



**WE CAN DO BETTER,
AND WE WILL!**

**ACT 141 FINANCIAL RECOVERY PLAN
HARRISBURG SCHOOL DISTRICT**

**CHIEF RECOVERY OFFICER
GENE G. VENNO
COMMONWEALTH OF PENNSYLVANIA**

Public Meeting
January 29, 2013

Harrisburg School District – Current Situation

2

- HSD, highly visible location of the state capitol, yet ranks low in many academic measures
- Persistent concerns about budget deficits, even after significant budget cuts for several years
- Expenditures per student ranks among the highest in the State, while academic performance ranks near the bottom
- **This is unacceptable: Our students are smart and deserve better**



We can do better, and we will!



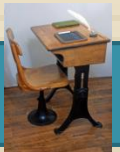
State of the District - Academically

3

- School district student achievement rankings:
Major improvements needed!
- Academic performance
 - 2011: HSD ranked 494 out of 501 school districts in statewide standardized testing
 - 2012: Only 45% of Harrisburg students graduated high school (state average 83%)



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HSD Math Scores

- 2011-2012: Although 37% of students achieved Advanced or Proficient status in statewide testing, 38% were Below Basic

Harrisburg School District 2011-12 PSSA Results - All Grades – Math

All Students

Jurisdiction	Total Students Scored	Advanced Math	% Advanced Math	Advanced Math	% Proficient Math	Basic Math	% Basic Math	Below Basic Math	% Below Basic Math
Harrisburg SD	2,822	339	12.0%	714	25.3%	683	24.2%	1,084	38.4%
Dauphin County	14,344	6,968	48.6%	4,104	28.6%	1,812	12.6%	1,455	10.1%
Statewide	815,712	398,049	48.8%	231,450	28.4%	104,123	12.8%	82,112	10.1%

Note: Dauphin County and statewide calculations exclude Harrisburg School District figures.

Economically Disadvantaged Students

Jurisdiction	Total Students Scored	Advanced Math	% Advanced Math	Proficient Math	% Proficient Math	Basic Math	% Basic Math	Below Basic Math	% Below Basic Math
Harrisburg SD	2,468	274	11.1%	607	24.6%	615	24.9%	972	39.4%
Dauphin County	4,503	1,316	29.2%	1,457	32.4%	892	19.8%	839	18.6%
Statewide	316,196	97,517	30.8%	101,266	32.0%	60,489	19.1%	56,927	18.0%

Note: Dauphin County and statewide calculations exclude Harrisburg School District figures.



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HSD Reading Scores

- 2011-2012: Although 35% of students achieved Advanced or Proficient status on statewide testing, 42% were Below Basic

Harrisburg School District 2011-12 PSSA Results - All Grades - Reading

All Students

Jurisdiction	Total Students Scored	Advanced Reading	% Advanced Reading	Proficient Reading	% Proficient Reading	Basic Reading	% Basic Reading	Below Basic Reading	% Below Basic Reading
Harrisburg SD	2,812	253	9.0%	728	25.9%	641	22.8%	1,189	42.3%
Dauphin County	14,308	5,218	36.5%	5,221	36.5%	2,099	14.7%	1,771	12.4%
Statewide	813,195	306,096	37.6%	289,390	35.6%	113,378	13.9%	104,321	12.8%

Note: Dauphin County and statewide calculations exclude Harrisburg School District figures.

Economically Disadvantaged Students

Jurisdiction	Total Students Scored	Advanced Reading	% Advanced Reading	Proficient Reading	% Proficient Reading	Basic Reading	% Basic Reading	Below Basic Reading	% Below Basic Reading
Harrisburg SD	2,454	191	7.8%	626	25.5%	567	23.1%	1,070	43.6%
Dauphin County	4,482	856	19.1%	1,622	36.2%	948	21.1%	1,055	23.5%
Statewide	314,795	63,936	20.3%	113,132	35.9%	63,145	20.1%	74,507	23.7%

Note: Dauphin County and statewide calculations exclude Harrisburg School District figures.



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State of the District – Financially

6

- ▣ **The HSD General Fund Budget (2012-13) is \$135.9M**
 - This is 6.8% higher than the 10-11 actual expenditures, even though there were significant budget cuts made in the 11-12 year, including staff reductions and building closures

- ▣ **HSD gets 46% of its funds from the State**
 - Average district gets 34%

- ▣ **HSD receives 37% of its budget from local taxes and ranks 44th in the State in local tax effort**
 - Average district gets 56%
 - By way of comparison, York City SD is 8th in local tax effort

*Comparisons based on 2010-11 data unless otherwise noted.



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State of the District – Financially (cont'd.)

7

▣ Major Budget Cuts in Recent Years

- In 2010-11 and 2011-12 alone:

- 1/3 staff furloughed (57 administrators, 288 professional staff, and 163 support staff)
- Multiple programs eliminated
- 5 buildings closed

▣ Harrisburg - as state capitol - is unique

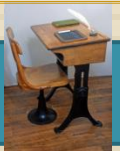
- 47% of tax base is tax-exempt – this presents a revenue problem

▣ Relatively High Per Pupil Spending

- Fringe Benefits & Debt Service are areas of special concern



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State of the District – Financially (cont'd)

8

- **HSD recently ranked 61st from highest in the State in expenditures per pupil (\$16,706)**

- **HSD fringe benefits as a percent of salary - 65%**
 - Allentown 49%
 - Chester Upland 53%
 - York 66%

- **HSD annual debt payments as a percent of budget - 11.6%**
 - Allentown 4.5%
 - Chester Upland 7%
 - York 10%

□ *Comparisons based on 2010-11 data unless otherwise noted.



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Harrisburg School District Enrollment

9

- Enrollment down 2,080 in the last five school years.
- What are the implications of this trend continuing?

School Year	Enrollment	Increase/Decrease
2007/08	8,391	
2008/09	8,306	-85
2009/10	8,112	-194
2010/11	7,944	-168
2011/12	6,691	-1,253
2012/13	6,311	-380

Enrollment based on student count on October 1 of each school year



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Harrisburg School District Charter School Enrollment

10

Students leaving District for charter school options has a significant budgetary impact/expense

	2012-13 Estimate	2013-14 Estimate	Change
Total Enrollment	672	1089	417
Regular Ed.	546	861	315
Special Ed.	126	228	102
Total Cost to School District	\$8,431,369	\$14,670,746	\$6,239,378



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Harrisburg School District Debt Service

11

Annual debt service costs will increase by over \$6 million over the next five fiscal years.

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Total Debt Service Cost	\$15,326,196	\$15,911,489	\$18,066,704	\$21,202,339	\$21,346,407	\$21,358,509



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Bottom Line for District Finances

12

- ❑ Long-term financial solvency is a necessary component to academic improvements and District's viability
- ❑ Balancing the budget will require cutting costs and/or raising taxes
- ❑ In light of past cuts, what cuts remain without adversely affecting academics?
- ❑ Can the District better use the resources it has to get academic improvement?



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What is Act 141?

13

ACT 141

- July 2012: New state law enacted to help school districts facing financial challenges
- HSD deemed in “moderate financial recovery status”
- Dec. 12, 2012: PA Education Secretary Tomalis appointed Gene Veno as CRO
- January 2012: Advisory Committee appointed to provide recommendations and feedback to CRO
- CRO has 90 days to develop financial, academic recovery plan with goal of quality education



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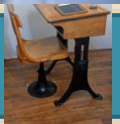
What declaration of financial recovery status means for our schools

14

- Decline happened for many reasons, but we're here to look forward
- The declaration of financial recovery status set in motion a series of actions to:
 - bring the district back to financial stability
 - ensure students have tools needed to learn effectively



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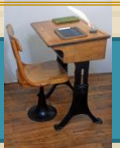
Chief Recovery Officer (CRO) Role

15

- **Oversee the creation of the Financial Recovery Plan**
 - Regularly meet with School Board, Superintendent, the Advisory Committee, financial advisors and other key stakeholders
 - Hold public meetings to explain process and receive input
 - Work with the community and learn hopes/concerns
 - Develop sound financial and academic recovery plan
 - Working with financial experts, PFM
 - Academic experts, including Francis V. Barnes, academic advisor
- **Decisions will be made with the input from school board, advisory committee, public, students, other stakeholders**



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Recovery Plan

16

- ▣ Review current district finances and provide a projection up to five years into future
- ▣ Include plan for academic improvement & stabilization of district finances
- ▣ Look at all aspects of district operations
 - academic spending
 - facilities
 - transportation
 - food service
 - security
 - revenues, workforce and other issues
- ▣ Include innovations and changes suggested by stakeholders, CRO and others



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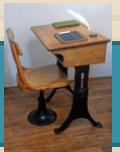


Goals of the Recovery Plan

- **Recovery Plan due March 12, 2013**
 - ▣ Restore district to long-term financial solvency
 - ▣ Raise student achievement
 - ▣ Develop high performing schools
 - ▣ Improve math and reading scores
 - ▣ Improve student graduation rate
 - ▣ Ensure graduates are prepared for college or trade schools



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Ensure Financial Stability

18

- Improve budget process
- Determine why expenditures/student **not** more closely related to performance
 - ▣ Not using resources effectively?
 - ▣ Labor costs?
- Improve academic performance to draw students back from charters (money follows the student)

We must live within our means



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Make education a priority

19

□ **Academics**

- Every child deserves opportunity to succeed
- Equip every child with skills to graduate and go to college or trade school
- Plan starts with financial baseline, with operations scaled to match available resources
- Parents, educators & community leaders must work as partners
- Students must buy into plan; it's their future
- Everyone in community is accountable for success



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We can do better, and we will!

20



- Focus on improving student performance
 - ▣ Art, music and theater lead to higher achievement
 - ▣ Improve safety for students and staff
 - ▣ Improve technology
 - ▣ Ideas from the Advisory Committee
 - ▣ Ideas from the community at-large
 - ▣ Thinking outside the box



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Timeline

21

- School Board, Advisory Committee and Public Meetings through March 12, 2013
- CRO's Recovery Plan due March 12, 2013
- School directors approve or disapprove plan by April 11, 2013.
- If not approved within 30 days, school district not eligible for a loan or technical assistance.
- If the board of school directors does not approve the plan within 365 days following the declaration, the Secretary shall file a Petition for Appointment of Receiver.

**While this may seem fast, our children
can't wait for better schools**



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Thank You!

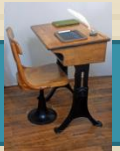
22

- I will keep you informed throughout process.
- Our work is important not only to district's financial recovery, but for the children, parents and community!
- Visit our website: **www.hsdrecoveryplan.org**

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Next Meetings

23

➤ **Public meetings**

- Thursday, Feb. 21 (Camp Curtain School) – 6 pm
- Tuesday, Mar. 12 (John Harris High School) – 6 pm

➤ **Next Advisory Committee meetings**

- Tuesday, Feb. 7 (Administration Building) – 6 pm
- Tuesday, Mar. 7 (Administration Building) – 6 pm



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