
Financial Recovery Plan

School District of the City of York
York County, Pennsylvania



Prepared by the

Chief Recovery Officer
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May 15, 2013

With the assistance of

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Overview of Challenges

On December 12, 2012 the School District of the City of York was declared to be a "moderate financial recovery school district" under the terms of the Commonwealth's Act 141 of 2012. This designation led to the appointment of a Chief Recovery Officer (CRO), David G. Meckley, who was charged with developing a Financial Recovery Plan for the District. This document is that Plan.

This Financial Recovery Plan provides a strategy for achieving three critical, interrelated goals:

- Restoring financial stability so the District's recurring revenues cover its recurring expenses;
- Improving the academic performance of the School District of the City of York; and
- Ensuring that the District's schools are a safe and healthy environment.

While Act 141 focuses on financial recovery, the District will not be able to stabilize its finances without addressing parents' concerns about academic performance and safety. Those issues are inextricably connected. A large and growing number of students in the City attend one of five charter schools physically located in York or a cyber charter school. As discussed below, parents perceive that those external charter schools provide a better, safer learning environment, so they are sending their children away from District schools.

As students leave the District schools, the District's tuition payments to charter school rise. State and federal funding drops because much of the non-local funding follows students to the charter school. These trends, combined with other factors described in this section, are financially untenable for the District.

It will be challenging to reverse these trends, but it is a challenge the District can and must meet. This Plan provides a structure for doing so. This section explains the challenges in more detail since the nature of the problems is integral to the Plan's approach to dealing with them.

Overview of the York City School District

The School District of the City of York (SDCY) is the public school system for the City of York and one of 16 school districts in York County. The City of York, which had a population of 43,718 in the 2010 census, is located in the south-central part of the Commonwealth, 18 miles from the Pennsylvania-Maryland border.

The District is governed by a nine-member elected school board, one of whom serves as the Board President. The Board appoints the Superintendent and other senior administrative officials to oversee the District's academic programs provided at eight schools. Six schools have children in grades Pre-Kindergarten through 8. There is one high school (William Penn) and one school for alternative education (Lindbergh Education Center). The District has its administrative headquarters in a separate building at 31 North Pershing Avenue and owns other unoccupied facilities.¹

In the 2012-13 school year the District employs approximately 590 staff members, a little more than half of which are teachers represented by the York City Education Association. There are also 219 education support professionals (e.g. secretarial and custodial staff) and 22 administrative personnel (principals and assistant principals).

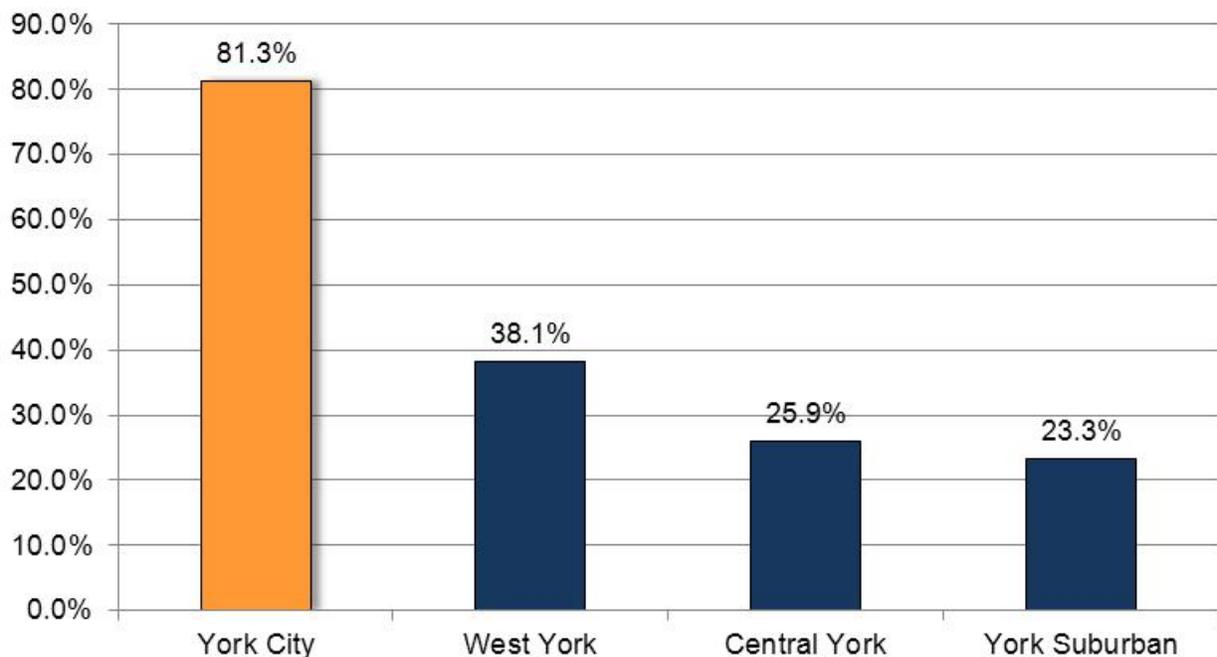
According to District-provided information, the total enrollment was 7,658 students in January 2013. Approximately two-thirds (62.7 percent) of those students attend one of the District's eight schools.

¹ Please see Appendix II for a full list of District owned facilities.

Another 31.8 percent attend charter schools, including cyber charters, and the rest attend other schools including private schools. As of January 2013, York City students attended school in at least 14 facilities other than those operated by the District or charter schools,² but the only facility with significant enrollment of City students was the regional vocational-technical school, the York County School of Technology (approximately 5 percent of total).

SDCY has a higher concentration of students who are economically disadvantaged than the rest of York County. Of the District students who took the Pennsylvania System of School Assessment (PSSA) math test in 2011-12, 81.3 percent received free or reduced lunch, versus 29.9 percent in the rest of York County. According to this metric, the District had more students that are economically disadvantaged (1,807) than the three surrounding school districts combined (1,746).

Percentage of Students who took the 2011-12 PSSAs and are Economically Disadvantaged



Twenty-one percent of the District's students had Individualized Education Programs (IEP)³ compared to 11.5 percent in the rest of York County. The District estimates that 26.6 percent of its students are English Language Learners (ELL). The 2010 decennial census shows that 25.4 percent of York residents speak a language other than English as their primary language.

Statutory Basis for the Financial Recovery Plan

On December 12, 2012, under the provisions of recently-enacted state legislation (Act 141 of 2012), the Commonwealth of Pennsylvania's Secretary of Education Ronald Tomalis declared the District to be a moderate financial recovery school district and appointed David G. Meckley to serve as Chief Recovery Officer (CRO) to improve academic performance and bring financial stability to the district.

The CRO is charged with taking input from the School Board and the community to develop a Financial Recovery Plan that restores financial stability and improves the District's academic performance. Act 141 requires the appointment of an Advisory Committee to the Chief Recovery Officer and the Committee

² This includes students attending school at a hospital or day treatment program.

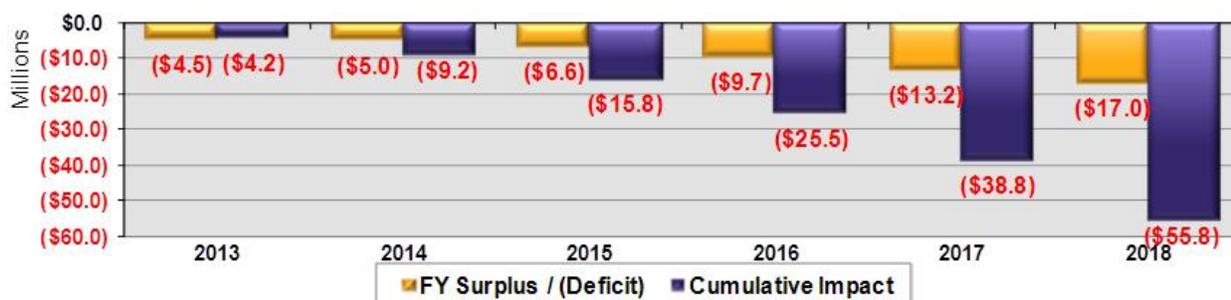
³ IEPs are programs customized for students with a disability as defined by federal regulations,

meets at least monthly. The process that the CRO used to design this Financial Recovery Plan is described in more detail in this report's next section.

Act 141 provides 90 days to complete the plan, but allows for an extension with the approval of the Commonwealth's Secretary of Education. An extension to May 15, 2013 was approved by Secretary Tomalis. This document is the plan required by Section 663-A of Act 141.

This district's weak financial status has led to diminished reserves and projected deficits. The District's 2011-12 financial statements show the General Fund balance dropping from \$7.6 million at the beginning of that academic year to \$0.3 million at its end.⁴ In January 2013, the District's Director of Business and Finance projected SDCY would finish the 2012-13 school year with a \$4.3 million annual deficit, consuming the remaining General Fund balance and generating a cumulative deficit that grows every year going forward.⁵ The District has this projected deficit despite the Commonwealth providing \$5.4 million in supplemental aid in addition to the basic education funding.⁶ As summarized below, a baseline projection of the District's finances shows the annual deficit growing to \$17.0 million and the cumulative deficit reaching \$55.8 million in 2017-18.

Baseline Financial Projection, 2012-13 through 2017-18 (\$ Millions)



	2013	2014	2015	2016	2017	2018
	Adj. Budget	Projected	Projected	Projected	Projected	Projected
Total revenues	107,261,561	108,841,777	110,775,341	113,053,560	114,923,124	116,491,684
Total expenditures	111,751,128	113,831,491	117,419,470	122,743,689	128,164,661	133,497,153
Surplus/Deficit	(4,489,567)	(4,989,714)	(6,644,129)	(9,690,129)	(13,241,537)	(17,005,469)
Fund balance	(4,200,924)	(9,190,638)	(15,834,767)	(25,524,895)	(38,766,432)	(55,771,901)

As grim as the financial projections are beyond 2014-15, in practice the District would not reach the \$55.8 million cumulative deficit in 2017-18 without running out of cash first. The District's cash position is not strong enough to absorb the annual deficits projected for several years and still meet its ongoing obligations to employees, vendors and other creditors.

Baseline projections

To understand the baseline financial projection, the reader must understand three key contextual challenges that are integral to the District's financial condition, but not directly evident in its financial documents.

- The District has a weak tax base so there is limited capacity to generate additional revenue by increasing taxes.

⁴ See Page 7 of the District Financial Statements for the Year ended June 30, 2012

⁵ The technical assistance team projected a similarly sized deficit for 2012-13, which appears in the table below.

⁶ The District received \$3.8 million via the Commonwealth's Charter and Cyber Charter School Extraordinary Enrollment Supplement and another \$1.6 million via the Commonwealth's English Language Learner High Incidence Supplement Aid.

- The District has struggled academically and parents of children attending charter schools perceive their children can receive a better education outside District schools.
- A growing share of the total student enrollment is moving away from the District schools to charter schools.

Weak tax base

The School District of the City of York, like all Pennsylvania school districts, is funded through a combination of local, state and federal revenue sources. State funding currently accounts for 62 percent of the District's total revenue in 2012-13. Local tax revenue is the next largest source, accounting for 32 percent of total. Local tax revenues are constituted mainly of real estate taxes, with much smaller proportions coming from earned income taxes, utility taxes and other miscellaneous sources. In the current budget year, real estate taxes comprise 78 percent of the local tax revenue.

When the assessed value of real estate in the City is compared to the number of students in the District, the District has the lowest ratio in the County by a wide margin. The City's assessed value per student was \$99,000 in 2010-11, which was less a third of the next lowest amount (Dover School District at approximately \$300,000 per student) and less than a quarter of the County average (approximately \$400,000 per student).

Together with the low assessed value of property, SDCY had the highest real estate tax rate among the 16 school districts in York County. As of 2010-11, its rate was at least five mills higher than any other York County school district. The 2012-13 property tax rate for the School District is 33.7 mills following the 8.5 percent increase for this school year.

Meanwhile, the median home value in the City is less than half the median for the County as a whole. According to the 2007-2011 American Community Survey, the median value of owner-occupied housing units in York City is \$83,800 versus \$178,400 in York County. One mill of real estate tax in the City generates less money than one mill in other York County municipalities.

Similarly, the City has a relatively weak tax base generating the earned income tax revenue that the District receives. As noted earlier, the District has a higher concentration of economically disadvantaged children than other York County school districts. It follows that the median household income for City residents was close to half of the median household income for the County as a whole (\$29,814 in York City versus \$58,586 in York County).

Combining these trends, the tax base that supports York City Schools has the highest tax rates in the County and weak capacity to generate additional tax revenue through further tax rate increases.

Academic performance and parent perceptions

There are many ways to measure educational performance. A varied selection of indicators show that the District must drastically improve its performance to give its students a great education.

One widely-publicized set of indicators of District performance are the results of Pennsylvania System of School Assessment (PSSA) tests. Each year students are administered tests to measure attainment of state academic standards while also determining the degree to which school programs enable students to attain proficiency of the standards. On the 2011-12 PSSAs, 45.2 and 44.4 percent of District students scored below proficient in math and reading respectively.

The District's performance also lags when its students are compared only to other economically disadvantaged students. On the 2011-12 PSSAs, 46.1 percent of economically disadvantaged District students scored below proficient on math, compared with 30.7 percent of economically disadvantaged students in York County and 37.1 percent of economically disadvantaged students statewide. On the

reading PSSAs, 58.7 percent of economically disadvantaged District students scored below proficient, compared with 37.8 percent of economically disadvantaged students in York County and 43.6 percent of economically disadvantaged students statewide.

PSSA Math Results for Economically Disadvantaged Students, 2011-12⁷

PSSA Results 2011-12	Number Scored Math	Advanced Math	% Advanced Math	Proficient Math	% Proficient Math	Basic Math	% Basic Math	Below Basic Math	% Below Basic Math
York City	1,654	356	21.5%	536	32.4%	362	21.9%	400	24.2%
York County	9,502	3,438	36.2%	3,142	33.1%	1,646	17.3%	1,274	13.4%
Statewide	338,091	103,564	30.6%	108,312	32.0%	65,036	19.2%	60,635	17.9%

PSSA Reading Results for Economically Disadvantaged Students, 2011-12³

PSSA Results 2011-12	Number Scored Reading	Advanced Reading	% Advanced Reading	Proficient Reading	% Proficient Reading	Basic Reading	% Basic Reading	Below Basic Reading	% Below Basic Reading
York City	1,649	191	11.6%	491	29.8%	367	22.3%	600	36.4%
York County	9,472	2,182	23.0%	3,703	39.1%	1,888	19.9%	1,696	17.9%
Statewide	336,654	68,384	20.3%	121,184	36.0%	68,202	20.3%	78,341	23.3%

Results of the tests are one criterion used to determine whether schools are achieving adequate yearly progress (AYP) under federal No Child Left Behind (NCLB) requirements. The District as a whole failed to make AYP in 2012, and is in its fifth year of corrective action. On a school-by-school basis, McKinley Elementary School “made adequate yearly progress” entering 2012-13, becoming the first school to do so since before 2008-09. Devers Elementary School is “making progress” but the remaining schools are under corrective action plans. The chart below shows the AYP status of each school for the last five years.

Year-by-Year AYP Status⁸

School Name	Entering 2008-09	Entering 2009-10	Entering 2010-11	Entering 2011-12	Entering 2012-13
Davis ES	School Improvement 1	School Improvement 2	Corrective Action 1	Making Progress	Corrective Action 2 (1st year)
Devers ES	Warning	Warning	Warning	School Improvement 1	Making Progress
Ferguson ES	Warning	School Improvement 1	School Improvement 2	Making Progress	Corrective Action 1
Goode ES	School Improvement 2	Corrective Action 1	Making Progress	Corrective Action 2 (1st year)	Corrective Action 2 (2nd year)
Jackson ES	Warning	School Improvement 1	School Improvement 2	Corrective Action 1	Corrective Action 2 (1st year)

⁷ Results for York County and Statewide Summary are net of the School District of the City of York results

⁸ The color coding follows the scale listed on the PDE website. From high to low, the possible designations are Made AYP (highest), Making Progress, Warning, School Improvement 1, School Improvement 2, Corrective Action 1 and Corrective Action 2 (lowest).

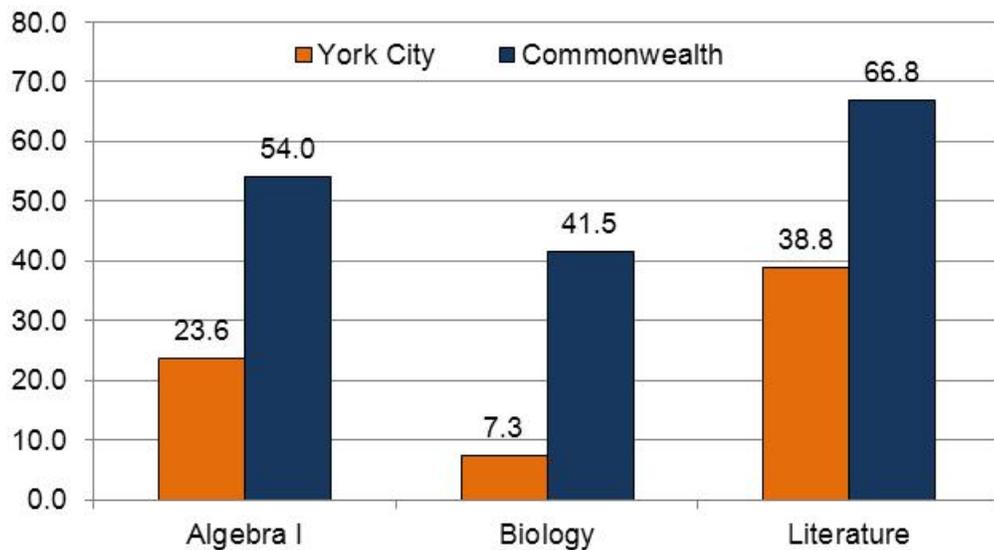
School Name	Entering 2008-09	Entering 2009-10	Entering 2010-11	Entering 2011-12	Entering 2012-13
McKinley ES	Corrective Action 2 (2nd year)	Corrective Action 2 (3rd year)	Corrective Action 2 (4th year)	Making Progress	Made AYP
EF Smith MS	Corrective Action 2 (3rd year)	Corrective Action 2 (4th year)	Corrective Action 2 (5th year)	Corrective Action 2 (6th year)	Corrective Action 2 (7th year)
Hannah Penn MS	Corrective Action 2 (3rd year)	Corrective Action 2 (4th year)	Corrective Action 2 (5th year)	Corrective Action 2 (6th year)	Corrective Action 2 (7th year)
William Penn HS	Corrective Action 2 (3rd year)	Corrective Action 2 (4th year)	Corrective Action 2 (5th year)	Corrective Action 2 (6th year)	Corrective Action 2 (7th year)

Source: Pennsylvania Department of Education online database

The District's most talented students will take the SAT® and apply to college. In 2012 only 172 District students took the college admission test and they achieved average results of 376 on the verbal portion of the test, 375 on the math test, and 349 on the written portion. These results were 20 percent, 22 percent and 23 percent lower respectively than statewide averages for each section.⁹

Eleventh grade students across the Commonwealth take Keystone Exams that assess their performance and skill mastery in Algebra I, Biology and Literature. The winter 2012-13 test results show a much lower percentage of District students achieving proficient or advanced levels than the Commonwealth average for all three subjects.

2012-2013 Keystone Exam Results
Percent of students scoring proficient or advanced



Finally, the success of students is determined in part by the expertise and ability of their teachers. According to 2011-12 Pennsylvania Department of Education Teacher Evaluation survey, 89.3 percent of teachers evaluated for that school year were rated as Level 6 Satisfactory, the highest level attainable on

⁹ Data from the PDE website

the survey. However a total of 32 teachers, or 9.3 percent, were given no rating at all. All of these figures are outside countywide and statewide averages. The following table illustrates this.

Pennsylvania Department of Education Teacher Evaluations, York County, 2011-12 School Year

School District	Total Employed	Not Rated		Level 1		Level 2		Level 3		Level 4		Level 5		Level 6	
		#	%	#	%	#	%	#	%	#	%	#	%	#	%
York City SD	345	32	9.3%	5	1.4%	0	0.0%	0	0.0%	0	0.0%	0	0.0%	308	89.3%
<i>York County Totals</i>	<i>4,695</i>	<i>59</i>	<i>1.3%</i>	<i>29</i>	<i>0.6%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>	<i>1</i>	<i>0.0%</i>	<i>4,606</i>	<i>98.1%</i>
<i>w/o York City SD</i>	<i>4,350</i>	<i>27</i>	<i>0.6%</i>	<i>24</i>	<i>0.6%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>	<i>0</i>	<i>0.0%</i>	<i>1</i>	<i>0.0%</i>	<i>4,298</i>	<i>98.8%</i>

Beyond its actual academic performance, the District also struggles against the perceptions among parents in the community that charter schools – whether “bricks and mortar” schools physically located in York or cyber charters – can provide a higher quality education than the District can.

During the Plan drafting process, the Polk-Lepson Research Group was contracted to conduct a phone survey of randomly selected parents in the City of York whose children attend charter schools. The majority of the children represented by the survey respondents attend four of the five charter schools located in the City – Lincoln Charter, Helen Thackston Charter School, New Hope Academy and York Academy Regional Charter.¹⁰ These four schools represented 79.1 percent of the children whose parents participated in the survey and 85.1 percent of the estimated charter school enrollment. Parents whose students attend cyber charters represented 12.2 percent of the survey participants and 11.6 percent of the estimated charter school enrollment.

A majority of the parents surveyed had previously sent their children to one of the District schools (55.1 percent). A small portion (16.3 percent) of survey respondents had at least one child at a District school and at least one child at a charter school.

The Polk-Lepson survey found:

- 42.7 percent of the total participants said they enrolled their student in a charter school because they perceive it provides a better education. Other common reasons given were safety (14.6 percent), smaller classes (11.9 percent) and more attention from teachers (11.5 percent).
- 71.3 percent of the parents whose children previously attended a District school perceived that their child had a positive change in attitude and behavior after moving to the charter school.
- 80.0 percent of the parents whose children previously attended a District school perceived that their child had a positive change in academic performance after moving to the charter school.
- 72.0 percent of the total survey participants gave the charter schools an A grade for the educational experience their child is receiving. 25.6 percent gave the charter schools a grade of B. Only 2.4 percent gave the charter schools a grade of C or lower.
- 78.8 percent of the total respondents said they were not likely to move their students from a charter school to a District school.¹¹

¹⁰ The fifth charter school, Crispus Attucks Youth Build, had a small percentage of survey participants (2.8 percent) and an even smaller share of the estimated charter school enrollment (0.3 percent). Please see the March 2013 Polk-Lepson presentation to the Advisory Committee for more information.

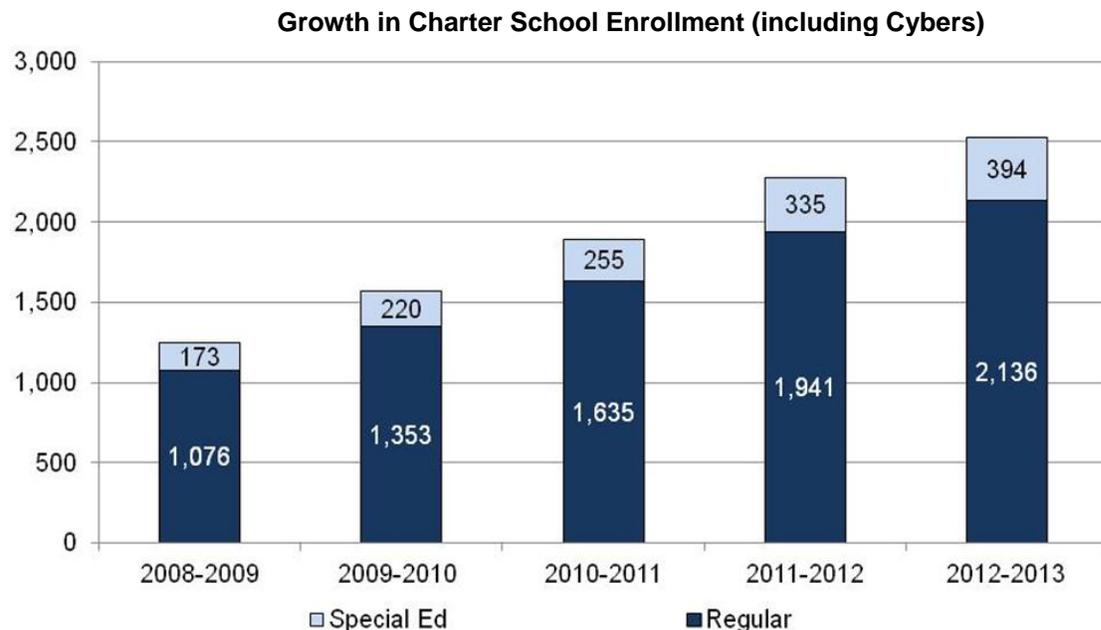
¹¹ Survey respondents rated their likelihood to send their child to a District school on a scale of 1-10, with 1 being not likely and 10 being very likely. Respondents who gave a rating of 3 or lower are grouped into this 78.8 percent.

To some extent, it is not surprising that parents who decided to send their children to charter schools would rate those schools favorably. Whether their children are actually receiving a better education at these charter schools is questionable. The 2011-12 PSSA results for students attending Lincoln Charter School, Helen Thackston Charter School and New Hope Academy show that 41.7 percent of those students achieved a score of proficient or better in reading, lower than the 42.3 percent of children attending District schools.¹² 50.5 percent of the students at these charter schools achieved a score of proficient or better in math, lower than the 54.8 percent of children attending District schools.¹³

Despite these differences between the perceptions reported in the Polk-Lepson survey and the PSSA test results, changing those perceptions is important to reversing the enrollment attrition trend described in the next section.

Enrollment attrition to charter schools

The number of City students enrolled at charter schools, including cyber charters, has more than doubled in the last four years. At the beginning of the 2008-09 school year there were 1,249 City students enrolled at three brick-and-mortar charter schools and cyber schools.¹⁴ At the beginning of this school year, there were 2,530 students at five bricks-and-mortar charter schools and cyber schools. The charter school population has grown by 19.3 percent per year over this period, with 22.8 percent annual growth in the special education population.



Part of the growth is attributable to the increase in the number of charter schools. Helen Thackston Charter School opened with 193 students in 2009-10 and York Academy Regional Charter School opened with 129 students in 2011-12. Even setting aside the new charter schools, the charter school

¹² Please note this comparison does not include children at cyber charters since the PSSA data does not breakdown student performance by place of residency. This comparison also does not include students at York Academy Regional Charter, who did not start taking the PSSA until 2012-13.

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¹⁴ Charter school enrollment data comes from the District's January 14, 2013 enrollment report that shows enrollment at the start of each school year.

population is growing. The combined enrollment at the three charter schools in existence for this whole period has grown by 8.0 percent per year.

Meanwhile the District's own population has decreased by 30.0 percent over the same four-year period, or 6.0 percent per year. The majority of York City students are enrolled at District schools, but the ratio of District attendees to those in other schools has dropped from 5:1 in 2008-09 to 2:1 in 2012-13.

This Plan's baseline financial projection assumes that charter school enrollment will grow by 8.0 percent per year, not accounting for any new charter schools. The projections assume that 75 percent of that growth would come from parents moving their students from District schools to charter schools. The remaining 25 percent of charter enrollment growth would come from parents placing their students directly in charter schools. The net effect is that approximately 3 percent of the District's students would migrate to charter schools each year. The chart below shows the actual and projected charter school enrollment through 2017-18. The projections assume 17 percent of the charter school population is in special education.¹⁵

City Students enrolled in Charter Schools (including Cyber Charters)

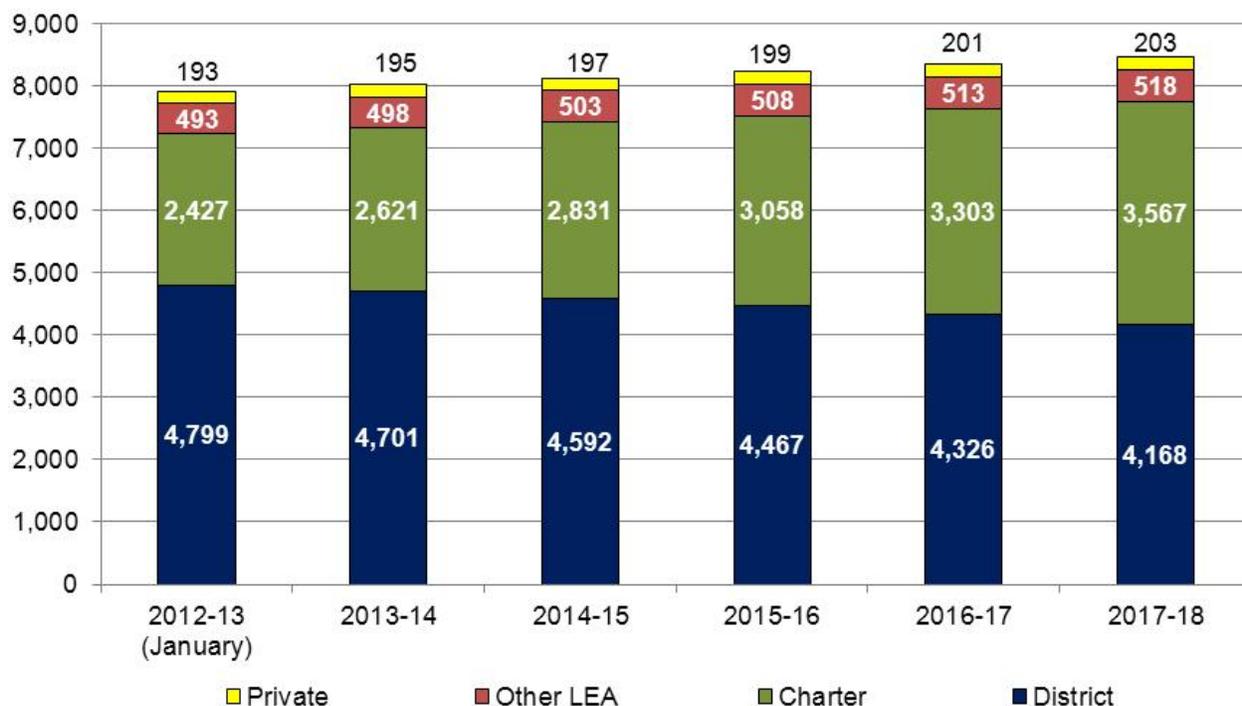
	Charter Reg-Ed	Charter Spec-Ed	Total	Growth	Reductions from SDCY
2008-09	1,076	173	1,249	N/A	N/A
2009-10 (Thackston opens)	1,353	220	1,573	324	N/A
2010-11	1,635	255	1,890	317	N/A
2011-12 (YA Regional opens)	1,941	335	2,276	386	N/A
2012-13 Beginning	2,136	394	2,530	254	N/A
2012-13 January Actual	2,010	417	2,427	151	N/A
2013-14 Projected	2,171	450	2,621	91	68
2014-15 Projected	2,345	486	2,831	210	158
2015-16 Projected	2,533	525	3,058	227	170
2016-17 Projected	2,736	567	3,303	245	184
2017-18 Projected	2,955	612	3,567	264	198

Using trends in the City's population growth, the baseline projection assumes the overall City student population will grow by 1.0 percent per year. The City's population has recently grown by 0.7 percent per year according to census data and Pennsylvania Department of Education data shows 0.2 percent annual growth in the number of births from 2007 – 2011.

Natural population growth will help the District's enrollment grow marginally but, when coupled with the projected growth in charter school enrollment, the District's student enrollment is projected to decrease by 2.7 percent per year as shown in the graph below.

¹⁵ Special education is defined here according to the Commonwealth formula used to determine the District's payments to charter schools. The District uses a 17 percent estimate for its special education population in similar financial projections.

Baseline Enrollment Projections



Financial impact of charter enrollment growth

When a student attends a charter school instead of a District-operated school, the Public School Code establishes the statutory tuition rate that the District pays charter schools to cover that student's estimated educational costs. In 2011-12, the District made \$32.7 million in tuition payments to other schools with three-quarters of that amount (\$24.8 million) going to charter schools, including cyber charters. Charter school tuition payments accounted for 22.9 percent of the District's spending last year and 25.1 percent of the District's adjusted budget for 2012-13.

The Pennsylvania Department of Education provides all school districts with a standard form to calculate the tuition rates for regular and special education. This form – designated PDE-363 – is an itemized list of specific expenditures and eligible deductions. Education costs for most students are calculated based on the total expenditures in a prior given fiscal year (i.e. 2012-13 rates are based on 2011-12 expenditures), less certain deductions (mostly for federally-supported programming), divided by the Average Daily Membership (ADM, all resident pupils of the school district for whom the school district is financially responsible). The calculation of the tuition rate for regular education students is shown below:

$$\frac{\text{Total Expenditures} - \text{Total Deductions}}{\text{Estimated Average Daily Membership (ADM)}}$$

The tuition rate for special education students is calculated in a similar manner. However, only expenditures related to special education and related deductions are used as the numerator, as well as a prorated ADM based on the proportion of special education students.

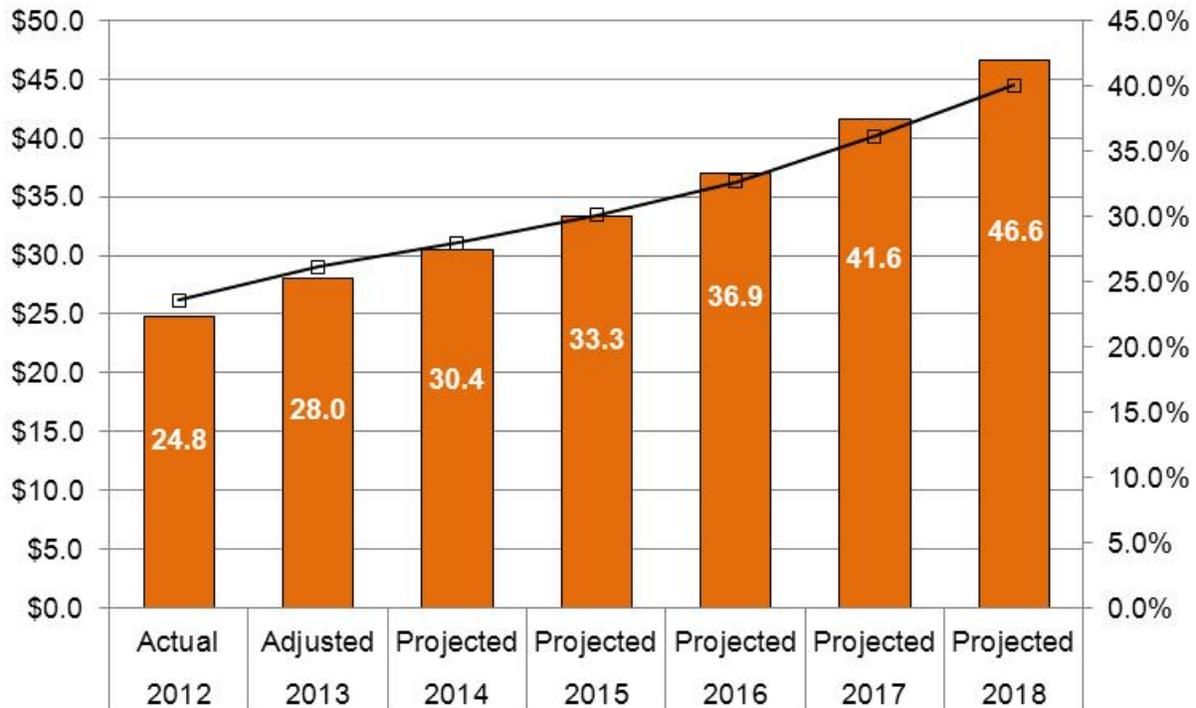
$$\frac{\text{Special Education Expenditures} - \text{Special Education Deductions}}{\text{Average Daily Membership} \times 0.16}$$

The effect of the PDE-363 calculation on the District's budget is powerful because spending money in one year creates an increase in the formula output the next year, and the inclusion of all spending (including charter tuition) creates a large base that is not easily affected by budget changes once a certain threshold

is reached. According to the technical assistance team’s baseline projections, the blended per student tuition rate will increase during the Financial Recovery Plan period.

Since the charter school population and the tuition rate per student is projected to grow, the District’s tuition payments to charter schools also grow absent changes. The baseline projection shows that, by 2017-18, these charter tuition payments would grow by 87.8 percent (or \$21.8 million) over 2011-12 estimated levels. The graph below shows the projected tuition payments to charter schools by dollar amount and as a share of total projected revenues.

**Baseline Projected Charter Tuition Payments
By Dollar Amount (Millions) and Share of Total Revenues**



Financial projections

The technical assistance team to the CRO built a multi-year budget model to communicate the York City School District’s current financial condition and illustrate the degree of change needed to address projected deficits. The model projects the District’s total General Fund revenues and expenditures through the 2017-18 academic year in a baseline scenario that assumes no corrective action is taken. The baseline projection starts with the District’s 2012-13 adjusted budget and applies the following key growth rates.

Revenues

- **Local revenues:** There are no further real estate tax increases following the 8.5 percent increase in 2012-13. The real estate tax base drops by 0.8 percent in 2013-14¹⁶ and then stays flat through the projection period. Other major local tax revenues grow by 1.0 percent per year.
- **State revenues:** The basic instructional subsidy from the Commonwealth, which is the District’s largest source of revenue, grows at 1.3 percent in 2013-14 and from 2.75 to 3.25 percent per

¹⁶ The District used this assumption in assembling its preliminary 2013-14 budget.

year thereafter. Special education funding grows by 1.75 percent per year. The Commonwealth also reimburses the District for a portion of its contribution to the Public School Employees' Retirement System (PSERS). The baseline projections hold the Commonwealth's share of the PSERS contribution constant, though the total contribution amount grows (see below).

- **Federal revenues:** Federal funding formulas are typically based in large part on student enrollment. In the baseline projection, as the District's enrollment drops, so does its federal funding. Other than these enrollment-related changes, there is no further assumed reduction in federal aid.

Expenditures

- **Employee salaries:** The baseline projection uses the same assumptions as the District's preliminary 2013-14 budget and then assumes no further wage increases after the expiration of the existing collective bargaining agreements and memorandums of understanding.¹⁷
- **Employee headcount:** The baseline projection assumes that the District will maintain the same teacher-to-student ratio estimated for January 2013 using District enrollment data. As the student enrollment at District schools drops, the projection model removes teacher positions to keep a constant teacher-to-student ratio.¹⁸

This projected headcount reduction reflects the reality that the District has had to reduce its workforce, particularly its more junior employees, in recent years. In 2010, the District furloughed 23 teachers, all of whom were hired after July 2007. In 2011, the District furloughed another 90 teachers, counselors and librarians (including six teachers who had been recalled after the 2010 furloughs). Seventy-four of those furloughed were hired after July 2007. In 2012, the District furloughed another 90 teachers, counselors and librarians (including 26 recalled after the 2011 furloughs). Two principals were also laid off. The latest round of furloughs impacted more senior employees with 53 of the 90 furloughed employees hired before August 2007. The district was able to re-hire some teachers after receiving additional state funding and recall others to fill vacancies generated by teacher resignations or retirements.

When enrollment-related position reductions are combined with the salary freezes, the District's salary expenditures are projected to drop on average by 1.7 percent per year.

- **Employee benefits:** The District's expenditures on employee benefits are projected to grow by 4.7 percent annually, even with the headcount reduction. The baseline assumes employee medical insurance costs will grow by 8.0 percent per year according to national trends after a one-year freeze in 2013-14. The District's projected employee pension contribution is projected to grow according to the schedule set by PSERS, a total of \$3.4 million over 2012-13 levels or 93.9 percent. This equates to average growth of 14.9 percent per year.
- **Debt service:** The baseline projection incorporates the District's scheduled debt service payments.
- **Other expenditures:** Most other supplies and service expenses grow by a 2.3 percent inflationary index or are kept flat according to historic patterns.

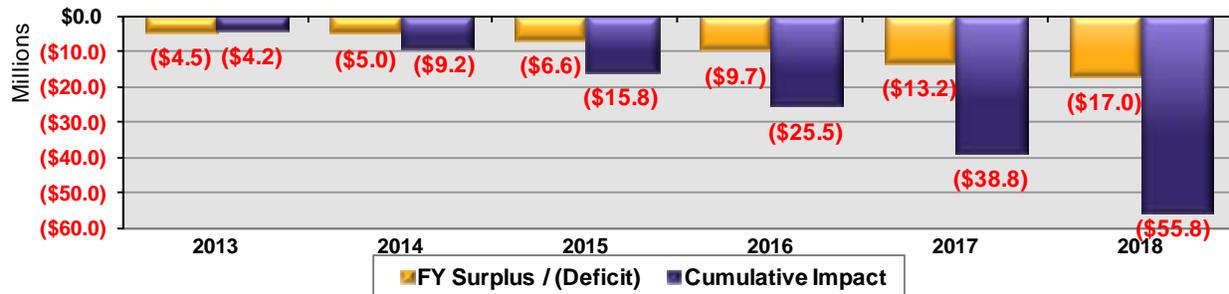
These revenue and expenditure projections, combined with the enrollment assumptions and the recent academic performance, paint a grim picture for the District absent corrective action. The District will exhaust its remaining reserves and have a negative General Fund balance at the end of the current school year. Annual deficits will grow to \$9.7 million in 2015-16, \$13.2 million in 2016-17 and \$17.0

¹⁷ Please see Appendix III for a full listing of growth rates, including the 2013-14 wage increase assumptions by position category.

¹⁸ The model assumes similar reductions in other instructional positions, such as teacher aides. The baseline projection does not assume any reduction in support staff, principals, assistant principals or senior staff.

million in 2017-18. When the annual deficits are combined, the cumulative deficit will reach approximately one-quarter of the total projected revenue by June 2016, one-third of it by June 2017 and one-half of it by June 2018. Those are the projected baseline financial results, even though the District's student enrollment and employee headcount would drop.

Baseline Financial Projection, 2012-13 through 2017-18



	2013	2014	2015	2016	2017	2018
	Adj. Budget	Projected	Projected	Projected	Projected	Projected
Total revenues	107,261,561	108,841,777	110,775,341	113,053,560	114,923,124	116,491,684
Total expenditures	111,751,128	113,831,491	117,419,470	122,743,689	128,164,661	133,497,153
Surplus/Deficit	(4,489,567)	(4,989,714)	(6,644,129)	(9,690,129)	(13,241,537)	(17,005,469)
Fund balance	(4,200,924)	(9,190,638)	(15,834,767)	(25,524,895)	(38,766,432)	(55,771,901)

Fixing the School District of the City of York

The City's demographic challenges, the District's academic performance and the enrollment attrition combine with the financial distress to create a grim baseline projection. But they also provide guidance on how to address the District's financial problems.

Since the City's tax base is weak and residents are already taxed at the highest rate in York County, the District will not regain financial balance by increasing its tax rates. The District also cannot rely on increased funding from the Commonwealth or federal government to close its deficits. So the Financial Recovery Plan's approach to regaining financial balance focuses on expenditures.

The District spends most of its money on employee compensation, including employee benefits, and tuition payments to charter schools. Employee compensation must be brought into line with available resources, and that is done by either reducing the number of employees or reducing the compensation paid to each one. The District has already reduced the number of employees through furloughs in recent years. Staff interviewed during this process repeatedly said that these reductions, while helpful in addressing the financial deficits, have made it difficult to provide the same level of education services. Significantly reducing staffing levels further would make that even more difficult. So the Financial Recovery Plan has reductions in the levels of compensation paid to individual employees, allowing the District to maintain staffing levels and invest in new programs that will help improve academic performance.

To address the rising tuition payments to charter schools, the District has to halt the movement of its students away from its own schools. The District has to maintain and grow its enrollment, and that will only happen if the academic performance improves. So the Financial Recovery Plan creates a framework for improving the District's performance, using clearly defined performance measures and improvement plans that recognize the need to address academic, safety and financial challenges together.

Improving performance is important, but so is improving parents' *perceptions* of the District's performance. That happens best through engaging the community in the improvement process. The Financial Recovery Plan includes new mechanisms to gather input from the parents whose children attend District schools and use that input to reshape academic programs at each school and across the District.

By engaging the community to set clear performance standards, giving staff the flexibility and some additional resources to design plans that will meet those standards, and holding the District accountable for meeting those performance standards, this Financial Recovery Plan provides a strategy for the District to provide a high quality education and a safe, healthy learning environment, which is integral to the District's financial recovery.

The next section explains the Advisory Committee process in more detail since that process and the information gathered during it shaped this Plan. The final section explains the Financial Recovery Plan's approach and how it brings the District's finances back into balance.

Plan Development Process

The process that Chief Recovery Officer David G. Meckley led in drafting this Financial Recovery Plan was unique by necessity.

Act 141 of 2012, the law that governs the Financial Recovery Process, had only been in effect for six months when the School District of the City of York (SDCY) was declared a moderate financial recovery school district on December 12, 2012. For moderate financial recovery school districts like SDCY, Section 654-A of Act 141 requires the Board of Directors to establish an Advisory Committee “to provide recommendations and feedback to the Chief Recover Officer or Receiver on the development and implementation of the financial recovery plan.” Act 141 requires that the Advisory Committee have 12 members representing specific parts of the public education community. To gather more community input, CRO Meckley increased the Advisory Committee membership to 20 with the CRO acting as chairperson of the Committee. The Advisory Committee members are listed in Appendix I.

The Advisory Committee met eight times from January 30, 2013 through May 2, 2013 with CRO Meckley setting the agendas and leading the meetings. The meetings were held at the District Administration building at 31 North Pershing Avenue; Phineas Davis School; and William Penn High School. There was a separate meeting to gather public comment at the York Memorial Library. The CRO also received public comments at each of the eight Committee meetings. He met frequently with the District’s Board of Directors, the Superintendent and her senior staff, principals, teachers and other employees, either individually or as representatives of collective bargaining units. He met with the press, community groups, business leaders and individual citizens to gather input and explain this new process to the community.

The CRO established a website (www.ycsdrecoveryplan.org) to provide the public with details of the Act 141 process, announce public meetings, and provide other information. This Financial Recovery Plan was posted to the CRO's website shortly after release.

This section summarizes the Advisory Committee process and key agenda items from the Committee meetings since that information, the Committee members’ discussions and their recommendations shaped this Plan.

Evaluation framework

At the first Advisory Committee meeting, CRO Meckley and the District’s senior staff made a presentation outlining the District’s current condition. The presentation ended with the recommendation that the District use a “balanced scorecard” to evaluate its academic, operational and financial performance. The scorecard provides a concise, intuitive presentation of the District’s performance. It is designed to help the District measure its performance, track how it changes and compare it to outside benchmarks, such as standards set by the federal government or the Pennsylvania Department of Education.

The Advisory Committee agreed with the value of measuring the District’s performance using quantifiable standards. After discussion, the Advisory Committee decided that the appropriate benchmark for the District’s academic performance should be the Commonwealth average, and not the performance of urban school districts with same demographic and financial challenges that York has.

Sample Segment of Balanced Scorecard (Academic Measures)

	Item	Goal	Actual	Status
E	Enrollment as a percent of eligible students	82.0%	68.4%	
E	Achievement test scores - overall	80.0%	31.4%	
E	Achievement test scores - High School	80.0%	31.4%	
E	Achievement test scores - K-8	80.0%	47.0%	
E	Achievement test scores - Special education	20.0%	20.0%	
E	Educational model effectiveness (PA achievement)	73.0%	46.0%	
E	Class size	24.5	24.3	
E	Student engagement	80.0%	35.0%	
E	Special Education students in regular classrooms	62.4%	42.0%	
E	Attendance	91.2%	87.0%	
E	High school graduation rate	89.0%	74.0%	
E	Advanced placement	68.0%	15.5%	
E	ELL progress towards proficiency	40.0%	32.0%	
E	Pre-K participation	60.0%	18.0%	

Source: Presentation to the Advisory Committee on May 2, 2013. Please note this is a sample presented during the Advisory Committee process, not the actual standards that will be set under the Financial Recovery Plan's provisions.

The development of a limited set of quantified performance measures and using those measures to monitor and evaluate District progress is a core principle of the Financial Recovery Plan.

Given the limited timeframe for developing a Financial Recovery Plan under Act 141, the Advisory Committee needed a way to evaluate recommended improvements. The CRO noted that not all suggestions have the same level of impact. Some recommendations focus on improving individual aspects of District's operations while others aim for broader District transformation. The Committee decided to focus on "high impact options," which are defined as those that address three needs:

- Will the change improve the District's financial performance and help achieve a sustainable balance between recurring revenues and recurring expenditures?
- Will the change improve the District's academic performance?
- Will the change improve the District's ability to provide a safe, healthy learning environment?

The second and third questions are inextricably connected to the first. If parents do not perceive that the District can provide a high quality education in a safe environment, they will move their children out of District-operated programs to charter schools, resulting in ever-increasing charter school tuition payments for the District.¹

The Committee added a fourth question to ensure the eventual Financial Recovery Plan strategy was meaningful: "What is the relative difficulty for the District to implement the high impact option?" Given the urgency for corrective action, the CRO was focused on a recovery strategy that the District could begin to implement on its own under existing law, including Act 141 of 2012.

¹ Please see the "Overview of Challenges" section for more detail.

High impact options: From five to two

The Committee initially addressed five recovery approaches that were considered potential high impact options for transforming the District:

- Seek additional financial support from the Commonwealth of Pennsylvania
- Implement the Community in Schools program
- Consolidate the District with one or more of the surrounding districts
- Convert all the District-operated schools to charter schools (full charter conversion)
- Enact a series of reforms that are identified, executed and evaluated by the District's staff (internal transformation)

The first option (seeking more Commonwealth aid) did not meet the established criteria for a viable high impact option. While increased Commonwealth aid would help the District address its deficits in the short term, Commonwealth aid would have to increase significantly every year to close the deepening annual deficits projected in the baseline, especially given the underlying trends discussed earlier.² Increasing Commonwealth aid without making other changes would not guarantee better academic performance or safer, healthier learning environments. And since the Commonwealth allocates school district funding, there is little the District could do alone to implement this strategy. Given these flaws, this strategy was set aside and not pursued as an approach to the Financial Recovery Plan.

Community in Schools

Community in Schools (CIS) was part of a broader recommendation by the York County Community Foundation to improve the District's performance. CIS is a national program in which site coordinators are hired to connect students to existing social services in their community.³ The CIS coordinators develop a team of academic mentors, tutors, counselors, food bank operators, business leaders and other resources already existing in the community and then connects students to that team in an integrated approach that addresses the child's needs beyond the classroom. There are active CIS programs in the School District of Philadelphia, the Allentown City School District and the Bethlehem City School District.

The Community Foundation recognized that, on its own, CIS implementation would not be a "high impact option" since it would not improve the District's financial, academic and safety performance to the degree needed. With an estimated cost of \$70,000 per site, CIS would also cost the District close to \$500,000 per year if the District implemented CIS at each of its seven schools, not including the Lindbergh Education Center. Still, the District could implement CIS at a small number of schools as an effective complement to other strategies. Therefore, the Financial Recovery Plan cites CIS as a program that the School Advisory Councils should consider in developing performance improvement plans for individual schools but, in and of itself, this option would not form the basis for the Financial Recovery Plan.

Consolidation

The Advisory Committee received a recommendation that the School District of the City of York consolidate with York Suburban School District and parts of the West York and Central York School Districts as a means of providing for financial recovery of the SDCY.

² Please see the Overview of Challenges section

³ Some Pennsylvania school districts use a different model in which CIS operates an alternative education program in the district. That level was not recommended by the Community Foundation or considered during this process.

Upon examination of the options, the Advisory Committee learned that school district mergers or consolidations are very rare in Pennsylvania. Five school districts near Pittsburgh were consolidated into the Woodland Hills School District in the late 1970s after a decade of legal battles and a federal court order. Other than that unique case, mergers must be approved by the individual school boards involved and there has been only one voluntary merger since the 1960s. Two relatively small school districts (Center Area and Monaca) consolidated into the Center Valley School District in 2009.⁴ Even in that case, the process took two and half years to complete.

Given the time frame for developing a Financial Recovery Plan under Act 141 of 2012, consolidation was set aside as a high impact option. However, the CRO did send letters to the Superintendents and School Board presidents of all other districts in York County, soliciting their interest in pursuing consolidation outside of the Act 141 process. As of late April 2013, the school districts that responded to the letter indicated that they did not have enough information to express interest in consolidation.

As a result of the above deliberations on three of the recovery options, the Advisory Committee was left with two possible high impact options – full charter conversion and internal transformation – that would bring the District’s finances into balance by improving the District’s academic performance, reducing the enrollment attrition to external charter schools and reducing the rising tuition payments associated with that attrition.

Full charter conversion

In February 2013 the York Community Foundation made a presentation to the Advisory Committee and issued a report recommending that the District create “a district-wide system of *Community Charter Schools* that are privately run, high-performing nonprofits available to 100 percent of the students in the district.”⁵ These charter schools would differ from the charter schools currently operating in the City. The District would proactively establish these “internal” charter schools according to standards and procedures set by the District at the beginning of the process. The establishment of these “conversion charters” would correspond to specific provisions of Act 141 of 2012.

Philadelphia Renaissance Schools

In examining the viability of creating district charters, the School District of Philadelphia’s (SDP) Renaissance School program emerged as one useful model for study.

Since January 2010 SDP has selected schools with historically weak academic performance for conversion to charter schools through the Renaissance School initiative. The Renaissance School conversion process works as follows:

- The District selects a few schools for conversion to charters each year. By design, the schools selected for conversion are among the weakest schools in Philadelphia.
- The District issues an RFP to recruit and select “Turnaround Teams,” which are led by charter operators bidding to qualify to serve one or more of the schools. The bids must include a detailed turnaround plan, proposed budget and evidence of successful prior work with similar schools. Successful bidders are placed on a short list of “Finalists” eligible for matching with a Renaissance School.
- The District facilitates the establishment of School Advisory Councils (SACs) comprised of parents, students, alumni and other members from the community where the school is located.

⁴ Center Valley had 2,300 students in 2009, so it is less than one-third the size of the School District of the City of York.

⁵ York County Community Foundation Education Initiative, February 2013. Page 11.

The Finalists make public presentations to the SACs outlining their proposal to convert the school to a charter.

- The SACs make recommendations to the SDP governing body on which charter operator should operate the school in their community. The governing body reviews the recommendations and approves the matches.

Charter operators must serve all students in the building's catchment area, including those receiving special education and alternative education. The charter operator must also agree to meet performance standards set in the Request for Proposal document.

The performance standards cover academic progress measured by State test results, graduation rates, SAT participation and college enrollment; student, teacher and parent satisfaction; student attendance and retention rates; school safety measured by the rate of violent incidents per student; and English Language Learner (ELL) test performance. Charter providers must improve the school's academic performance annually and reach the median level of performance for all Philadelphia schools by the third year following conversion. Failure to meet the performance levels for two consecutive years is cause for the District to review or revoke a charter agreement.

SDP pays the charter operators a modified version of the tuition rates paid to other Philadelphia charter schools. Like other Pennsylvania school districts, SDP calculates per student tuition rates for regular education and special education using the Commonwealth's required formula (PDE-363). According to the Renaissance School RFP, the District then calculates the cost of facility maintenance, utilities and associated administrative costs and deducts those costs from the tuition payments to the Renaissance School operator. With those deductions, the net tuition rate per student at Renaissance Schools is lower than the tuition rate at other Philadelphia charter schools. In return the charter operator has rent-free access to the SDP facility, eliminating one of the operator's potential costs.

Since the 2010-2011 academic year, SDP has converted a handful of schools to Renaissance Schools each year. There were 17 Renaissance Schools in operation as of April 2013 with another three entering the matching phase. The technical assistance team reviewed the Pennsylvania System of School Assessment (PSSA) math and reading test results for 12 of the 13 Renaissance schools converted in the first two years of the program.⁶ The review focused on the percentage of students achieving an advanced or proficient score in math and reading during the academic years 2006-2007 through 2011-2012. The review showed the percentage of students achieving these scores at the Renaissance Schools before and after conversion and compared the Renaissance Schools' performance to all other School District of Philadelphia schools.

Before conversion, the Renaissance Schools trailed the general SDP population in math and reading by double-digit margins for all students, economically disadvantaged students and African American and Hispanic students. After conversion, the Renaissance Schools had rising test scores in math and reading in all years. Despite their weak starting point, the Renaissance Schools closed the gap on the SDP population. In 2011-2012 students at Renaissance Schools in the first wave of conversion had better math scores than students in the general SDP population.

The following elements of the Renaissance Schools program were incorporated in the full charter conversion proposal for York:

- Requiring charter operators to assume responsibility for educating all students in the school's catchment area, including special education and alternative education;
- Qualifying providers to operate York schools based on their success working with similar schools and their submitted improvement plan;

⁶ Information was not available on one of the 13 Renaissance Schools.

- Establishing School Advisory Committees comprised of parents and other local community members who participate in selecting the conversion charter operator from the list of qualified providers;
- Setting performance standards that charter operators must meet to continue operating a District school; and
- Paying District charter operators a tuition rate that is lower than other charter schools receive in return for very low cost access to the District facility.

The full charter conversion proposal for York also contains elements that differed from Philadelphia's Renaissance Schools. The most notable difference is that all York schools would be converted to charter operators simultaneously. While the Renaissance Schools have a combined student enrollment that is larger than enrollment in the School District of the City of York, Philadelphia has not converted all its schools to charter operation. The majority of schools in Philadelphia are still operated by the District.

The proposal version dated April 19, 2013 also included the creation of a Community Education Council to support the charter conversion process. In that version, the CEC would have authority over the selection of potential charter operators, executing contracts with those providers, setting performance standards for the charter operators, and managing the providers.

Internal transformation

In February 2013 a team of School Board members, senior administrators and York City Education Association representatives made a proposal to enact a series of reforms that would be identified, executed and evaluated by the District's staff.

Site- (or school-) based management (SBM) was one of the proposal's core concepts. In this approach, decisions are made at each individual school by administrators, teachers, staff and parents of children at that school, instead by being made mostly by the District's central staff. Because the Board of Directors has statutory authority to make some decisions and some operations are handled more efficiently when done centrally (e.g. financial record keeping), SBM does not give individual schools complete discretion over all matters. But, as the District's proposal notes, "The purpose of site-based management is to share decision making in order to improve the educational performance of all students and to increase public involvement and community support."

In the District's proposal dated April 19, 2013, each building would have a Local School Council that would "develop responses to discipline, curricular, professional development and other needs." A separate Steering Committee would coordinate the individual Councils' activities, assess the District's academic performance, set performance goals and develop remediation plans where necessary.

Other elements of the internal transformation proposal include⁷:

- **Expanding Pre-Kindergarten:** The District currently has one grant funded Pre-K class at each of the six primary schools. The expansion would start by doubling the Pre-K classes from one to two at each of those schools. In the second year the District would add another class at each site and then add three more classes across all sites in the third year, bringing the eventual total to 21 classes.
- **Implement Response to Instruction and Intervention (RTII)** to provide early assistance to children who are having difficulty learning and reduce the likelihood that children will be diagnosed too quickly as needing special education.

⁷ This is not the full list of proposals in the internal transformation option. Please see the material posted on the Financial Recovery Plan website for more information.

- **Magnet school programming:** The District proposed to expand the Science Technology Engineering and Mathematics (STEM) magnet school program at Ferguson School from 77 to 107 students. It also proposed to establish a performing arts magnet program at Phineas Davis School.
- Establish **multiple "houses" or "academies"** at William Penn High School so students can focus on specialized areas of study.
- **Mastery learning:** Students at the elementary schools would be grouped in classes for additional math and reading instruction based on their skill levels across three grades. Students would move from one classroom to another after "mastering" the skills taught there.

In the District proposal, each school would be responsible for improving math and reading scores by 10 percent each year as measured by the Pennsylvania Value-Added Assessment System (PVAAS) and achieving Adequate Yearly Progress (AYP) after three years. Schools that did not make progress according to the schedule in the proposal would be converted into charter schools.

The District estimated that it would need an additional \$2.3 million in 2014-15, growing to \$3.2 million in 2017-18, to fund 13 additional teacher positions (six for Pre-Kindergarten, four for the performing arts magnet, three for the expanded STEM magnet); contract with an external alternative education provider and make other training, supply and material investments related to the internal transformation proposal.

To fund these investments and cover the annual deficits in the baseline projection,⁸ the District proposed the following changes to employee compensation:

- Salary and wage reductions of 15 percent (administrators), 10 percent (teachers) and five percent (all other staff) in 2014-15;
- Salary and wage reductions for all employees of 9.8 percent in 2015-2016; 11.9 percent in 2016-17 and 10.0 percent in 2017-18;
- Reducing the cost of employee medical benefits by 50 percent beginning in 2014-15; and
- Eliminating dental insurance coverage beginning in 2014-15.

Rating the options and setting the Financial Recovery Plan

The full charter conversion and internal transformation proposals were fundamentally different in terms of how improvement would be driven initially. The full charter conversion proposal drove change by simultaneously converting all District schools to charters operated according to performance goals and standards established by a Community Education Council. The internal transformation proposal drove change by giving more discretion to the individual schools, implementing new initiatives like expanded Pre-Kindergarten and magnet programs, and funding those initiatives through significant changes to employee compensation.

However, once the proposals evolved to their final version, they also had some elements in common. Both proposals created new school-based bodies that would engage the community, particularly parents of students at that school, in how that school was operated. Both proposals set performance benchmarks that the school operators had to achieve to validate that the transformation proposal was working. And both proposals recommended contracting with an external provider for alternative education.

⁸ Please see the Overview of Challenges section for more information on the baseline projections.

After the Advisory Committee meeting on April 24, 2013, the CRO requested that all Advisory Committee members rate the full charter conversion and internal transformation proposal on a scale of 1 (lowest) to 5 in each of the four criteria associated with high-impact options (financial viability, potential to improve academics, potential to improve safety and ease of implementation).

Sixteen of the twenty Advisory Committee members had an evaluation that indicated a preference for the internal option. Two members had an evaluation rated the two options equally, and two had an evaluation that favored the full conversion charter. The internal transformation proposal had an overall score of 3.0 versus an overall rating of 2.4 for the full charter conversion proposal. District employees and community members also spoke in favor of the internal transformation proposal at the Advisory Committee meetings held in March and April.

This Financial Recovery Plan generally reflects the Advisory Committee's preference to pursue the internal transformation option, though the Plan also incorporates some elements of the full charter conversion option, such as the Community Education Council. The next two chapters describe the prescribed transformation strategy for the School District of the City of York in more detail.

Multi-Year Action Plan

Overview

As described earlier in this Financial Recovery Plan, if the District continues on its current course, it will have a shortfall of \$5.0 million in 2013-14, with a worsening deficit each subsequent year. By 2017-18, the District would have a cumulative shortfall of \$55.8 million. This baseline scenario would leave the District unable to operate as cash flow pressure accumulates.

However if the District successfully adjusts its spending to match current and potential revenues and improves academic offerings to successfully recruit and retain students in District schools, it will reverse negative financial trends and become financially viable.

The CRO's review of the District identified that poor educational performance, safety and discipline issues, and financial sustainability are inextricably linked. Without quality education and safe schools, parents are electing to move their children out of District-operated programs to charter schools, resulting in ever-increasing charter school tuition payments. The key question faced by the CRO and the Advisory Council became, "how can the District improve educational performance, safety and discipline to the point that it can attract students back to the District operated educational program?"

As described in the Process chapter of this Financial Recovery Plan, a number of options were examined in relation to this key question. The options ranged from improving the current District educational model to merging the District with surrounding school districts to transferring all District schools to a charter operation ("full charterization"). At the end of the day, the option captured in the Financial Recovery Plan is one that substantially transforms the traditional District educational model by granting significant program and operation control to individual school buildings while holding those buildings accountable for developing and successfully implementing an academic improvement plan.

Under the chosen approach, each school building must show measurable improvement in a variety of areas including education, safety and discipline and financial stability. Ultimately, school buildings that either do not develop a credible improvement plan or fail to meet the performance measurement criteria will move from District operation to operation by a qualified external education provider. The external education provider will be selected from a list of pre-qualified providers as outlined below. To retain their contract to operate a school, external education providers will be accountable for the same performance standards as those applied to District operated schools.

Financial Recovery Plan Concept

The Financial Recovery Plan for the School District of the City of York introduces a performance-based community education model. Through a newly-created Community Education Council ("CEC") and individual School Advisory Councils ("SACs") working with the elected School Board and District Administration, each school in the District will be held accountable for educational performance, safety and discipline, and financial sustainability. The CRO will work directly with the Superintendent and School Board to ensure implementation of the CEC's recommendations on educational improvement, safety and discipline. The Financial Recovery Plan includes a provision for District buildings to be turned over to external education providers, should the building fail to meet performance standards.

Ultimately financial sustainability will be accomplished through a combination of borrowing, salary and benefit concessions from District employees and a return of students to District-operated programs. The salary and benefit concessions offered by employees were a part of an "internal transformation model" (described in detail in the Process chapter) developed by a group of District administrators, teachers and union representatives.

The Financial Recovery Plan is designed to build off the many positive attributes of the School District of the

City of York, but adds a performance-based community education model. Each school building in the District shall have a performance improvement plan. Individual buildings will have some latitude to develop an improvement plan to meet the specific needs of students in the building's attendance area. Components of the improvement plan can include those in the internal transformation model, but may also extend to other proven techniques and approaches. Regardless of the specific attributes of the improvement plan, each school building shall be subject to the following requirements.

Major Features

- Under the governance structure described below, the District shall use site-based management with a School Advisory Council for each school building assessing the needs of students at that school and implementing the policies set by the School Board to meet the performance measures defined by the Community Education Council.
- An integral part of the overall Financial Recovery Plan is the provision of alternative education. The District shall contract with an external provider for comprehensive alternative education services to District students. The Financial Recovery Plan assumes this transition to an external provider for alternative education takes effect in the 2013-14 school year.
- The District shall build effective programs to meet individual student learning needs based on the Response to Instruction and Intervention (RTII) model.
- The District shall expand its Pre-Kindergarten (Pre-K) program from six classes currently in place to 12 classes by 2015-16. Additional Pre-K capacity can be added as outlined in the enrichment provision.
- The District shall use Mastery learning or another model to change the way education is delivered in the District to meet the performance goals outlined below. In Mastery learning, the students are helped to master each learning skill to state standards before proceeding to a more advanced learning skill. The process for selecting an alternative model is described below.
- The School District of the City of York shall offer a "Cornerstone" program for students in grades 1-12 who are exhibiting behavioral difficulties in the regular classroom setting. The purpose of this program is to reduce classroom disruptions that affect the learning of the majority of students. The District will provide academic and behavioral services for disruptive students as an intermediate step prior to any placement into an alternative school setting. Short-term behavioral interventions shall be provided along with accelerated reading and math lessons. The program shall also use parental participation and support as a component to determine successful progress toward the student's return to the regular classroom setting.
- The District shall organize multiple "houses," "academies" or "small learning communities" at William Penn High School that will allow students to choose specialized areas for their studies, with those areas created based on community and student interest and local workforce needs.
- School Advisory Councils (as described below) shall be able to consider other programs in the internal transformation option, such as offering magnet-like programs at the elementary/middle school level or implementing a Community in Schools approach, according to the governance process described below.

Governance

The success of this Financial Recovery Plan is dependent on the cooperation of all stakeholders, a focus on clear, measurable long term goals, a willingness to embrace new ideas, the ability to effectively implement Plan provisions, and a commitment to objectivity in measuring progress and modifying improvement plans. The implementation of the Financial Recovery Plan requires a governance process to work with the elected Board of School Directors ("School Board"). The Plan's governance process establishes two additional

bodies to work with the School Board to shape and evaluate the academic performance of the individual buildings in the District.

- **Community Education Council (CEC):** A Community Education Council shall be formed that will be responsible for recommending specific actions to the School Board as described in this Plan.

The CEC shall have 13-19 members initially selected by the CRO in consultation with the School Board, union leaders, and the Superintendent. The CEC members will include the CRO, who will facilitate the operation of the CEC; School Board members (2-3); District administrators (2-3); parents of students attending District schools (2-3); District taxpayers (2-3); community leaders (2-3); and union members (2-3).

The selection process shall identify a diverse group of candidates to be chosen on a merit basis with consideration given to applicants with substantive experience in the areas of education generally, elementary and secondary public education specifically, professional/business experience, management, and community service. Once formed, the CEC members shall adopt membership and operating procedures to ensure adherence to the representation described herein and completion of responsibilities as outlined in this section. The School Board shall endorse the CEC's recommended process for its membership, new member selection and operating procedures by August 15, 2013. A majority of CEC members shall be residents of the City of York.

- **School Advisory Councils (SAC):** A School Advisory Council shall be established for each school operated in the District, for both internal and external education providers, by September 30, 2013. The SACs shall be modeled on similar bodies in the School District of Philadelphia's Renaissance School program.¹ The CEC shall submit to the School Board for their approval the responsibilities and membership criteria for the SACs. The CEC's proposal shall require that at least one half of the members of a School Advisory Council be parents of students currently enrolled in that school.

By adopting the Financial Recovery Plan, the Board agrees to perform the tasks described in this Financial Recovery Plan in a timely manner. The School Board shall act to empower the Community Education Council and individual School Advisory Councils to perform specific functions as outlined in this Plan. The CEC shall develop recommendations to the Board in the following areas:

- **Performance measurements:** All buildings shall report performance through a balanced scorecard with specific metrics defined by the CEC in three areas: academics, safety/health, and financial sustainability.

For educational performance, the CEC will use the Pennsylvania Department of Education's School Performance Profile (SPP) or a similar index as the foundation for measurement, and augment this data with more frequently available student performance data. For health/safety and financial sustainability, the CEC will use data elements from reports submitted to the Pennsylvania Department of Education as the foundation for measurement, and augment this data with other performance measurements.

By September 1, 2013, the Community Education Council will provide, and the School Board shall adopt, the performance measurements that will serve as the basis for the improvement plans. Upon adoption of the performance measurements by the School Board, the CEC shall work with the School Advisory Councils (SACs) to develop a process and timeline for reviewing data and establishing school-specific annual performance goals.

- **Performance goals and ratings:** The CEC shall submit to the School Board annual performance goals that demonstrate a reasonably aggressive approach to improving school performance based on the SPP. Overall building performance shall be displayed by criteria, performance level, and colors consistent with the SPP. Working with the SACs, and subject to approval by the School

¹ Please see the Plan process chapter for more information.

Board, the CEC shall define annual goals for each facility based on SPP, including allowable timelines for remediation efforts and the criteria for transitioning to an external education provider. The School Board shall also incorporate the performance goals in future agreements with charter operators currently operating in the City, extensions or renewals of existing agreements or agreements with any new external education provider.

- **Performance improvement plans:** All School Advisory Councils shall be responsible for developing, implementing and evaluating the results of school-based improvement plans, utilizing the comprehensive planning tool available through the Pennsylvania Department of Education. An SAC may augment this tool with additional components and shall be responsible for submitting the improvement plan to the CEC by November 30, 2013 for endorsement. The CEC shall identify available technical assistance to the SACs and advise each SAC based on evidence-based practices.

In developing these improvement plans, the School Advisory Councils shall consider programs in the internal transformation option, such as offering magnet-like programs at the elementary/middle school level, or implementing a Community in Schools approach.

The CEC shall develop and recommend to the School Board the criteria/rubric to which the school improvement plans must adhere, including the requirement that the improvement plans (individually and cumulatively) do not cause the District to have an annual operating deficit. Upon adoption of the criteria/rubric by the School Board, each SAC shall demonstrate to the CEC how the school improvement plan meets the criteria/rubric, modifying the plan as needed to achieve CEC endorsement of the plan. Any school that has failed to develop an improvement plan by November 30, 2013, or that cannot produce evidence of having implemented a plan and tracked the results of that implementation, will be subject to operation by an external education provider as early as the 2014-15 school year.

- **Academic Performance Committee:** As a subcommittee of the CEC, the District shall establish an Academic Performance Committee to review Mastery Learning and alternative models to change the way education services are delivered in the District to meet the performance goals established by the CEC. The APC shall be comprised of 15-20 members including representatives from each building, the District Administration and the District Curriculum Coordinator, who will serve as chairperson. Annually the APC will make a recommendation on changes for the upcoming school year by May. For the 2013-14 school year, the APC will make its recommendation by October 15, 2013 in advance of improvement plan development process.

Remediation

- **Consequences for failure to improve:** Any school that fails to demonstrate meaningful improvement shall be subject to operation by an external education provider. The CEC shall develop, and the School Board shall approve, specific guidance to define failure to improve and intervention efforts required, pursuant to the performance goals and ratings parameters described above.
- **Qualified external education providers:** By December 31, 2013, the School Board shall approve a process as recommended by the CRO and CEC for selecting external education providers to be placed on a qualified provider list (QPL). Possible providers could include experienced charter providers; local start-up charters utilizing District personnel; current, local non-profit charter providers; joint schools or other schools allowable in accordance with the Pennsylvania School Code.
 - *Selection criteria.* The method for qualifying providers shall require that the providers describe in detail how their approach will improve educational performance, safety and discipline, and financial sustainability. External education providers shall be required to meet specific performance goals defined within the contract with the District that are comparable to the performance goals established for District-operated schools.

- *Selection process.* All currently-open District school buildings, aside from those already being operated as charter schools, shall start the 2013-14 school year as District-operated schools with performance measurements, performance goals, and improvement plans as described above. If performance goals are not achieved or improvement plans (including intervention efforts) are not implemented within the period of time defined by the CEC and approved by the School Board pursuant to the process described above, the CEC shall submit documentation to the School Board demonstrating adherence to the processes described above at which time the Board, at the recommendation of the CRO working in conjunction with the CEC and SAC, will proceed with the selection of an external education provider to operate the school.

Before the CEC documents the need to select an external education provider, there shall be a minimum of one year in caution status for each school building with the following exception. Any school that has failed to develop an improvement plan by November 30, 2013, or that cannot produce evidence of having implemented a plan and tracked the results of that implementation, will be subject to operation by an external education provider as early as the 2014-15 school year.

For schools in caution status, if improvements are not made in accordance with the performance goals described in this Plan or established by the CEC, the school shall be subject to operation by an external provider as early as the 2015-16 school year. At the recommendation of the CRO and CEC, the School Board shall act to transfer the operation of the school to the external education provider upon submission of evidence that:

- a) the approved process has been followed, and
- b) a mutually acceptable agreement has been developed with the external education provider that will likely result in improved educational performance, safety and discipline and financial sustainability,
- *Oversight.* The CEC shall be responsible for monitoring all external education providers and will provide at least annual reports to the School Board regarding the performance of every public school within the School District of the City of York.
- *Paying external providers:* The Chief Recovery Officer shall pursue options to negotiate or pay a per student tuition rate different from the PDE-363-generated rate.

Transitional operating strategy

In January 2013, the District's Director of Business and Finance projected the District would finish the 2012-13 school year with a \$4.3 million annual deficit. The technical assistance team projected another annual baseline deficit of \$5.0 million for 2013-14, based in part on the District's preliminary budget for that year and the baseline projection that students will continue to move from District-operated schools to the existing charter schools.

The process described above outlines a path to improve the District's academic performance with improvement plans set for each school during the 2013-14 academic year. In the meantime, the District needs to take action now to stem the enrollment attrition and mitigate as much as possible the projected growth in charter tuition payments.

Therefore, the District will include the following in the 2013-14 budget:

- \$100,000 for new math and reading programming related to the common core standards;
- \$300,000 for behavior support staff; and

- \$500,000 for coordinators to implement academic programs.

These investments are included in the Financial Recovery Plan's projections for 2013-14 under the assumption that the actions taken will reduce the attrition of District students to charter schools.² If the District reduces the attrition to charter schools as projected, the projected deficit for 2013-14 would be \$6.2 million, including the costs of the investments described above.

New debt issuance

The District needs to address the projected shortfalls in 2012-13 and 2013-14 to maintain cash flow, even as it improves performance, increases enrollment and moves toward financial stability.

Therefore, the District shall apply for an estimated \$8.4 million unfunded debt loan or use a similar financial instrument in 2013-14 to help eliminate the projected accumulated deficits and allow the District to operate without constant cash flow pressure. The exact size of the loan or other financial instrument shall be based on the District's financial performance through 2013-14.³

The District shall also apply for a \$3.0 million no-interest Transitional Loan from the Commonwealth to help eliminate the accumulated deficits and replenish its fund balance. The District shall propose to the Pennsylvania Department of Education that the loan be repaid over ten years in equal dollar amounts, beginning the fiscal year after the loan installment is drawn down.⁴ The transitional loan amount and payment schedule is subject to PDE approval.

Workforce

For the District to balance its budget and make investments to improve educational performance and maintain safety and discipline, workforce savings must be realized. In their proposal to the Chief Recovery Officer, District and York City Education Association (YCEA) leadership agreed to restructure salaries, wages, and benefits to achieve fiscal balance and fund implementation of the internal transformation plan.

The Financial Recovery Plan includes the employee wage reductions in the amounts proposed by the District. The wage reductions shall be up to 5-15 percent depending on the employee's position, as outlined in the chart below; up to 9.8 percent in 2015-16, up to 11.9 percent in 2016-17 and up to 10.0 percent in 2017-18.

Maximum Required Staff Wage Adjustments, 2014-15 through 2017-18

	2014-15	2015-16	2016-17	2017-18
	Projected	Projected	Projected	Projected
Teachers	10.0%	9.8%	11.9%	10.0%
Other Professionals	10.0%	9.8%	11.9%	10.0%
Administration	15.0%	9.8%	11.9%	10.0%
Clerical Staff	5.0%	9.8%	11.9%	10.0%
Custodial Staff	5.0%	9.8%	11.9%	10.0%
Maintenance Staff	5.0%	9.8%	11.9%	10.0%

² Charter school enrollment is projected to grow by 5.0 percent in 2013-14 instead of the 8.0 percent in the baseline projection.

³ The baseline projection shows the District with a \$4.2 million cumulative General Fund deficit at the end of 2012-13. With the investments described earlier, the projected deficit for 2013-14 would be \$6.2 million, bringing the cumulative General Fund deficit to \$10.4 million at the end of that year. The \$8.4 million unfunded debt loan described here will cover most of the deficit and the \$3.0 million transitional loan will cover the rest, leaving the District with a modest cash balance.

⁴ If the District draws down the loan or other financial instrument in 2013-14, the first year of repayment is 2014-15.

While these reductions match the maximum percentages proposed by the District in the internal transformation plan, the Financial Recovery Plan provides a method to restore some of the wage and benefit reductions under certain financial circumstances. All projections are based on many variables. The projection at the end of the chapter shows one scenario in which the wage reductions are less than the maximums in 2015-16, 2016-17 and 2017-18. Please see the enrichment provision below for more details.

this scenario is only presented to demonstrate that the Financial Recovery Plan, if successfully implemented, will address the deficits in the baseline projection. The employee salary reductions in this scenario are less than the maximum levels proposed in the District's Internal Transformation proposal and required in the Financial Recovery Plan. The actual level of employee salary reductions will vary depending actual financial results and the targets set for different objectives in the enrichment provision described earlier.

In addition to the wage reductions outlined above, 2013-14 salary increases for YCEA personnel shall be reversed in 2014-15, generating an estimated \$900,000 in savings.

The District's Director of Business and Finance projects that there will be a \$1.3 million reserve available to help fund employee health insurance costs at the end of 2013-14. Since the reserve is designated for employee health insurance expenses and cannot be used for other purposes, the District shall take a one-time "funding holiday" on its employee medical plan, reducing its payment by \$1.3 million in 2014-15.

As agreed by District leadership and the YCEA in their proposal to the Chief Recovery Officer, medical benefits shall be realigned such that District costs are reduced by 50 percent effective 2014-2015 and beyond. Employee dental benefits shall be eliminated effective the same year, as proposed by the District.

The internal transformation option included an extension of the student day. The District shall extend the school day by 25 minutes with the additional time for student enrichment for students at or above grade level in math and reading and for remediation/acceleration for students below grade level in math or reading, with no additional compensation to staff.

The internal transformation option also included an extension of the school year. The District shall extend the school year by five days, with no additional compensation to staff. The CEC shall determine whether the additional days will be used for professional development, instruction or a combination of those and other purposes.

Enrichment provision

To the extent that the District improves academic performance, boosts its enrollment and has better financial results than projected in this Plan, there will be more opportunities to fund programs or activities related to educational enrichment. As additional dollars are available, it is the intention of this Financial Recovery Plan to allocate a portion of these dollars for:

- Establishing and maintaining a positive fund balance as a contingency against unknown events;
- Improving and maintaining the student-to-teacher ratios;
- Supporting curriculum, training and technology investments; and
- Increasing employee salaries and benefits.

Within 30 days of completion of the annual audit of the School District as required by 24 PS 24-2401, if there is a positive fund balance, the portion of any positive "Net Change in Fund Balance" for the General Fund for the current year as audited, shall be allocated in the following manner.

The targets shown below are samples. The actual targets will be established by the CEC.

Objective	Sample targets	Initial Allocation	After Fund Balance target is met	After S-T ratio target is met	After support cost target is met
Re-establish positive fund balance	The combination of the District's committed and unassigned fund balance equals at least 5% of audited expenditures	25%	Target met	Target met	10%
Student-to-teacher ratio	The District achieves a target student-to-teacher staffing level of 15-to-1	25%	25%	Target met	Target met
Support cost	The District's funding for curriculum, training and technology at the building level is at least \$100 per student, excluding grant funding	10%	15%	15%	Target met
Employee compensation	Restoring the reductions in employee salaries and benefits	40%	60%	85%	90%

For example, in the first year that there is a positive net change in fund balance and a positive fund balance overall without borrowing, the amount available would be allocated as follows: 25 percent toward the fund balance target, 25 percent toward the student-to-teacher ratio target, 10 percent toward the support cost target and 40 percent to the employee compensation target.

Once the District reaches the fund balance target set by the CEC, any future positive net changes in fund balance would be allocated 25 percent to the student-to-teacher ratio target, 15 percent to the support cost target and 60 percent to the employee compensation target.

Once the District reaches the student-to-teacher ratio target set by the CEC, any future positive net changes in fund balance would be allocated 15 percent to the support cost target and 85 percent to restoring reductions in employee salaries and benefits.

Notwithstanding the other provisions of this Plan, no portion of positive "Net Change in Fund Balance" shall be allocated to objectives other than fund balance if they would cause the District's fund balance to be negative. The "Net Change in Fund Balance" calculation also shall exclude any revenue from the unfunded debt loan, transitional Commonwealth loan or other borrowing that the District uses to eliminate the accumulated deficits such that the District's annual financial performance is not overstated.

The Financial Recovery Plan incorporates the savings related to the actions described above. If the elements of this proposal are not finally agreed to or otherwise not put in place, the Chief Recovery Officer shall conclude an improvement plan is not in place for any building and therefore implement a full charter conversion of the District as permitted by the terms of Act 141. In order to improve the financial viability of this approach, the Chief Recovery Officer shall pursue options to allow the District to negotiate a per student rate different from the PDE-363-generated rate, as described above.

Investment in new initiatives

Consistent with the internal transformation initiatives described earlier in this Plan, the District shall include Innovation Funding in its annual budgets, ranging from \$942,000 in 2015-16 to \$977,000 in 2017-18, as shown in the table below.

Allocation for Innovation Funding

2015-16	2016-17	2017-18
942,000	963,000	977,000

This money shall be used to support actions identified in the site-based improvement plans.

Implementation and Oversight Roles

The District Superintendent shall serve as an *ex-officio* member of the CEC and the Chief Recovery Officer shall serve as an *ex-officio* member of the District's administrative cabinet. All District contracts, including employment contracts, consultant services agreements, external education provider agreements, and all other financial obligations shall require the approval of both the School Board and the CRO to ensure that this Financial Recovery Plan is followed. If the School Board takes any action that is inconsistent with the Financial Recovery Plan, not specifically identified in the Financial Recovery Plan, or not necessary to implement the Financial Recovery Plan, the District shall be subject to appointment of a receiver under the provisions of Act 141 of 2012.

Timelines

The CRO is responsible for the implementation of this Financial Recovery Plan, and shall therefore oversee the following timeline to complete the process described above. By adopting this Financial Recovery Plan, the School Board agrees to adhere to its responsibilities to ensure achievement of the expected financial outcomes as detailed in the timeline below:

- Financial Recovery Plan submitted to the School Board on May 15, 2013.
- Financial Recovery Plan endorsed by unions and other employee groups by June 9, 2013.
- Financial Recovery Plan approved by the School Board by June 14, 2013.
- By July 1, 2013, the Community Education Council's initial membership shall be determined in accordance with the representation guidelines set forth above and will be made public on the District's website.
- By August 15, 2013, the School Board shall endorse the CEC's recommended process for its membership (terms of service), new member selection and operating procedures. The CEC shall provide this same information to the public through the District's website.
- By September 1, 2013, the Community Education Council will provide, and the School Board shall adopt, the performance measurements that will serve as the basis for the improvement plans. The CEC will use the Pennsylvania School Performance Profile as the primary source for the academic indicators. The CEC will also use data elements submitted in reports to the Pennsylvania Department of Education as the primary source for health/safety and financial sustainability indicators. The CEC may use other measures of academic performance, health/safety and financial sustainability to augment these elements.

- By September 30, 2013, each school building shall establish its School Advisory Council. The CEC shall finalize the performance goals in each performance measurement category as described above. Baseline data and related performance goals shall be made publicly available through the District's website.
- By October 15, 2013, the Academic Performance Committee will provide its recommendation on whether the District should use Mastery Learning or an alternative model to change the way education services are delivered in the District to meet the performance goals established by the CEC.
- By November 30, 2013, each SAC shall submit its performance improvement plan to the CEC. Performance improvement plans shall be publicly available through the District's website and by providing copies of the plan at the building.
- By December 31, 2013, the School Board shall approve, as recommended by the CRO and CEC, a process for selecting external education providers to be placed on a qualified provider list (QPL).

Yearly benchmarks

2013-14

- All schools operated by the District in 2012-13 remain so operated. The District follows the process to establish School Advisory Councils and develop performance goals and improvement plans.

2014-15

- All schools that have documented implementation of improvement plans and are tracking results will remain in operation pending the outcome of those improvement efforts.
- Any school that has failed to develop an improvement plan by November 30, 2013, or that cannot produce evidence of having implemented a plan and tracked the results of that implementation, will be subject to operation by an external education provider as early as the 2014-15 school year.

2015-16

- All schools that are making progress in accordance with established performance goals (based on 2013-14 data available by Fall 2014) will remain in operation.
- Any school failing to make progress in accordance with established performance goals (per above) will be placed in warning, and subsequent failure to progress (based on 2014-15 data), will cause that school to be subject to an external education provider for the 2015-16 school year.

Projected impact

Enrollment in District-operated schools is a critical determinant of the District's financial viability. Ultimately, improving District schools and increasing enrollment in them will have a significant positive impact on District finances.

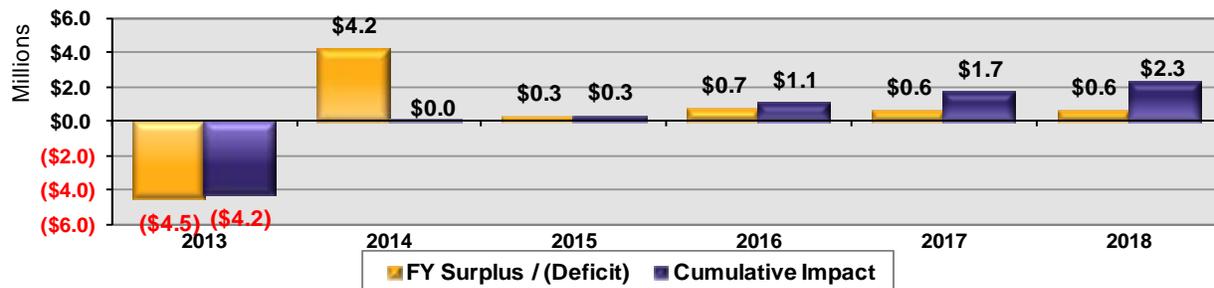
Since 2008-09, charter school enrollment has grown on average by 8.0 percent per year.⁵ The Financial Recovery Plan projects that charter school enrollment will grow at lower rates as the District makes the improvements outlined above.

⁵ As explained in the Overview section, this is the growth rate for the three brick-and-mortar charter schools in existence from 2008-09 through 2012-13. The growth rate is higher when cyber charter schools and newly opened brick-and-mortar charter schools are considered.

In January 2013, the District's Director of Business and Finance projected the District would finish the 2012-13 school year with a \$4.3 million annual deficit. The Financial Recovery Plan addresses the 2012-13 deficit and the projected deficit in 2013-14 with an unfunded debt loan (or similar financial instrument) and Transitional Loan from the Commonwealth. The reductions to employee compensation take effect in 2014-15 at which point the school improvement plans will be in their first full year of implementation.

If the District successfully adjusts its spending to match current and potential revenues and improves academic offerings to successfully recruit and retain students in District schools, the District will reverse negative financial trends and become financially viable. As shown below, implementation of the recommendations in this report – including matching costs with available resources and stemming the student exodus to charter schools – will create positive annual results in each year of the Plan period and a modest cumulative fund balance.

Projected Financial Impact of Financial Recovery Plan (\$ Millions)



Please note that these projections are based on successful implementation of the Financial Recovery Plan and other specific assumptions:

- Charter school enrollment grows by 5.0 percent in 2013-14 and 2.3 percent annually in subsequent years;
- The District finishes the 2013-14 school year with a cumulative fund balance deficit of \$10.4 million, absent any unfunded debt or transitional loan (see next two bullets);
- The District secures an \$8.4 million unfunded debt loan or employs a similar financial instrument to generate funds in 2013-14;
- The District receives a \$3.0 million no-interest Transitional Loan from the Commonwealth in 2013-14 that is repaid in equal amounts over 10 years;
- Employee salaries are reduced by 5-15 percent depending on the employee's position in 2014-15; 7.8 percent in 2015-16; 5.0 percent in 2016-17; and 5.0 percent in 2017-18.

Please note that this scenario is only presented to demonstrate that the Financial Recovery Plan, if successfully implemented, will address the deficits in the baseline projection. The employee salary reductions in this scenario are less than the maximum levels proposed in the District's Internal Transformation proposal and required in the Financial Recovery Plan. The actual level of employee salary reductions will vary depending actual financial results and the targets set for different objectives in the enrichment provision described earlier.

Exit Criteria

Pursuant to section 641-A(9) of Act 141, the CRO must establish specific criteria that the District must satisfy before the Secretary may terminate financial recovery status. The District shall meet at least the following criteria in order to be released from financial recovery:

- The District is achieving adequate yearly progress under the provisions of the federal No Child Left Behind law (NCLB), or complying with similar accountability measures under NCLB or its successor statute;
- The District has achieved financial stability by maintaining a positive fund balance of at least five percent of annual revenues for three successive years, and concluded two successive years with positive annual financial results, both as reported in the District's audited annual financial statements;
- The District does not request or require an advance of its basic education subsidy in the two years prior to exit;
- All teacher and employee salaries are paid when due;
- The District is not in default on any bonds, notes or lease rentals and is not subject to withholding by the Secretary under section 633 of the Public School Code;
- The District does not satisfy the criteria for determination of recovery status established in regulations promulgated under section 621-A(a)(2) of Act 141.

Powers and Duties Under Section 642-A

Throughout this plan, the District and the CRO are directed to take actions authorized by section 642-A of Act 141, granting certain powers and duties to achieve the goals of the plan. The specific actions authorized in this plan pursuant to section 642-A shall include but are not limited to:

- Convert school buildings to charter schools (subsection 2);
- Cancel or renegotiate contracts that are in conflict with or an impediment to timely implementation of the provisions of this plan (subsection 3);
- Dispense with the services of nonprofessional employees (subsection 6);
- Enter into agreements with persons or organizations to operate one or more schools (subsection 7);
- Suspend or revoke a charter (subsection 8);
- Employ professional and senior management employees who do not hold State certification (subsection 9);
- Enter into agreements with for-profit or non-profits organizations to provide services (subsection 10);
- Close or reconstitute a school, including the reassignment, suspension or dismissal of professional employees (subsection 11);
- Appoint managers, administrators or organizations to oversee the operations of a school or group of schools within the District (subsection 12);

- Reallocate resources, amend school procedures, develop achievement plans and implement testing or other evaluation procedures for educational purposes (subsection 13);
- Supervise and direct principals, teachers and administrators (subsection 14);
- Negotiate new collective bargaining agreements to effect needed economies (subsection 15);
- Delegate powers of the CRO (subsection 16);
- Employ entities to review financial and educational programs (subsection 17); and
- Negotiate a contract with a charter school (subsection 18).

Should the District or an individual school building fail to meet the performance requirements described in the Plan according to the timetable established by the Plan, this Plan also specifically authorizes the imposition of alternative educational delivery systems as described in subsections 2 (relating to converting school buildings to charter schools); 7 (relating to entering agreements with persons or for-profit or nonprofit organizations to operate one or more schools); 8 (relating to suspending or revoking a charter); 12 (relating to appointing managers, administrators or for-profit or nonprofit organizations to oversee the operations of a school or schools); 18 (relating to negotiating a contract with a charter school) and other relevant subsections of section 642-A of Act 141.

This portion of the Plan is meant to be liberally construed, and not to limit, the initiatives and directives found throughout this Plan.

Appendix I
Act 141 of 2012 - Advisory Committee

Under the terms of Act 141, an Advisory Committee to the Chief Recovery Officer must be appointed, with certain *ex officio* appointments and others nominated by the School District and the Intermediate Unit. Members of the Advisory Committee for the School District of the City of York are:

Dennis Baughman, Board President, York Academy Regional Charter School
Paula Gilbert, Community member
Carol Hill-Evans, Community member
R. Jane Hines, York City School Board member
Michael Johnson, Community member
Kay Lipsitz, Special education representative, Lincoln Intermediate Unit
April Murray, Community member
Jessica Nieves, Community member
Dr. Kate Orban, Superintendent, York Suburban School District
Maggie Orr, President, York City School Board
Ken Philips, Community member
Genevieve Ray, Community member
Kim Schwarz, President, York City Education Association
Richard Snodgrass, Director of Business and Finance
Keith Still, Principal, McKinley Elementary
Michael Thew, Director, Lincoln Intermediate Unit
Curtis Tribue, Community member
Robert Woods, Community member
Dr. Deborah Wortham, Superintendent of Schools

**Appendix II
School District Facilities**

<u>District Schools</u>	<u>Grades</u>	<u>Sq. Ft.</u>
William Penn High School	Grades 9-12	436,705
Arthur W. Ferguson School	PreK-8	93,000
Phineas Davis School	PreK-8	91,139
Jackson School	PreK-8	63,000
McKinley School	PreK-8	64,880
Jacob L. Devers School	PreK-8	73,500
Alexander D. Goode School	PreK-8	82,000
Lindbergh Education Center	Grades 7-12	23,000
<u>Vacant District Facilities</u>	<u>Grades</u>	<u>Sq. Ft.</u>
Duke Street Alternative School	N/A	13,000
Edgar Fahs Smith Middle School	N/A	148,700
Hannah Penn Middle School	N/A	169,700
Roosevelt Elementary School	N/A	19,500
<u>Other District facilities</u>	<u>Grades</u>	<u>Sq. Ft.</u>
Administration Building	N/A	22,397
Lincoln Charter School	Grades K-5**	49,887
Small's Athletic Field	N/A	10,684

**Lincoln Charter School operates the facility, which is owned and maintained by the District.

Source: Facility list and square footage provided by the District

**Appendix III
Financial Projections**

Baseline Scenario Growth Rates

REVENUES

Growth Rate Name		2013-14	2014-15	2015-16	2016-17	2017-18
LOCAL REVENUES	Current Real Estate Taxes	-0.79%	0.00%	0.00%	0.00%	0.00%
	Public Utility Realty Tax	0.00%	1.26%	1.26%	1.26%	1.26%
	Payments in Lieu of Current Taxes- State I Local Reimbursement	0.00%	0.57%	0.57%	0.57%	0.57%
	Current Act 511 Taxes - Proportional Assessments	0.82%	1.00%	1.00%	1.00%	1.00%
	Delinquencies on Taxes Levied I Assessed by LEA	0.00%	0.00%	0.00%	0.00%	0.00%
	Earnings on Investments	0.00%	0.00%	0.00%	0.00%	0.00%
	Revenues from District Activities	0.00%	0.00%	0.00%	0.00%	0.00%
	Revenue from Intermediary Sources I Pass-Through Funds	0.00%	0.00%	0.00%	0.00%	0.00%
	Rentals	0.00%	0.00%	0.00%	0.00%	0.00%
	Contributions and Donations From Private Sources I Capital Contributions	0.00%	0.00%	0.00%	0.00%	0.00%
	Tuition from Patrons	0.00%	0.00%	0.00%	0.00%	0.00%
	Refunds and Other Miscellaneous Revenue	0.00%	0.00%	0.00%	0.00%	0.00%
STATE REVENUES	Basic Education Funding (Gross)	1.25%	2.75%	3.00%	3.25%	3.25%
	Migratory Children	0.00%	0.00%	0.00%	0.00%	0.00%
	Special Education Funding for School Aged Pupils	-0.50%	1.75%	1.75%	1.75%	1.75%
	Adult Literacy	0.00%	0.00%	0.00%	0.00%	0.00%
	Pre-K Counts	0.00%	3.01%	3.01%	3.01%	3.01%
	Rental and Sinking Fund Payments I Building Reimbursement Subsidy	-5.26%	-4.01%	-6.40%	-2.14%	0.25%
	Health Services (Medical, Dental, Nurse, Act 25)	0.00%	0.00%	0.00%	0.00%	0.00%
	State Property Tax Reduction Allocation	0.00%	0.00%	0.00%	0.00%	0.00%
	Transportation (Regular and Additional)	27.41%	0.00%	0.00%	0.00%	0.00%
	PA Accountability Grants	0.00%	0.00%	0.00%	0.00%	0.00%
	State Share of Social Security and Medicare Taxes	3.91%	-2.57%	-1.10%	-2.58%	-2.74%
	State Share of Retirement Contributions	41.67%	19.57%	18.40%	3.98%	-2.85%
FEDERAL REVENUES	Other Unrestricted Grants-in-Aid Direct from Federal Government	0.00%	-4.31%	-2.72%	-3.16%	-3.66%
	Payments for Federally Impacted Areas - P.L 81-815	0.00%	-4.31%	-2.72%	-3.16%	-3.66%
	NCLB, Title I - Improving the Acad. Achievement. of the Disadvantaged	0.00%	-4.31%	-2.72%	-3.16%	-3.66%
	NCLB, Title II - Prep., Train. & Recruit. High Qual. Teachers & Principals	0.00%	-4.31%	-2.72%	-3.16%	-3.66%
	NCLB, Title III- Language Instr. for LEP and Immigrant Students	0.00%	-4.31%	-2.72%	-3.16%	-3.66%
	School-Based Access Medicaid Reimbursement Program (SBAP) (ACCESS)	0.00%	-4.31%	-2.72%	-3.16%	-3.66%
	Medical Assistance Reimbursement For Administrative Claiming (Quarterly)	0.00%	-4.31%	-2.72%	-3.16%	-3.66%

EXPENDITURES

Growth Rate Name		2013-14	2014-15	2015-16	2016-17	2017-18
PERSONNEL SERVICES	Teacher Salaries	0.00%	0.00%	0.00%	0.00%	0.00%
	Substitute Teacher	0.00%	0.00%	0.00%	0.00%	0.00%
	Professional - Instructional Staff	0.00%	0.00%	0.00%	0.00%	0.00%
	Professional Other - Regular Salary	0.00%	0.00%	0.00%	0.00%	0.00%
	Office / Clerical Other	1.68%	0.00%	0.00%	0.00%	0.00%
	Office / Clerical - Regular Salary	1.68%	0.00%	0.00%	0.00%	0.00%
	Typist - Stenographers	1.68%	0.00%	0.00%	0.00%	0.00%
	Official / Administrative	2.88%	0.00%	0.00%	0.00%	0.00%
	Class Coverage	0.00%	0.00%	0.00%	0.00%	0.00%
	Office / Clerical - Overtime Salary	1.68%	0.00%	0.00%	0.00%	0.00%
	School Nurses	2.00%	0.00%	0.00%	0.00%	0.00%
	Home Bound Instruction	0.00%	0.00%	0.00%	0.00%	0.00%
	Service Work - Regular Salary	2.00%	0.00%	0.00%	0.00%	0.00%
	Service Work Other	2.00%	0.00%	0.00%	0.00%	0.00%
	Crafts and Trades Other	2.00%	0.00%	0.00%	0.00%	0.00%
	Crafts & Trades - Regular Salary	2.00%	0.00%	0.00%	0.00%	0.00%
	Groundkeeper	2.00%	0.00%	0.00%	0.00%	0.00%
	Custodial Substitutes	2.00%	0.00%	0.00%	0.00%	0.00%
	Custodians	2.00%	0.00%	0.00%	0.00%	0.00%
	Budget Adjustment - Salaries and Wages	-0.19%	-2.44%	-1.04%	-2.44%	-2.59%
EMPLOYEE BENEFITS	Medical Insurance	0.00%	8.00%	8.00%	8.00%	8.00%
	Retiree Medical Insurance	0.00%	8.00%	8.00%	8.00%	8.00%
	Dental Insurance	0.00%	3.80%	3.80%	3.80%	3.80%
	Life Insurance	0.00%	2.30%	2.30%	2.30%	2.30%
	Prescription Insurance	0.00%	6.40%	6.40%	6.40%	6.40%
	Social Security Contributions	0.58%	0.00%	0.00%	0.00%	0.00%
	Retirement Contributions	36.72%	22.80%	19.81%	7.01%	0.34%
	Tuition Reimbursement	0.00%	0.00%	0.00%	0.00%	0.00%
	Unemployment Comp	-83.16%	-100.00%	0.00%	0.00%	0.00%
	Workers' Comp	-0.78%	-2.17%	-1.01%	-2.45%	-2.30%
	Budget Adjustment - Employee Benefits	7.86%	6.53%	8.74%	5.16%	2.30%
PURCHASED PROFESSIONAL AND TECHNICAL SERVICES'	Other Purchased Prof. & Technical Services	2.30%	2.30%	2.30%	2.30%	2.30%
	Pro Ed Services - Other	0.00%	0.00%	0.00%	0.00%	0.00%
	Pro- Ed Services - IUs	0.00%	0.00%	0.00%	0.00%	0.00%
	Other Professional Svc	0.00%	0.00%	0.00%	0.00%	0.00%
	Other Purchased Pro/Tec	0.00%	0.00%	0.00%	0.00%	0.00%
PURCHASED PROPERTY SERVICES	Disposal Services	2.30%	2.30%	2.30%	2.30%	2.30%
	Snow Plowing Services	2.30%	2.30%	2.30%	2.30%	2.30%
	Laundry/Linen/Dry Clean	2.30%	2.30%	2.30%	2.30%	2.30%
	Repairs & Maintenance Services	2.30%	2.30%	2.30%	2.30%	2.30%
	Electricity	2.30%	2.30%	2.30%	2.30%	2.30%
	Water/Sewage	2.30%	2.30%	2.30%	2.30%	2.30%
	Rental Of Equipment	0.00%	0.00%	0.00%	0.00%	0.00%
	Other Purchased Property Services	0.00%	0.00%	0.00%	0.00%	0.00%
	Other Purch Prop Services	0.00%	0.00%	0.00%	0.00%	0.00%

Growth Rate Name		2013-14	2014-15	2015-16	2016-17	2017-18
OTHER PURCHASED SERVICES	Contracted Carriers	0.00%	0.00%	0.00%	0.00%	0.00%
	Tuition To Other LEA	1.00%	1.00%	1.00%	1.00%	1.00%
	Tuition to PA Charter	8.74%	9.50%	10.80%	12.47%	12.17%
	Tuition To Non-Public	1.00%	1.00%	1.00%	1.00%	1.00%
	Student Transp. Services from the IU	11.22%	11.22%	11.22%	11.22%	11.22%
	Automotive Liability Insurance	0.00%	0.00%	0.00%	0.00%	0.00%
	General Property & Liability Insurance	0.00%	0.00%	0.00%	0.00%	0.00%
	Bonding Insurance	0.00%	0.00%	0.00%	0.00%	0.00%
	Communications	0.00%	0.00%	0.00%	0.00%	0.00%
	Advertising	0.00%	0.00%	0.00%	0.00%	0.00%
	Printing & Binding	2.30%	2.30%	2.30%	2.30%	2.30%
	Tuition To Area Vo-Tech	1.00%	1.00%	1.00%	1.00%	1.00%
	Other Purchased Services	0.00%	0.00%	0.00%	0.00%	0.00%
	Mileage	0.00%	0.00%	0.00%	0.00%	0.00%
	Travel	0.00%	0.00%	0.00%	0.00%	0.00%
	IU Payment By W/H For Special Education	10.98%	10.98%	10.98%	10.98%	10.98%
	IU Payment By Withholding	-3.68%	0.00%	0.00%	0.00%	0.00%
	Other Misc Purchased Services	2.30%	2.30%	2.30%	2.30%	2.30%
	SUPPLIES	Warehouse Supplies	2.30%	2.30%	2.30%	2.30%
Admin Software License		0.00%	0.00%	0.00%	0.00%	0.00%
Other Supplies		2.30%	2.30%	2.30%	2.30%	2.30%
Natural Gas		2.30%	2.30%	2.30%	2.30%	2.30%
Oil		2.30%	2.30%	2.30%	2.30%	2.30%
Gasoline		7.35%	7.35%	7.35%	7.35%	7.35%
Student Snacks		2.30%	2.30%	2.30%	2.30%	2.30%
Meals/Refreshments		2.30%	2.30%	2.30%	2.30%	2.30%
Educational Software		0.00%	0.00%	0.00%	0.00%	0.00%
PROPERTY	Other Property	0.00%	0.00%	0.00%	0.00%	0.00%
	Non-Cap Hard/Software	0.00%	0.00%	0.00%	0.00%	0.00%
	Tech Infrastructure	0.00%	0.00%	0.00%	0.00%	0.00%
OTHER OBJECTS	Budget Adjustment - Budgetary Reserve	0.00%	0.00%	0.00%	0.00%	0.00%
	Dues & Fees	1.64%	1.64%	1.64%	1.64%	1.64%
OTHER USE OF FUNDS	Misc Exp	0.00%	0.00%	0.00%	0.00%	0.00%
	Other Fund Transfers	0.00%	0.00%	0.00%	0.00%	0.00%
	Other Use Of Funds	0.00%	0.00%	0.00%	0.00%	0.00%

Baseline Scenario Financial Projections

	Fiscal Year:					
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	Adj. Budget	Projected	Projected	Projected	Projected	Projected
REVENUE SUMMARY						
Local Sources	34,694,810	34,503,915	34,530,449	34,557,249	34,584,317	34,611,655
Real Estate Taxes	27,043,711	26,831,816	26,832,640	26,833,473	26,834,314	26,835,163
Other Sources	7,651,099	7,672,099	7,697,809	7,723,776	7,750,003	7,776,492
State Sources	66,866,094	68,637,205	70,789,876	73,189,778	75,199,847	76,928,919
Basic Instructional Subsidy (In Gross)	50,083,533	50,710,268	52,104,800	53,667,944	55,412,153	57,213,048
Accountability Block Grant	750,836	750,836	750,836	750,836	750,836	750,836
Special Education - Funding for School Aged Pupils	5,260,000	5,233,855	5,325,447	5,418,643	5,513,469	5,609,955
Transportation (Regular and Additional)	300,000	382,229	382,229	382,229	382,229	382,229
All Other State	10,471,725	11,560,017	12,226,563	12,970,126	13,141,160	12,972,852
Federal Sources	5,700,657	5,700,657	5,455,016	5,306,533	5,138,961	4,951,110
Title I	4,021,176	4,021,176	3,847,904	3,743,166	3,624,962	3,492,455
Title II	660,289	660,289	631,837	614,639	595,230	573,471
Title III	273,016	273,016	261,252	254,141	246,115	237,119
Title IV	0	0	0	0	0	0
Medicaid Reimbursement	547,759	547,759	524,156	509,889	493,787	475,737
All Other Federal	198,417	198,417	189,867	184,699	178,867	172,328
Other Funding Sources	0	0	0	0	0	0
Total Revenues	107,261,561	108,841,777	110,775,341	113,053,560	114,923,124	116,491,684
EXPENDITURE SUMMARY						
Personnel Services - Salaries & Wages	31,199,478	31,141,715	30,382,455	30,065,056	29,331,679	28,572,714
Employee Benefits	19,020,842	19,197,626	20,450,538	22,236,901	23,385,330	23,923,728
Purchased Professional & Technical Services	7,478,458	7,482,514	7,486,664	7,490,909	7,495,252	7,499,694
Purchased Property Services	1,618,319	1,644,986	1,672,266	1,700,173	1,728,722	1,757,928
Other Purchased Services	2,810,654	3,033,599	3,282,249	3,558,707	3,866,087	4,207,854
Tuition to Charter Schools	35,921,997	38,448,119	41,422,326	45,104,165	49,791,205	54,928,649
<i>Tuition to Other School Districts</i>	<i>2,094,500</i>	<i>2,115,445</i>	<i>2,136,599</i>	<i>2,157,965</i>	<i>2,179,545</i>	<i>2,201,341</i>
<i>Tuition to PA Charter Schools</i>	<i>28,002,993</i>	<i>30,449,925</i>	<i>33,344,150</i>	<i>36,945,207</i>	<i>41,550,658</i>	<i>46,605,696</i>
<i>Tuition to Other Non Publics & Other Costs</i>	<i>5,824,504</i>	<i>5,882,749</i>	<i>5,941,577</i>	<i>6,000,992</i>	<i>6,061,002</i>	<i>6,121,612</i>
Supplies	1,408,747	1,439,044	1,470,133	1,502,039	1,534,790	1,568,412
Property	46,987	46,987	46,987	46,987	46,987	46,987
Other Objects	589,000	59,734	60,481	61,240	62,011	62,795
Other Financing Uses	11,656,646	11,337,167	11,145,372	10,977,512	10,922,599	10,928,393
Total Expenditures	111,751,128	113,831,491	117,419,470	122,743,689	128,164,661	133,497,153
Surplus/Deficit	(\$4,489,567)	(\$4,989,714)	(\$6,644,129)	(\$9,690,129)	(\$13,241,537)	(\$17,005,469)
Fund Balance	(4,200,924)	(9,190,638)	(15,834,767)	(25,524,895)	(38,766,432)	(55,771,901)

Recovery Plan Financial Projections

Please note that this scenario is only presented to demonstrate that the Financial Recovery Plan, if successfully implemented, will address the deficits in the baseline projection. The employee salary reductions in this scenario are less than the maximum levels proposed in the District's Internal Transformation proposal and required in the Financial Recovery Plan. The actual level of employee salary reductions will vary depending actual financial results and the targets set for different objectives in the enrichment provision described in the Financial Recovery Plan.

	Fiscal Year:					
	2012-13	2013-14	2014-15	2015-16	2016-16	2017-18
	Adj. Budget	Projected	Projected	Projected	Projected	Projected
REVENUE SUMMARY						
Local Sources	34,694,810	34,503,915	34,530,449	34,557,249	34,584,317	34,611,655
Real Estate Taxes	27,043,711	26,831,816	26,832,640	26,833,473	26,834,314	26,835,163
Other Sources	7,651,099	7,672,099	7,697,809	7,723,776	7,750,003	7,776,492
State Sources	66,866,094	71,637,205	70,213,007	72,344,800	74,406,572	76,182,236
Basic Instructional Subsidy (In Gross)	50,083,533	50,710,268	52,104,800	53,667,944	55,412,153	57,213,048
Accountability Block Grant	750,836	750,836	750,836	750,836	750,836	750,836
Special Education - Funding for School Aged Pupils	5,260,000	5,233,855	5,325,447	5,418,643	5,513,469	5,609,955
Transportation (Regular and Additional)	300,000	382,229	382,229	382,229	382,229	382,229
All Other State	10,471,725	14,560,017	11,649,694	12,125,147	12,347,885	12,226,169
Federal Sources	5,700,657	5,700,657	5,719,914	5,769,808	5,819,618	5,870,533
Title I	4,021,176	4,021,176	4,034,760	4,069,954	4,105,090	4,141,004
Title II	660,289	660,289	662,520	668,299	674,068	679,965
Title III	273,016	273,016	273,938	276,328	278,713	281,152
Title IV	0	0	0	0	0	0
Medicaid Reimbursement	547,759	547,759	549,609	554,404	559,190	564,082
All Other Federal	198,417	198,417	199,087	200,824	202,558	204,330
Other Funding Sources	0	8,400,000	0	0	0	0
Total Revenues	107,261,561	120,241,777	110,463,371	112,671,856	114,810,507	116,664,424
EXPENDITURE SUMMARY						
Personnel Services - Salaries & Wages	31,199,478	31,952,264	29,442,960	28,345,396	27,856,319	27,211,585
Employee Benefits	19,020,842	19,472,873	14,122,348	17,359,955	18,786,847	19,770,058
Purchased Professional & Technical Services	7,478,458	8,282,514	8,286,664	9,090,909	9,095,252	9,099,694
Purchased Property Services	1,618,319	1,644,986	1,672,266	1,700,173	1,728,722	1,757,928
Other Purchased Services	2,810,654	3,033,599	3,282,249	3,558,707	3,866,087	4,207,854
Tuition to Charter Schools	35,921,997	37,617,949	39,180,279	37,563,430	38,543,803	39,659,325
Tuition to Other School Districts	2,094,500	2,115,445	2,136,599	2,157,965	2,179,545	2,201,341
Tuition to PA Charter Schools	28,002,993	29,619,755	31,102,103	29,404,472	30,303,256	31,336,372
Tuition to Other Non Publics & Other Costs	5,824,504	5,882,749	5,941,577	6,000,992	6,061,002	6,121,612
Supplies	1,408,747	1,563,932	1,597,893	1,632,738	1,668,495	1,705,192
Property	46,987	46,987	46,987	46,987	46,987	46,987
Other Objects	589,000	59,734	60,481	340,872	341,643	342,427
Other Financing Uses	11,656,646	12,352,802	12,461,007	12,293,147	12,238,235	12,244,028
Total Expenditures	111,751,128	116,027,640	110,153,134	111,932,314	114,172,389	116,045,077
Surplus/Deficit	(4,489,567)	4,214,137	310,237	739,542	638,118	619,347
Fund Balance	(4,200,924)	13,213	323,450	1,062,993	1,701,111	2,320,458

Chief Recovery Officer/Technical Assistance Team

Chief Recovery Officer: David G. Meckley

Public Financial Management, Inc.: Matthew Eckes, Blair Gearhart, David Hoskins, Vileen Leung, Dean Kaplan, Anne Kapoor, Gordon Mann, Janet Razler, David Sallack, Nicole Westerman, Christopher Wheeler

Other Team Members: Rachael Brown, Gina Giarratana, Barbara Kucsan, Debra Lemeshow, J. Drue Miles, Kerri McCarthy, Philip Mowry, Andrew J. Rotherham, Becky Taylor, Thomas Tracy, Jr.

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