

**Act 141 Recovery Plan  
York City School District  
March 16, 2016**

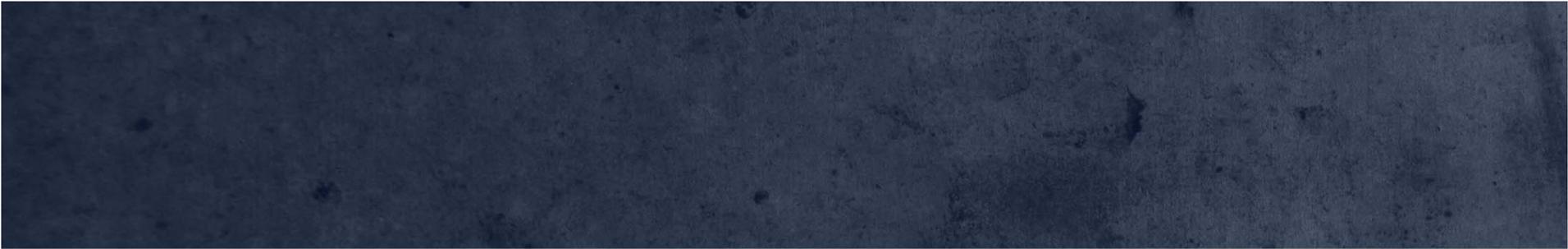
**Approved by Board of School Directors  
March 16, 2016**

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in conjunction with



**Mass Insight**  
EDUCATION



# Introduction

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# Recap of Previous Plan

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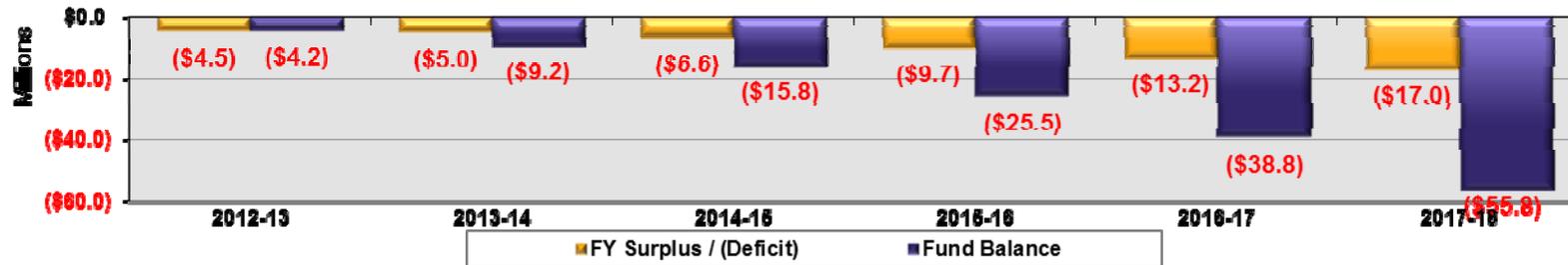
# Overview of the 2013 Act 141 Recovery Plan

- York City School District declared to be a “moderate financial recovery school district” in December 2012
- Initial Act 141 Recovery Plan completed and approved by the School Board in May 2013
- Financial projections were developed on a five-year basis to show the results of the baseline financial projection and a series of recommendations to achieve financial stability were included
- Balanced scorecard approach was selected to monitor and evaluate the District’s academic, operational, and financial performance
- Advisory Committee addressed five recovery approaches, and selected the internal transformation option to guide the recovery process

# 2013 Act 141 Recovery Plan Baseline Projections

- Assumptions in original baseline financial projection
  - No growth in real estate tax after millage increase in 2012-13
  - State Basic Education Funding grows between 2.75 and 3.25 percent annually
  - No wage increase for employees after expiration of existing collective bargaining agreements
  - Medical insurance costs grow by 8.0 percent annually
  - PSERS contributions grow at the defined projected rates
- Result was a series of growing annual deficits, as shown below

**FY2013 - FY2018 General Fund Budget Projections**



	2012-13 Adj. Budget	2013-14 Projected	2014-15 Projected	2015-16 Projected	2016-17 Projected	2017-18 Projected
<b>Total Revenues</b>	107,261,561	108,841,777	110,775,341	113,053,560	114,923,124	116,491,684
<b>Total Expenditures</b>	111,751,128	113,831,491	117,419,470	122,743,689	128,164,661	133,497,153
<b>Surplus/Deficit</b>	<b>(4,489,567)</b>	<b>(4,989,714)</b>	<b>(6,644,129)</b>	<b>(9,690,129)</b>	<b>(13,241,537)</b>	<b>(17,005,469)</b>
<b>Fund Balance</b>	<b>(4,200,924)</b>	<b>(9,190,638)</b>	<b>(15,834,767)</b>	<b>(25,524,895)</b>	<b>(38,766,432)</b>	<b>(55,771,901)</b>

# 2013 Act 141 Recovery Plan vs. Actual Results

Financially annual results have been notably better than projected until the current year. Reasons for improved performance are summarized below:

	2012-13 Actual	2013-14 Actual	2014-15 Forecast	2015-16 Budget
<b>Total Revenues</b>				
2013 Recovery Plan	107,261,561	108,841,777	110,775,341	113,053,560
YCSO Financial Results	110,015,174	115,998,067	121,907,449	126,361,067
<b>Difference</b>	<b>2,753,613</b>	<b>7,156,290</b>	<b>11,132,108</b>	<b>13,307,507</b>
<b>Total Expenditures</b>				
2013 Recovery Plan	111,751,128	113,831,491	117,419,470	122,743,689
YCSO Financial Results	108,009,759	113,094,087	110,923,636	128,211,515
<b>Difference</b>	<b>3,741,369</b>	<b>737,404</b>	<b>6,495,834</b>	<b>(5,467,826)</b>
<b>Net Difference</b>	<b>6,494,982</b>	<b>7,893,694</b>	<b>17,627,942</b>	<b>7,839,681</b>

- 2012-13
  - \$800,000 higher Act 511 taxes than the adjusted budget used in the 2013 Act 141 Recovery Plan
  - Additional Title I and Title II revenues of \$1.1 million
  - Lower-than-expected employee benefit costs, with \$1.2 million unemployment compensation savings and \$2.6 million medical insurance savings
- 2013-14
  - Additional \$5.5m of State Basic Education Funding received as part of increased funding for financially distressed school districts
- 2014-15
  - Additional \$4.1m of State Basic Education Funding received as part of increased funding for financially distressed school districts
  - \$500,000 higher Act 511 taxes than projected in the 2013 Act 141 Recovery Plan
  - \$2.0m one-time revenues for State catch-up on PlanCon
  - \$3.0m one-time working capital loan from PDE to replenish fund balance
  - Closure of New Hope Charter School and overall reduction in charter enrollment resulting in approximately \$4.5m of savings
- 2015-16
  - Currently a budget year, see notes regarding key assumptions on slide 11

# Progress Since 2013 Act 141 Recovery Plan

Steps taken by the District to improve financial position:

- District avoided need for borrowing additional money due to several factors:
  - Increased State revenues
  - Flat wages through 2014-15 limited growth in personnel expenditures
  - Decreased employee benefit expenditures, including unemployment compensation, medical insurance and prescription insurance
  - The reduction in payments to charter schools due to the closing of one of the local charter schools



# **Baseline Multiyear Financial Projections**

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# Current Budget Realities

Key assumptions in the District's 2015-16 adopted budget include:

- Revenues
  - \$5.6 million in revenue from Governor Wolf's proposed education budget
  
- Expenditure Issues
  - Additional personnel, including positions that will not be acted on until passage of the State budget finalizes revenue
  - Healthcare benefits inflation of 8% per year
  - Increasing retirement contribution rate
  - Current collective bargaining agreement for July 1, 2015 through June 30, 2017
    - Average of 2.50% increase in 2015-16
    - Average of 2.75% increase in 2016-17

# Revised Baseline Multiyear Projection Assumptions

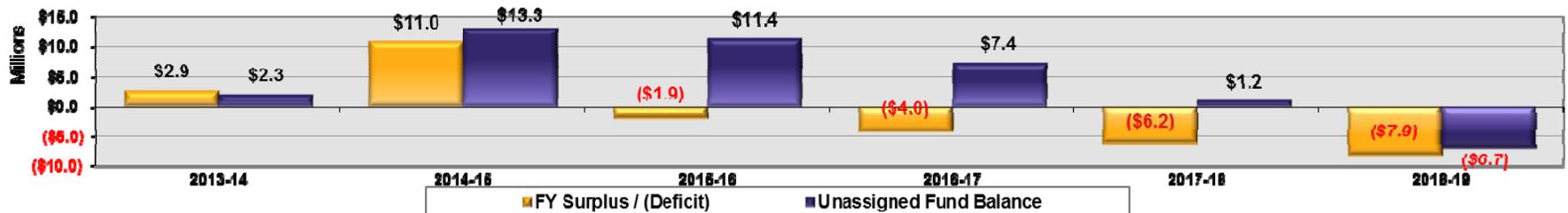
- Basis of Baseline Financial Projections
  - 2013-14 actual revenues and expenditures
  - 2014-15 revenue and expenditure estimate as of October 2015
  - 2015-16 adopted budget
  - 2016-17, 2017-18, 2018-19 projections based on revenue and expenditure growth rates and assumptions applied to the 2015-16 budget
- Key Assumptions Used for Projection Years\*
  - Revenues:
    - Flat real estate tax growth
    - State basic and special education funding increase of 2% per year based on average historical growth
  - Expenditures:
    - Personnel services increase of 2% per year
    - Medical insurance increase of 8% per year
    - Total District and charter enrollment increase of 1% per year

\*The same key assumptions were used in the 2013 Plan

# Baseline Multiyear Financial Forecast

- The financial forecast shown represents the four years of this Plan, fiscal years 2015-16 to 2018-19
- Given the current financial environment, and if no additional actions are taken, the District would have an operating deficit in each of the four years of the Plan and deplete the District's unassigned fund balance during the 2018-19 school year

**FY2014 - FY2019 General Fund Budget Projections**



	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Revenues	\$115,998,067	\$121,907,449	\$126,361,067	\$129,228,049	\$131,562,828	\$133,709,737
Expenditures	\$113,094,087	\$110,923,636	\$128,211,515	\$133,272,624	\$137,735,878	\$141,621,815
Net Surplus/Deficit	\$2,903,980	\$10,983,813	(\$1,850,449)	(\$4,044,575)	(\$6,173,050)	(\$7,912,078)
Unassigned Fund Balance	\$2,273,571	\$13,257,384	\$11,406,936	\$7,362,361	\$1,189,311	(\$6,722,768)

# Environmental Factors

- The following environmental factors will affect the multi-year financial projections:
  - Uncertain State funding
    - Given the current State budget impasse, there is much uncertainty around the amount of Basic Education and Special Education funding the District will receive in 2015-16. State funds comprised approximately 67% of District revenues in 2014-15, growing to 68% in 2015-16 based on the District's budget. State Basic Education and Special Education funding comprised approximately 51% of District revenues in 2014-15, growing to 54% in 2015-16 based on the District's budget
    - The uncertain State funding also affects the charter tuition rate, since that rate is based on the prior year's expenditures, and the District projects increased spending if it receives additional state money
    - It is recommended that once a State budget is passed for 2015-16 that the District revise its 2015-16 budget and accordingly update its multiyear financial forecast
  - Potential opening or closing of charter schools
    - Elementary arts charter school proposal recently submitted
    - Continued addition of grades at York Academy Regional Charter School
  - Enrollment Unpredictability
    - Birth rates affected by recent recession – students born then now reaching school age
  - Current Teacher Collective Bargaining Agreement to expire June 30, 2017
    - Changes to the contract could affect both salary and benefit projections
    - The District has the ability to address the substantial federal tax on health care plans in negotiations prior to 2020 when the tax is scheduled to come into effect



# **Academic Plan**

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# Mass Insight Partnership

- Mass Insight Education worked with the District to identify the District's improvements since the 2013 Plan and the District's current strengths and opportunities for growth in ten different domains
- The District identified five priority areas for District improvement and proposed a phased in approach for implementation of these priorities
- The District laid out four goals for the District centered around:
  - Third grade literacy
  - PSSA achievement
  - Keystone achievement
  - High school graduation

# Multiple Levers for District-Wide Improvement

Transform the Central Office to  
better support schools



Improve schools and accelerate  
student achievement



# Mass Insight Education and the School District of the City of York reviewed 10 district diagnostic domains

- 1 Vision, Strategy, & Culture:** Communicate a clear vision and set of goals for the district, promoting a culture of excellence and high expectations.
- 2 Organizational Structure & Policy:** Establish coherent structures, processes, and policies that promote organizational effectiveness.
- 3 School Management:** Create structures and build capacity to drive school improvement efforts, ensuring that all families have access to excellent schools.
- 4 Central Services:** Promote the seamless delivery and integration of central office support services, allowing educators to focus on high-quality teaching and learning.
- 5 Finance:** Promote high-yield and sustainable resource investments; maximize the amount of resources flowing directly to students and classrooms.
- 6 Human Resources:** Establish systems and processes to recruit, place, develop, and retain talent.
- 7 Academics:** Design and implement a rigorous academic program with aligned and high-quality curricula, assessments, and instruction.
- 8 Operations:** Ensure smooth nonacademic operations, emphasizing efficiency and productivity.
- 9 External Affairs:** Engage parents, family, and community members as partners in the education system.
- 10 Data & Accountability:** Create shared accountability for student achievement at all levels of the organization; promote a strong data culture by using data to inform and drive decision-making.

# Mass Insight Education and the School District of the City of York's major findings around the 10 domains:

- Lack of morale and limited understanding of the district's vision or strategy.
- Current decision-making practices to make school improvements are not necessarily centered on the instructional core (the interaction between the student, the teacher, and the content).
- The district lacks opportunities for professional development or cross-department sharing for Central Office staff or the School Board, and existing teacher professional development was described as inconsistent.
- Technology, communication, and infrastructure were identified as consistent district challenges, though new financial, HR, and student information systems promise to improve efficiency.
- There is a strong interest in pursuing the distributed leadership model.
- Teacher attendance dropped from 91% in the 2014-2013 school year to 88% in the 2014-2015 school year. This is 6 percentage points below the national average. The most negative effect low teacher attendance has on student learning in York City school is when classrooms must "split" due to the lack of substitute teachers.
- A lack of a consistent curriculum, scope and sequence, and academic materials contribute to a low level of instructional rigor at York schools.
- While there is a desire for collaboration both across schools and with the community, strong mechanisms to engage the community do not currently exist, and there are no formal systems or structures in place to allow for cross-school collaboration.

## Mass Insight Education and the School District of the City of York's major findings around progress made since the 2013 Recovery Plan include:

- The rate of students enrolling outside of district-run schools remained stagnant.
- Site-based management was implemented successfully, and is in the process of transitioning to a distributed leadership model after a majority vote by York City teachers within each of the schools.
- None of the financial changes described in the 2013 Recovery Plan, including those around wage and benefits reductions, were implemented. An anticipated increase in state funding is the only improvement in the district's financial situation.
- The Cornerstone program, for students exhibiting behavioral difficulties in the mainstream classroom setting, completed its second year. While it still lacks some structures around entry and exit criteria, enrollment reached 87 students in the 2014-2015 school year. The district is also set to reach its goal of 12 Pre-K classrooms by the 2015-2016 school year.
- William Penn High School will implement a freshman academy for the 2015-2016 school year.
- As a result of summer 2015 contract negotiations, the school day will be extended by 40 minutes, which is 15 minutes more than the 2013 Recovery Plan recommended. The school year will be extended by 5 days and include additional professional development for teachers.

**Mass Insight Education and the School District of the City of York identified five priority areas for improvement:**

**Support for  
Instruction**

**Communications**

**Talent**

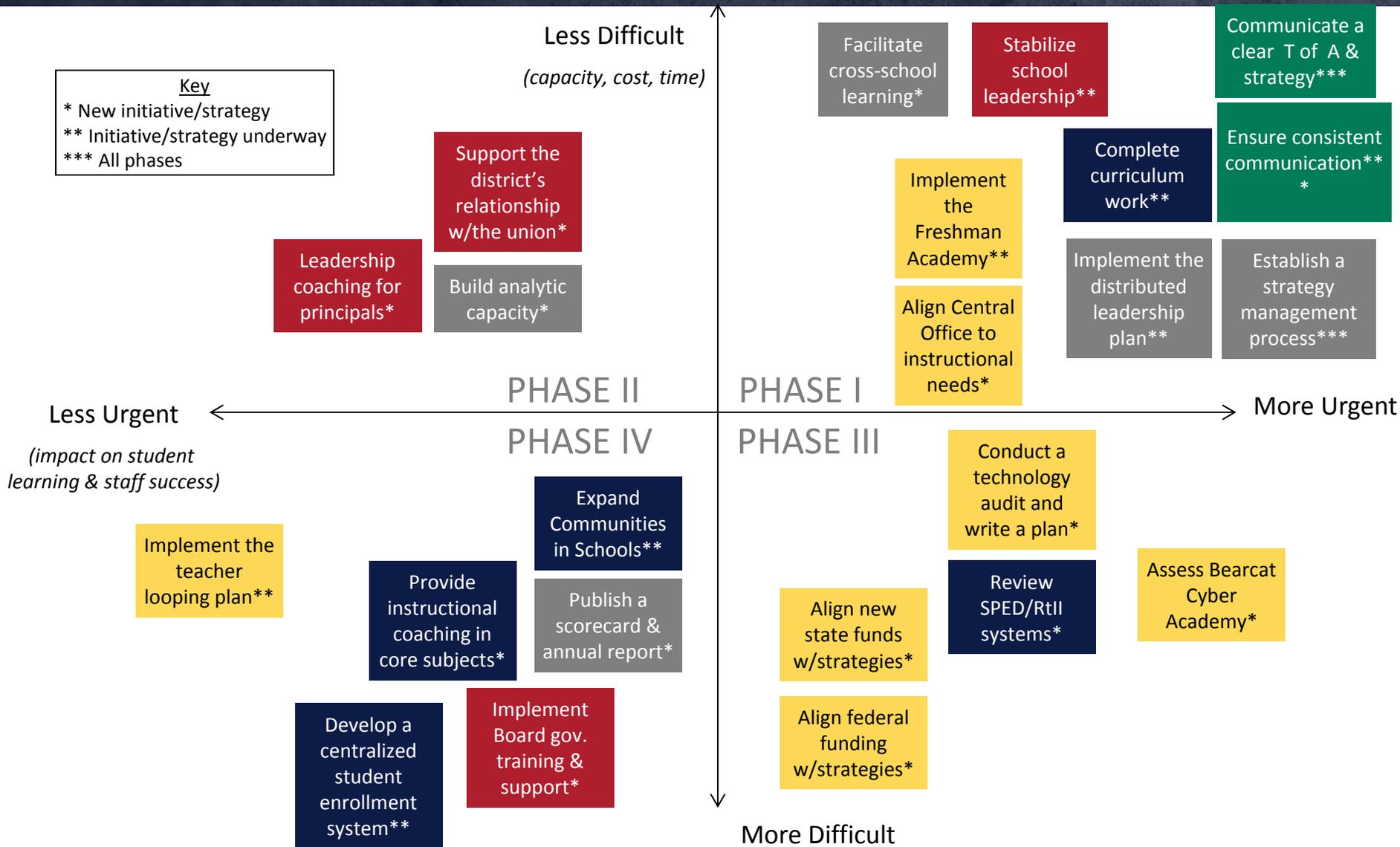
**Resource  
Alignment**

**Performance  
Management**

# Priority Selection: Using Urgency & Difficulty to Guide Decision-Making



**Key**  
 \* New initiative/strategy  
 \*\* Initiative/strategy underway  
 \*\*\* All phases



# District Theory of Action

## IF...

- Principals lead school-wide efforts to support teacher collaboration and increase students' readiness to learn; and
- Teachers work together to provide instruction that is aligned with standards, consistent with the district's scope and sequence, and differentiated to meet individual student needs; and
- Other school staff contribute to a school environment that fosters effective teaching and learning; and
- Central office staff work together to support school principals by setting clear expectations, providing needed resources in a timely manner, tracking and reporting on progress toward goals, and facilitating communication with all stakeholders; and
- Students attend school prepared to engage in purposeful learning; and
- Families are engaged in supporting their students' learning

## THEN...

- Student learning will increase and all York City students will continuously graduate prepared for college and careers.

# YCSD's Core Values and Beliefs

- ✓ All students can learn
- ✓ Effective leaders build effective teams
- ✓ Trust and respect are the foundation for success
- ✓ Teaching matters; teachers matter
- ✓ Everyone (students, families, teachers, administrators, and staff) is responsible for student success

# Recovery Plan Goals Overview

With the 2015-2016 school year bringing an expansion to the Pre-K program and re-launching the Freshman Academy, it is logical for the Recovery Plan's amended goals to follow the cohorts of students most affected by these programs.

In four years, the 2015-2016 cohort of Pre-K students will be in the third grade, and on-track Freshmen Academy students (9<sup>th</sup> grade) will reach senior year (12<sup>th</sup> grade) of high school, which are both not only testing years, but also major indicators of future student success (third grade literacy and high school graduation). As a result, the timeline for the following goals ends in the 2018-2019 school year.

# Goal 1: Third Grade Literacy

By June 2019, the School District of the City of York will eliminate the gap between the District's third grade reading achievement scores (PSSA) and the Pennsylvania state average PSSA scores.

Current SDYC 3 <sup>rd</sup> Grade ELA Proficiency Rate	Current Pennsylvania 3 <sup>rd</sup> Grade ELA Proficiency Rate	CURRENT GAP
21%	62%	42%

Milestones	
<i>Year</i>	<i>Proficiency Rate</i>
2016	30%
2017	38%
2018	50%
2019	62%

## Goal 2: PSSA Achievement

By June 2019, the School District of the City of York will close, by 50%, the gap between the District PSSA achievement scores in math and ELA and the current state PSSA average scores in Math and ELA in grades 4-8.

	Grade 4	Grade 5	Grade 6	Grade 7	Grade 8
<b>2015 Math</b>	11%	8%	7%	6%	2%
<b>2015 ELA</b>	17%	20%	22%	19%	13%
<b>2016 Math</b>	16%	12%	11%	9%	6%
<b>2016 ELA</b>	22%	25%	27%	24%	19%
<b>2017 Math</b>	20%	17%	15%	13%	9%
<b>2017 ELA</b>	27%	31%	31%	29%	22%
<b>2018 Math</b>	24%	21%	19%	16%	12%
<b>2018 ELA</b>	33%	36%	36%	34%	30%
<b>2019 Math</b>	28%	25%	23%	20%	16%
<b>2019 ELA</b>	38%	41%	41%	39%	36%

<b>50% reduction in gap for Math over 4 years total</b>	17%	17%	16%	14%	14%
<b>50% reduction in gap for ELA over 4 years total</b>	21%	21%	20%	20%	23%

# Goal 3: Keystone Achievement

By June 2019, the School District of the City of York will close, by 50%, the gap between the District's keystone proficiency rates in Algebra, English and Biology and the current state Keystone achievement average.

Year/Course	Current Achievement Scores	State Average Keystone Scores	Gap
2015 Algebra	28%	65%	37%
2015 English	38%	73%	35%
2015 Biology	21%	59%	38%

	2016			2017			2018		
	Algebra	English	Biology	Algebra	English	Biology	Algebra	English	Biology
50% reduction in gap	33%	43%	26%	37%	47%	30%	42%	51%	35%
	2019			4-year Total					
50% reduction in gap	Algebra	English	Biology	Algebra	English	Biology			
	46%	56%	40%	18%	17%	19%			

# Goal 4: High School Graduation

By June 2019, The School District of the City of York will eliminate the gap between the District's cohort graduation rate at the William Penn Senior High School and the state average graduation rate.

Pennsylvania Graduation Rate 13-14	William Penn Graduation Rate 13-14	Graduation Rate Gap
85.45%	82.47%	2.98%

Milestones	
<i>Year</i>	<i>Graduation Rate Goals</i>
2016	.75% → 83.22%
2017	.75% → 83.97%
2018	.75% → 84.72%
2019	.75% → 85.47%

# Implemented Initiatives

The District has already implemented several of the initiatives recommended by Mass Insight, including:

- Communications
  - Identified a source of professional communication assistance to ensure delivery of consistent communications about the District's theory of action and improvement strategies
- Talent
  - Ensured staff stability by formalizing a 3 or 4 year commitment from all senior level staff, including principals and assistant principals and the Central Office Leadership Team
- Resource Alignment
  - Aligned Central office staffing/roles/responsibilities to support instructional core which included: benchmarking the District's Central Office staff size and departmental configurations to similar districts, review of job descriptions to ensure responsibilities ultimately support the instructional core, and review of the Central Office's organizational structure and the sharing of an updated organizational chart with District staff
- Performance Management
  - Oriented UPenn distributed leadership trainers to updated Recovery Plan priorities
  - Identified an owner for strategy and performance management

# Initiatives in Progress

The District is also in the process of implementing the following initiatives recommended by Mass Insight:

- Communications
  - Rebuilding of the District’s website with a focus on communicating plan strategies and progress
  
- Talent
  - Engaging outside help to facilitate ongoing collaboration with the union and discussions about improvement strategy implementation
  - Strengthening of board governance with additional training and contract or collaboration with other boards, including enrolling the Board in the PA School Board Association Training and encouraging Board members to attend relevant State and national conferences
  
- Support for Instruction
  - Completing the ongoing work to adapt PA’s ELA and math modules to a curriculum so the curriculum mapping process will not need to repeat annually
  - Expanding the Communities in Schools (CIS) partnership to all campuses (and getting funding to do so)
  - Establishing a central student enrollment/transfer function within the Central Office
  - Continuing to implement the Freshman Academy
  - Cross-school learning facilitation
  - Building of analytic capacity

# Initiatives in Progress, Cont'd.

The District is also in the process of implementing the following initiatives recommended by Mass Insight:

- Resource Alignment
  - Conducting a technology audit and writing a plan
  - Assessing Bearcat Cyber Academy
  - Planning for and communicating about new initiatives, such as the Freshman Academy and teacher looping proposal and developing a detailed action plan for each initiative
- Performance Management
  - Having the Chief Recovery Officer develop this amendment to the Recovery Plan centered around instruction
  - Using the distributed leadership model to implement school-based improvement strategies
  - Developing detailed work plans that identify who does what and when for each of the major improvement strategies

# Outstanding Initiatives

The following initiatives recommended by Mass Insight are slated for implementation between now and school year 2018-19:

- Resource Alignment
  - Align new state funds and federal funds with strategies
  - Publish a scorecard and annual report
- Support for Instruction
  - Completing curriculum work
  - Review SPED/RtII systems
  - Provide instructional coaching in core subjects
- Talent
  - Leadership coaching for principals



# Recommendations

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# Funding Realignment

- Align new funds and realign current funds received from state and federal sources with District strategies to manage new initiatives within the current budget and financial projections
  - Resources will be aligned and invested in the five priority areas outlined by the Mass Insight Education report:
    - Support for Instruction
    - Communications
    - Talent
    - Resource Alignment
    - Performance Management

# Addressing the Budget Gap

- If no changes occur or are made, the District is projected to have a recurring annual deficit starting in 2015-16 and a negative fund balance starting in 2018-19
- However, in recent years the District has had success in eliminating projected annual deficits. Therefore, to close the projected future structural gaps, the District will start in 2015-16 to implement revenue enhancement and cost saving initiatives to offset the negative budget trend. Potential cost saving initiatives include, but are not limited to:
  - Review special education and EL identification
  - Assess deficiencies in District cyber school (Bearcat) to increase District enrollment
    - Look to Harrisburg and Lancaster School District's successful program
  - Utilize additional debt service for strategic technology investments
  - The implementation of other cost saving initiatives identified by the Chief Recovery Officer

# Addressing the Budget Gap

- This Plan assumes that by implementing changes, including those described above, the District will eliminate the projected shortfalls.
- If the District is unable to eliminate the projected financial shortfalls, the Chief Recovery Officer maintains the discretion to direct the District to increase revenue through tax increases and /or to seek amendments to the Financial Recovery Plan in order to address the budgetary shortfalls and move the District toward financial stability.

# Other Concerns

- Internally-driven challenges
  - In some cases, programs supported by federal funds may not align with the District's academic and operational goals
- Externally-driven challenges
  - Weak tax base
  - Financial impact of charter enrollment (goal is to increase performance of District schools and minimize charter enrollment to decrease charter school tuition payments)



# Exit Criteria

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# 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 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
  - 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

# Exit Criteria

- **At the end of the 2018-19 school year, the District must implement the educational reforms described herein, and each school building must achieve, or show significant progress towards, the academic goals set forth in the plan, including meeting the specific PSSA, Keystone Exam, and graduation improvement targets. Ultimately, school buildings that fail to meet the performance measurement criteria will be subject to more intensive interventions.**



# Conclusion

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# Conclusion

- 2013 Plan – Structured to avoid charter school drain or full charter conversion of district
- 2016 Revision – Structured to improve core functions
  - Curriculum aligned to State standards
  - Continued financial stability
  - Leadership at central office and building level to accelerate student achievement