



STATE OF SOUTH CAROLINA

DEPARTMENT OF EDUCATION

MOLLY M. SPEARMAN

STATE SUPERINTENDENT OF EDUCATION

February 27, 2019

Dr. Debra W. Hamm, Superintendent
Rev. Ralph W. Canty, Sr., D. Min, Chairman of the Board
Ms. Jennifer Miller, Chief Financial Officer
Sumter County School District
1345 Wilson Hall Road
Sumter, SC 29150-1890

RE: Fiscal Emergency under S.C. § 59-20-90 (Supp. 2018)

Dear Dr. Hamm, Rev. Canty, and Ms. Miller:

On May 9, 2017, Governor McMaster signed into law Act 23, which directs the South Carolina Department of Education (SCDE) to develop and adopt a statewide program on fiscal practices and budgetary conditions that, if uncorrected, could compromise the fiscal integrity of a school district. S.C. Code Ann. § 59-20-90 (2018). On March 19, 2018, the Sumter County School District was placed on fiscal caution for failure to meet the Fiscal Year 2016-17 minimum general reserve fund balance required in S.C. Code Ann. § 59-20-90 (D)(2)(d), which has since been amended. Prior to this most recent letter, the district received a similar letter in 2017 regarding an investigation by the State Law Enforcement Division (SLED) as well as audit irregularities in the district's use of funds under the Child Early Reading Development and Education Program (CERDEP). Further, the district publically declared a deficit during 2016-17 school year.

Pursuant to S.C. Code Ann. § 59-20-90 (2018), the State Superintendent of Education shall declare a fiscal emergency if the department finds that a district under fiscal caution is not complying with an original or updated recovery plan and determines that a fiscal emergency is necessary to prevent further decline. In addition, the State Superintendent of Education shall declare a fiscal emergency if she determines that a declaration of fiscal emergency is necessary to correct the district's fiscal problems and to prevent further fiscal decline. S.C. Code Ann. § 59-20-90 (2018).

February 27, 2019

The SCDE is in receipt of your February 19, 2019 response letter and proposed financial plan. The SCDE's review of your updated fiscal recovery plan in light of the most recent decision to reopen one previously closed school and the uncertainty of future funding from the State does not indicate a sustainable replenishment of the required minimum general reserve fund balance. Each school district should strive to maintain an adequate fund balance to mitigate future reductions due to unanticipated events, state revenue cuts, or other unforeseen circumstances.

This letter represents the official declaration of a fiscal emergency for Sumter County School District pursuant to S.C. Code Ann. §§ 59-20-90(E)(2) and (E)(5).

Per the amended act, the Sumter County School District Board must submit a written recovery plan to the SCDE within sixty days. While a district is under a fiscal emergency the SCDE shall visit and inspect the district; provide technical assistance in implementing the board's recovery plans; and make recommendations concerning the board's recovery plan. A district under a declaration of fiscal emergency must not be released from fiscal emergency in the same fiscal year in which the declaration was made, but may be released the following fiscal year if the SCDE determines that the corrective actions have been or are being successfully implemented. The district board of trustees may appeal a declaration of a fiscal emergency to the State Board of Education within ten days after the declaration, and the state board shall hold a hearing on the appeal within thirty days after the filing of the appeal or at the next regularly scheduled state board meeting, whichever is later. However, the district shall continue to work with the department in the manner provided by this subsection when a fiscal emergency is declared pending determination of the appeal. S.C. Code Ann. § 59-20-90 (2018).

The department will be in contact with the district in setting up required visits. If you have any questions concerning this notice, you may contact Ms. Nancy Williams, the agency's Chief Financial Officer, nwilliams@ed.sc.gov; or Mr. Michael Thom, Director of Finance, mthom@ed.sc.gov. Your legal counsel may contact Cathy Hazelwood, General Counsel, chazelwood@ed.sc.gov.

Sincerely,



Molly M. Spearman
State Superintendent of Education

MMS/nw

cc: Mrs. Del-Gratia Jones, Board Chair, SBE
Dr. Janice Murray Gamble, SBE
Sumter County Legislative Delegation