



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

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

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

Public Meeting
January 29, 2013

Harrisburg School District – Current Situation

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- 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

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- 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

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- ▣ **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.)

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▣ 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)

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

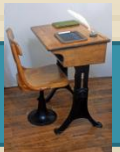
- **HSD fringe benefits as a percent of salary - 65%**
 - Allentown 49%
 - Chester Upland 53%
 - York 66%

- **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

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- 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

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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

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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

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- ❑ 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?

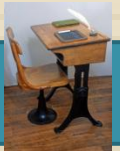
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ACT 141

- 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



We can do better, and we will!



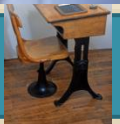
What declaration of financial recovery status means for our schools

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- 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

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- **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

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- ▣ 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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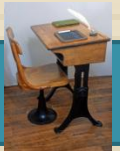


Goals of the Recovery Plan

- **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

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- 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

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□ **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!

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- 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

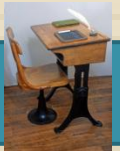
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- School Board, Advisory Committee and Public Meetings through March 12, 2013
- CRO's Recovery Plan due March 12, 2013
- School directors approve or disapprove plan by April 11, 2013.
- If not approved within 30 days, school district not eligible for 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!

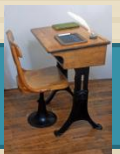
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- I will keep you informed throughout process.
- Our work is important not only to district's financial recovery, but for the children, parents and community!
- Visit our website: www.hsdrecoveryplan.org

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Next Meetings

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➤ **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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