

Audit and Risk Management Advisory Committee
Jefferson County Public Schools
April 16, 2025
Stewart Auditorium

ARMAC Members Present: Chair James Rose, Dr. Eric Russ, Jenna Cowley, and Wilbert Whitfield

JCPS Staff Present: Dr. Marty Pollio, Dr. Katy DeFerrari, Eddie Muns, Mark Hebert, Carolyn Callahan, May Porter, Sam Zaritsky, and Gina Thompson

Board Members Present: None

Public Present: None

Chair Rose called the meeting of the Audit and Risk Management Advisory Committee (ARMAC) to order at 2:05 p.m.

Approval of Minutes

A motion to accept the minutes of the February 5, 2025 meeting was made by James Rose and seconded by Wilbert Whitfield. The minutes were approved by a unanimous voice vote, followed by introductions.

Council of Great City Schools Goals and Guardrails Overview – Dena Dossett, Chief of Accountability Research and Systems Improvement

Dena Dossett presented an overview of the Jefferson County Board of Education’s implementation of the Council of Great City Schools (CGCS) “Goals and Guardrails” governance model. This model focuses Board oversight on improving student outcomes and reducing focus on operational management.

Dena reviewed the five student-centered goals that were adopted:

- Elementary Academic Readiness
- Middle School Readiness
- High School Readiness
- Third Grade Literacy
- Eighth Grade Numeracy

Academic readiness is a new metric that combines traditional academic performance (e.g., standardized test scores) with “Success Skills” such as communication, collaboration, and innovation.

In addition to the goals, five guardrails were established to protect community values:

- Student safety
- Racial equity
- Inclusive decision-making
- Fair spending
- Appropriate testing practices

Measurement Enhancements:

Dena explained that the “Defense of Learning” presentations (in which students showcase their learning at

key transition points) have been standardized across the district. A districtwide rubric is now required for scoring, and panelists must pass an 80% proficiency exam before serving, helping ensure inter-rater reliability and content validity. This shift reduces subjective evaluation and aligns with upcoming changes in the Kentucky Department of Education's accountability system, which will introduce a local accountability component emphasizing community-driven measures.

School Progress Reporting:

Schools receive "Vital Signs" reports every six weeks, including key learning and culture/climate indicators. Principals and leadership teams are expected to review the reports, identify trends, and submit action plans based on findings. District leadership holds quarterly deeper-dive sessions to review aggregate trends and identify needed interventions.

Effectiveness of Board Monitoring:

Dena noted that while the Board is making progress in learning how to focus discussions on outcomes and strategic questions, it remains a learning process. Coaching continues to help Board members distinguish between technical data analysis and strategic monitoring. A recent Board self-assessment scored a 70%, showing growth but also indicating remaining areas for improvement.

Strategies Tied to Goals:

Each Board report includes an explanation of the effective strategies selected to improve outcomes. Strategies are drawn from evidence-based research and tied directly to goal movement. Schools are required to develop literacy and math system improvement plans aligned to districtwide strategies.

Curriculum Consistency:

Curriculum selection has been centralized at the district level under Senate Bill 1. Schools no longer choose their own curricula independently. Instead, high-quality instructional resources are selected centrally, with some controlled flexibility for supplementary interventions. This move improves instructional coherence across the district.

Federal-Level Changes Impact:

Dena shared concerns that the closure of the federal What Works Clearinghouse and other policy shifts create challenges in verifying "evidence-based" practices. The district is increasingly relying on internal expertise and collaboration with other large districts to maintain high standards in strategy selection.

Next Board Training:

Another full-day Board retreat and training session is planned after the new Superintendent is selected. The goal is to calibrate the Board's expectations with the new leadership and continue strengthening focus on outcomes and monitoring proficiency.

Highlights:

- Five Goals and five Guardrails are now in place.
- New standardized rubric improves reliability of student assessments.
- Schools review Vital Signs reports every six weeks and conduct quarterly deeper data dives.
- Board members' strategic monitoring skills are improving but require continued coaching.
- Curriculum selection is centralized to ensure districtwide instructional consistency.
- JCPS is preparing for KDE's addition of local accountability components.
- The district is adapting to the loss of federal "evidence-based" clearinghouses.

Tentative Budget Update – Eddie Muns, Chief Financial Officer

Eddie Muns presented an overview of the tentative budget scheduled for Board submission by May 31, 2025. He emphasized that the tentative budget is now much more developed, with finalized school allocations and refined projections.

Significant Risks and Budget Realities:

Despite moderate increases in SEEK funding, overall revenue growth remains limited due to the impact of rising local property assessments, which depress state funding allocations. Inflationary pressures (e.g., utilities, insurance, salary costs) continue to strain the budget.

Eddie and Tom Aberli explained that unless significant cuts are made:

- JCPS's contingency balance would fall below the Kentucky Department of Education's recommended 5% reserve and dangerously close to the 2% minimum threshold.
- Without corrective action, the district could face a liquidity crisis, impacting the ability to make payroll.

Required Budget Cuts:

The district needs to implement:

- \$100 million in cuts in FY26
- \$50 million in additional cuts in FY27
- \$10 million in additional cuts in FY28

This phased approach is critical. Tom Aberli emphasized that if JCPS fails to make the \$100 million cut now, the subsequent cuts would become "much worse" and "even more difficult" to accomplish.

Programs Sustained by Local Funds:

Certain programs originally funded by external sources (such as Kumon tutoring, Compassionate Schools, and Global Game Changers) are now being shifted to the MacKenzie Scott donation principal or local funds. Eddie expressed concerns about drawing down the principal of the \$20 million MacKenzie Scott gift, warning it will deplete much faster than intended and could limit future flexibility.

Forecasting Model Overview:

Eddie shared the district's financial forecasting model, illustrating projected fund balances under different scenarios. The model demonstrates that even if \$100 million in cuts are achieved, maintaining fiscal health will require strict discipline, vigilance regarding revenue trends, and constraint on future budget additions.

Specific Ask of ARMAC:

Toward the conclusion of the presentation, Eddie asked ARMAC members for their support in helping shape messaging to the Board about the critical need for financial discipline. He requested that ARMAC members reinforce to the Board why the cuts must happen now — and not be postponed — to avoid more drastic cuts or insolvency later.

Highlights:

- JCPS must cut \$100M in FY26, \$50M in FY27, and \$10M in FY28.
- Maintaining a 5% contingency balance is critical; without cuts, the district risks falling below even the 2% minimum.
- Programs originally funded externally are now tapping into local funds or the MacKenzie Scott principal.
- Future revenue is uncertain; strict discipline is essential even after this year's cuts.
- ARMAC is asked to help with Board messaging to emphasize the urgency and necessity of immediate action.

Internal Audit Status Update – May Porter, Director of Internal Audit

May Porter provided a brief update on Internal Audit activities, including:

- Onboarding of a new audit team member.
- Progress on the Medicaid Billing Advisory Project.
- Routine monitoring of Student Activity Fund expenditures and hotline reports.

No action items were assigned; the committee agreed to continue monitoring emerging risk areas identified by Internal Audit.

Adjournment

Chair Rose made a motion to adjourn the meeting; Eric Russ seconded the motion. The meeting adjourned at 4:00 p.m.

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