assistant may recommend to the Newark Advisory Board Chairperson that the matter be brought to the attention of the School Ethics Commission for disciplinary action. Notice of any disciplinary action must be made in writing by the Newark Advisory Board Chairperson to the board member, with a copy sent to the Special Assistant, State District Superintendent and Office of the Commissioner. Such writing must also indicate which trainings are outstanding, and a proposed timeline for completing such outstanding trainings in order to avoid any disciplinary consequence. Should the board member's failure to complete the outstanding trainings, pursuant to the timeline, impede the Newark Advisory Board's ability to efficiently and effectively conduct business, the Newark Advisory Board Chairperson may initiate discipline procedures for the board member pursuant to board policy, and N.J.S.A. 18A:12-1, et seq.

The Special Assistant shall report on the progress of the board development plan to the Office of the Commissioner, the Newark Advisory Board Chairperson, and the State District Superintendent on a monthly basis until July 1, 2015. The Special Assistant may report on continued board development after July 1, 2015, on an as needed basis. The Commissioner may request a report on the status of the board development plan and board member's completion of such plan at any time, in his/her discretion, for the duration of the appointment of a Special Assistant with the District.

VIII. CREATION OF NEWARK ADVISORY BOARD MEETING PROTOCOLS/INTERACTIONS AND COMMUNITY INTERACTIONS

The Newark Advisory Board must have established meeting protocols to guide board interactions, conduct board business, and create an ongoing and accurate record of all of its proceedings. The Special Assistant, Newark Advisory Board Chairperson, and State District Superintendent shall negotiate and present to the Office of the Commissioner a plan to maintain board meeting protocols, including protocols for interactions with the community, which may be revised as necessary.

IX. AGENDA PLANNING

The Newark Advisory Board must have structured and effective agendas in which to conduct board business. The State District Superintendent and the Newark Advisory Board Chairperson shall prepare the agenda for all meetings of the Newark Advisory Board. In doing so, they shall consult the Newark Advisory Board Secretary and the Special Assistant. The agenda shall specifically note which action items relate to Operations and Fiscal Management for voting purposes. If there are any disagreements between the State District Superintendent and the Newark Advisory Board Chairperson regarding items involving Fiscal Management or Operations to be included on the agenda, the Special Assistant shall be consulted to assist the State District Superintendent and the Newark Advisory Board Chairperson come to a consensus on agenda items and, if necessary, make a final determination as to the appropriateness of an item involving Fiscal Management or Operations for inclusion on the agenda.

X. FORMAL IMPASSE

Should the State District Superintendent and Newark Advisory Board reach impasse on any action items relating to Fiscal Management or Operations, the State District Superintendent retains her ability to veto actions in accordance with applicable State law and regulation.

XI. COMMITTEE STRUCTURES/DEVELOPMENT

In order to use the time, effort and expertise of the members of the Newark Advisory Board effectively, the Newark Advisory Board shall operate under a committee system. The State District Superintendent, Newark Advisory Board Chairperson, and the Special Assistant shall meet and determine the committee structure and will confer on the nature and number of all standing committees. Standing committees may take no action of an official or binding nature; rather, such committees may only make recommendations to the full Newark Advisory Board for such action. Committee meetings may be called at any time by the committee chairperson, in consultation with the Special Assistant. Such meetings must include less than a quorum of the Newark Advisory Board. Standing committees of the Newark Advisory Board and their membership shall be determined annually pursuant to the procedures set forth below.

In consultation with the Special Assistant, the Newark Advisory Board Chairperson will appoint members to the standing committees from among the Newark Advisory Board membership as he/she finds necessary to study operations in specific areas and to make recommendations for Newark Advisory Board action. In consultation with the Special Assistant, each committee shall develop a list of its functions and duties and present them to the Newark Advisory Board and State District Superintendent by September 1, 2014, and thereafter, on an annual basis. The committee may make recommendations for Newark Advisory Board action, but it cannot act for, or on behalf of, the Newark Advisory Board. The Newark Advisory Board Chairperson and State District Superintendent shall be ex officio members of all standing committees.

XII. BUDGET DEVELOPMENT PROCESS AND ESTABLISHMENT OF BUDGET COMMITTEE

The preparation and approval of the budget for the District will proceed as it has in prior years pursuant to the provisions of N.J.S.A. 18A:7A-50 and 51. Therefore, the State District Superintendent shall develop and approve the budget following a public hearing. Pursuant to this Transition Plan, the Newark Advisory Board shall establish a budget committee for the purpose of increasing capacity to implement the district's budget.

The Newark Advisory Board and the State District Superintendent will participate in a pre-budget meeting, prior to the public hearing on the school budget. At the pre-budget meeting, the Newark Advisory Board will be briefed on the District's proposed budget, and the Newark Advisory Board will have the opportunity to engage with the District in discussions on the current budget.

XIII. DISTRICT DISBURSEMENTS

District disbursements will not be made without approval by the Newark Advisory Board, subject to the review of the Commissioner or his/her designee, in accordance with the impasse procedures set forth in Section X. In those instances when the District makes a payment on an emergent basis, the Newark Advisory Board will be notified of the payment within a reasonable time following payment.

XIV. LEGAL MATTERS

The District maintains its authority to settle, or otherwise resolve, all legal matters without Board approval up to \$500,000 per case. Any settlement exceeding \$500,000 must be presented to the Newark Advisory Board for approval, subject to the review of the Commissioner or his/her designee in accordance with the impasse procedures set forth in Section X.

The Newark Advisory Board will form a three-member Legal Subcommittee, consisting of the Chair of the Newark Advisory Board, Finance Chair, and one additional Newark Advisory Board member. The District will brief the Legal Subcommittee on active litigation, as appropriate, on a regular basis.

XV. SALE AND ACQUISITION OF REAL PROPERTY

Prior to the disposal, closure, or acquisition of any property, the District shall submit an application to the Commissioner for approval, in accordance with applicable State law and regulation. Prior to the submission of the application to the Commissioner, the District shall present the application to the Newark Advisory Board for discussion at a public meeting and it shall be noted in the minutes of the meeting.

XVI. APPOINTMENT OF HIGHLY SKILLED PROFESSIONALS

At this time, the Department has decided not to exercise its authority, pursuant to N.J.S.A. 18A:7A-14, to appoint highly skilled professionals to provide technical assistance, or to provide direct oversight in the remaining NJQSAC areas under partial State intervention. However, the Department's staff will work with District staff, the State District Superintendent and the Newark Advisory Board to monitor activities, and to assist in meeting the NJQSAC indicators in the areas of Instruction and Program, Personnel, and Governance.

XVII. INTERNAL AUDIT TEAM


The internal audit team established pursuant to N.J.S.A. 18A:7A-41 to monitor the business functions of the District and to report its findings to the Commissioner shall continue to operate in the District. This internal audit team will continue to provide the Commissioner and State District Superintendent with information regarding financial activities and the adequacy and effectiveness of internal controls through financial, operational and compliance

audits. The purpose of these audits is to improve internal controls and procedures to safeguard and promote efficient use of District resources, as well as compliance with federal and State regulations.

XVIII. AMENDMENT OF TRANSITION PLAN

This Transition Plan may be amended, as warranted by the circumstances, upon the agreement and approval of the Commissioner and adoption by the Newark Advisory Board.

APPROVED BY:



Dave Hesse
Acting Commissioner
Department of Education

7/28/14

Date

I confirm that this Commissioner-approved plan was discussed at a public meeting, held on July 31, 2014, and noted in the official minutes:



By: Rashon Hasan
Newark Advisory Board Chairperson

8/5/14

Date