



RECOVERY PLAN UPDATE AND NEXT STEPS

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

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COMMONWEALTH OF PENNSYLVANIA**

**Advisory Committee Meeting
December 10, 2013**

Harrisburg School District & Act 141

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- ❑ One year anniversary of CRO appointment
 - ❑ Goal to grow and foster excellent education in the context of financial recovery that is sustainable over a period of years
 - ❑ Outreach to community, teachers and staff, and others, convened Advisory Committee for additional input
- ❑ Recovery plan presented April 2013
 - ❑ Focused on long term financial challenges
 - ❑ Limited growth in revenue
 - ❑ Large increases in costs for health care and retirement
 - ❑ Challenges to compete with charter schools for students
- ❑ Academic performance
 - ❑ Harrisburg ranked among the lowest performing districts in the state
 - ❑ Both financial and academic improvement required by the plan



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What We Know Now

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- ❑ Near term financial status is better than it appeared to be a year ago
 - ❑ The 2012-13 fiscal year appears to have ended with a higher-than-expected positive operating balance
 - ❑ Awaiting final results but expect growth in fund balance for 2012-13
 - ❑ Based on CFO's examination, 2013-14 budget overstates expenses and understates non-loan revenue – so there could be another positive operating balance this year
- ❑ However, the District continues to face long term financial challenges
 - ❑ Revenues are stagnant with decline in federal funding
 - ❑ Known expenses (retirement, health care, debt service) are scheduled to grow significantly over the next several years
 - ❑ Continued strong competition from charter schools for Harrisburg students
 - ❑ Additional 18.0% growth in charter enrollments for 2013-14 with application for large new charter next year



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Key Issues to be Addressed in Revised Act 141 Plan

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- ❑ Gradual draw-down of one-time fund balance to appropriate levels
- ❑ Improvements in annual operating budgets that produce positive annual balances
- ❑ Successful competition with charter schools for student enrollment
- ❑ Review of 2013-14 and 2014-15 salary reductions
- ❑ Improved efficiency across all district operations, including affordable growth in employee wages and benefits
- ❑ Review need for annual Act 1 tax increases
- ❑ Potential to withdraw request for Act 141 transitional loan



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Additional Issues

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- ❑ The Board and Administration must continue to act with fidelity to implement the academic improvement plan and must regularly report on measurable progress in improving the academic advancement of students
- ❑ CFO and business manager must provide a detailed report on District finances to the School Board on a monthly basis
- ❑ The District must establish reasonable requirements for establishing and maintaining reserves to accommodate unexpected budget variances
- ❑ The Board and Administrations must improve the district's budgeting process so as to restore credibility with all stakeholders in the District - wild swings in finances have to be corrected



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Additional Issues

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- ❑ Absenteeism, although there are signs of improvement, continues to be a significant issue and must be addressed for both academic and operational reasons
- ❑ Administrative processes related to books and supplies that support the educational process must be improved
- ❑ The District must move diligently and with due haste through a process to deal with vacant buildings
- ❑ The Administration must continue to improve enrollment and offerings at the Cougar Academy, including high school curriculum, in order to compete with cyber charters



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Next Steps

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- ❑ Confirm 2012-13 fund balance through the audit process; finalize updated financial projections based on these results
- ❑ CRO to develop an amended Act 141 plan that meets criteria for eventual exit from oversight – including gradual draw-down of one-time fund balance to appropriate levels; improvement in annual operating budgets that produces positive annual balances; and successful competition with charter schools for student enrollment
- ❑ Provide the Amended Recovery Plan to the School Board for consideration and action
- ❑ Assuming the School Board approves the Plan, present the Plan to the Secretary of Education for consideration per Act 141



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