



Harrisburg School District Chief Recovery Officer Gene G. Veno Presents 5-year Recovery Plan

TAKING CONTROL OVER THINGS WE CAN CHANGE
We owe our kids that much

Public Meeting
April 26, 2013

CRO challenge

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- Identify issues
- Build relationships
- Come up with solutions
- Maintain longer term perspective



We can do better, and we will!



135 days of...

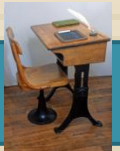
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- Support
 - Board and PDE
- Work
 - PFM
 - Academic advisors
 - Communications
- Speeches/interviews
 - Chamber of Commerce
 - HLA
 - WITF/PCN
- Meetings
 - Advisory Committee
 - City/County officials
 - Community groups
 - Teachers
 - Union leaders
 - Administrators
 - Students
 - Religious leaders
 - KOZ

The list is incomplete!



We can do better, and we will!



Harrisburg School District at crossroads

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- Two options
 - District that shines as example of quality education
 - or-
 - End Harrisburg School District

- Choices are stark
 - Change way we do business
 - or-
 - Go out of business



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Stark realities

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- We as a district have been so busy keeping our heads above water, we failed to see the tsunami coming
- Course correction requires across the board sacrifices and commitments
 - More efficient operations
 - Complete accountability for improving the educational program
 - Some increased taxes
 - Wage and benefit cuts
- No time to waste



We can do better, and we will!



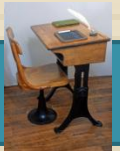
Situational analysis - academics

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- 6,430 pupil district
- State Education Secretary made declaration of financial recovery status
- District ranks near bottom in academics statewide and even compared to similarly disadvantaged districts
 - Only 37% of HSD students are proficient or advanced in math
 - Only 35% of HSD students are proficient or advanced in reading
- Only 45% of HSD students graduate



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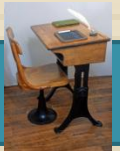
Situational analysis - financial

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- Annual operating deficit of \$14.4 million next year
- Cumulative deficit projected to grow to \$131.4 million by 2018 if we don't act
- Little expected growth in local, state and federal revenue
- Unsustainable and growing salary and benefit costs



We can do better, and we will!



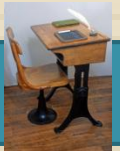
Key aspects of Recovery Plan

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- Academics
- Financial
- Facilities
- Revenue
- Workforce
- Measurement and success



We can do better, and we will!



Significant additional effort required to transform academic environment

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- Create roadmap for restoring academic performance
 - Program analysis
 - Higher level of accountability
 - Standards-based curriculum
- Reconfigure schools' K-8 grade structure
- Strengthen pre-K and K program
- Improve and expand district cyber
- Hire supplemental leadership – CEO to handle operations
 - Salary to be paid by Act 141 loan fund for 1st 3 years
 - Allows Superintendent to focus full-time on academics



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Financial challenges must be met

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- Act 141 transitional loan fund will provide no-interest loan funds of \$6.41 million
- District will seek additional state and federal grants as well as outside funding
- Revenues adjusted
- Staff right-sized
- Spend down fund balance in the near term to mitigate impact on taxpayers, employees, parents, and students, but gradually replace operating reserves



We can do better, and we will!



Team worked hard to minimize negative impacts

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- 9.7% tax increase cut to 3.5%
- 10% cut in employee costs reduced to 5% each of two years
- Infusion of \$6.41 million in interest free loans from Act 141 transitional loan fund
- Annual Act 1 index tax adjustments end and employee compensation increased when district's finances are stabilized



We can do better, and we will!



Additional focus

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- Facilities
 - Improved energy efficiency and building management
 - Right-sizing maintenance and custodial costs
 - No additional school closings immediately but evaluate 5 vacant school buildings
 - Relocate administrative office to district owned facility
- Revenue
 - Improve local tax revenue collections
 - Improve grant-writing and oversight
 - Increase collections from available reimbursement programs



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Additional focus (cont'd)

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- Workforce
 - Wage reductions
 - 5% wage reduction in next 2 years for all employees
 - Wage freeze in following year
 - 1.5%, then 3.5% increase in following 2 years
 - Benefit cost reductions
- Measurement and success
 - Annual performance goals
 - Requirements for increased graduation rates, attendance
 - Monitoring student scores and teacher performance
 - Accountability at all levels for accomplishing goals



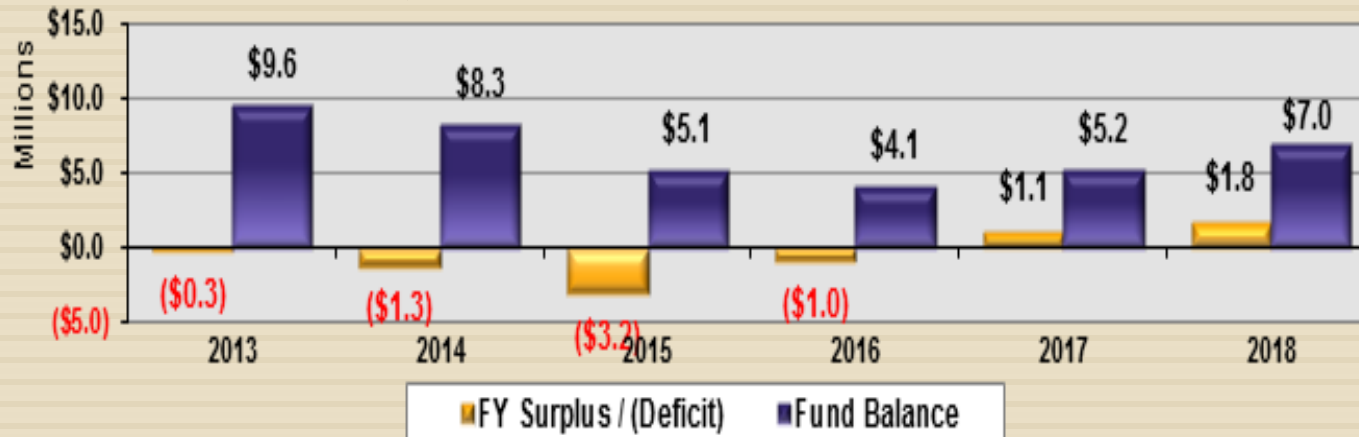
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Projected financial overview

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- After this plan, we have a small surplus rather than \$131 million cumulative deficit



Fiscal Year Ending:	2013	2014	2015	2016	2017	2018
Revenues	\$136,556,518	\$136,474,896	\$133,437,251	\$136,073,811	\$139,473,271	\$142,203,137
Expenditures	\$136,860,979	\$137,812,771	\$136,599,357	\$137,049,913	\$138,358,041	\$140,392,288
Surplus / Deficit	(\$304,461)	(\$1,337,875)	(\$3,162,107)	(\$976,102)	\$1,115,231	\$1,810,849
Fund Balance	\$9,599,264	\$8,261,389	\$5,099,282	\$4,123,180	\$5,238,411	\$7,049,260



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Plan's release is first step toward recovery

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- Recovery Plan goal is to put the district on the right path
 - Right-size district operations to fit the current financial resources, including changes in workforce costs
 - Tie instructional staffing to enrollment while maintaining current student teacher ratios
 - Improve academic offerings
- Comprehensive, multi-year Recovery Plan designed to address financial and academic issues and create stability



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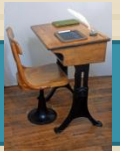
Final note on plan

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- Remaining concerns include:
 - Revised plan, with smaller tax increase and gradual wage cuts, provides less margin for error
 - Achieving all initiatives is critical to success
 - Plan shows annual deficit for two years before savings kick in
 - Fund balance is less than 4% of expenditures in 2014-15, 2015-16, 2016-17; need to be sure it is never fully depleted



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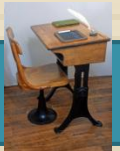
Next steps

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- Act 141 provisions related to the CRO plan
 - If Board adopts plan within 30 days, the Board, with the oversight of the CRO, is responsible to implement the plan
 - District is eligible for technical assistance, interest free loans
 - If Board does not adopt plan within 30 days, interest free loan is lost
 - If Board fails to adopt the plan by December 12, 2013, the Secretary of Education is required by law to petition court for appointment of a receiver
 - Receiver implements plan, supersedes Board in most matters
 - Free technical assistance, access to loan fund is lost
 - Failure to follow plan or to achieve academic goals by end of 2015-2016 school year can result in Receivership and external management



We can do better, and we will!



We need to act now

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- We cannot shy away from making tough choices now and continue as we are, or our district will cease to exist.
- We need to implement a bold vision for tomorrow that will be painful initially, but ultimately restore our district to academic success and financial health
- We can only succeed if all unite and put needs of the students first: parents, teachers, administrators, taxpayers

Thank you for your support for the sake of the students!



We can do better, and we will!

