

Communications
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SUBJECT: THAT THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, AUTHORIZE THE SUPERINTENDENT TO FORGIVE THE SALARY DEFICIT OF WLRN EMPLOYEES PAID BY THE FRIENDS OF WLRN, INC. IN THE AMOUNT OF \$720,836 AND CURRENTLY CARRIED BY THE SCHOOL DISTRICT AS A RECEIVABLE

COMMITTEE: BUSINESS AND FINANCIAL SERVICES

Background

WLRN receives grants from the Florida Department of Education and the Corporation of Public Broadcasting. It uses the grants to pay the salaries of a number of its employees. While the funds received through the grants have remained constant or been reduced, WLRN employee salaries have continued to increase thereby exceeding the capacity of the grants to cover the employees' salaries. Beginning in the late 1980's, WLRN began to offset its grant salary shortfalls by asking Friends of WLRN, Inc. (Friends) to pay for the difference. A process was established whereby the School District would cover the salary shortfalls and invoice the deficit to Friends as a receivable owed to the School District at the end of each fiscal year.

At its November 25, 2003, the Audit Committee reviewed the annual audit report of WLRN radio and television. It noted that beginning with fiscal year 1999 and through fiscal year 2003 the funds raised by Friends were not sufficient to cover both the programming requirements of WLRN and the salary shortfalls from the grants. The audit report depicted \$720,836 owed to the School Board by Friends resulting from the grant salary shortfalls. Audit Committee members were concerned the deficit would continue to be a recurring problem in the future and asked staff to report back with a structure defining funding responsibilities between the School District and Friends.

At the Audit Committee of January 27, 2004, staff reported that Friends provided up to \$300,000 in fiscal year 2003-2004, for programming support, paid on a monthly basis that included salaries. The School District's practice of invoicing Friends at the end of the fiscal year for grant salary shortfalls would be discontinued. The Audit Committee noted that employment at WLRN is controlled by the School District and that Friends of WLRN, Inc. is a 501 (c) 3 not for profit organization governed by a board of community volunteers dedicated to

financially supporting programming on WLRN. Since 1996, Friends has contributed more than \$14 million to improving WLRN programming through membership drives and program underwriting. With the understanding that the deficit would not be a recurring problem in the future, the Audit Committee heard three proposals from staff to resolve the deficit balance: (1) forgiveness of half the amount and pay the other half over an eight year period, (2) writing off the entire amount and (3) collecting the entire amount. After a comprehensive discussion, the Audit Committee went on record advising the School Board to forgive the receivable from Friends of WLRN, Inc.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, authorize the Superintendent to forgive the salary deficit of WLRN employees paid by the Friends of WLRN, Inc. in the amount of \$720,836 and currently carried by the School District as a receivable.