

November 10, 2014

**MEMORANDUM**

Memo to: School Board  
From: Dave Meckley, Chief Recovery Officer  
Subject: **SCHOOL BOARD RESOLUTION**

I write today as a result of the recent action taken by the Board of School Directors (the "School Board") at its October 15, 2014, meeting regarding the future of the School District of the City of York (the "District"). This memo serves to outline the measures that have been taken to date regarding the implementation of the District's Financial Recovery Plan (the "Recovery Plan") and what future actions are expected to occur.

In May 2013, the School Board approved the Recovery Plan for the District. The Recovery Plan was also approved by PDE and two labor unions representing employees of the District, including the teachers' union. Among the goals set forth in the Recovery Plan are (1) providing a sound, effective education for District students, (2) establishing a safe and healthy learning environment, and (3) creating financial stability in the District.

The primary focus of the Recovery Plan is the "Internal Transformation Model," which is comprised of several mandatory components. These components include salary and benefit concessions from District employees (adjusted annually), changes to the educational delivery method utilized in the District, and achievement of defined performance goals for academics and school climate. The Internal Transformation Model also dictates the development of performance improvement plans in each school building, which plans must include strategies to meet the specific needs of the students in the building.

Importantly, the Recovery Plan provides: "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."

**Current Status of Recovery Plan Implementation:**

- 1) Salary and benefit concessions from District employees – The School Board offered to start negotiations with the teachers' union shortly after the

Recovery Plan was approved in May 2013. Negotiations started in September 2013 and have continued unsuccessfully. A draft collective bargaining agreement was submitted to the teachers' union in October 2013, which reflected the provisions of the Recovery Plan. That agreement was overwhelmingly rejected. In June 2014, a second draft agreement was submitted to the teachers' union with a moderated wage and benefit concessions. Again, that agreement was overwhelmingly rejected. Most recently, a fact finder's report was issued on October 27, 2014. The School Board voted unanimously to accept the fact finder's report, however the teachers' union voted overwhelmingly to reject the fact finder's report. No further negotiations sessions are scheduled at this time.

- 2) Changes to educational delivery – Internal Transformation Model: There are eight Major Features of the Internal Transformation Model listed in the Recovery Plan. Progress has been made on a number of the Major Features listed in the Recovery Plan. For example, the Cornerstone Program was started as outlined; however the number of referrals in the first year was substantially less than planned due to a lack of academic and behavior plans submitted by teachers. Additionally, the District's contract for alternative education services with an outside provider was executed with excellent results. And, School Advisory Councils were formed; attendance by parents and community members has been limited, however. The additional staffing required to fully implement the remaining Major Features has not been possible because a collective bargaining agreement has not been executed.
- 3) Performance goals – Academic performance goals were established by the Community Education Council (CEC) and approved by the School Board as outlined in the Recovery Plan. The academic performance goals are attached as Exhibit A. A brief summary of the District school building goals and results for the school year ending 2013-14 are as follows:

	Reading 2013-14			Math 2013-14		
	Goal	Actual	Diff	Goal	Actual	Diff
Davis	49.2	38.7	-10.5	57.6	47.9	-9.7
Devers	47.7	40.9	-6.9	57.2	42.5	-14.7
Ferguson	42.4	35.6	-6.8	46.4	37.7	-8.7
Goode	33.7	29.8	-3.9	41.5	35.4	-6.1
Jackson	46.0	34.1	-11.9	47.6	39.3	-8.3
McKinley	37.1	23.2	-13.9	38.6	25.5	-13.2
High School	55.0	44.5	-10.5	44.5	40.8	-3.7
Average	45.1	35.2	-9.9	47.4	38.4	-9.0

In addition, the results of the Pennsylvania Value Added Assessment System (PVAAS) testing in four areas in the seven District school buildings are as follow: 82% of the results indicate "Significant or moderate evidence that the school did not meet the standard for PA Academic Growth," while 18% of the results indicate, "Evidence or moderate evidence that the school met the standard for PA Academic Growth." Overall, the PVAAS testing results indicate less than one year's average growth for students. All indicators suggest that overall District academic performance has declined and the District continues to be ranked among the top ten lowest performing districts in the Commonwealth.

- 4) Performance Improvement Plans – As outlined in the Recovery Plan, each school building in the District is required to have a performance improvement plan. The CEC was charged with the review of the performance improvement plans, which was to be completed by the fall of 2013. However, the Recovery Plan requires "that the improvement plans (individually and cumulatively) do not cause the District to have an annual operating deficit." Without a collective bargaining agreement that reflects the provisions of the Recovery Plan, the District would have a projected annual operating deficit in 2014-2015 of \$2.3 million to implement the Internal Transformation Plan. (Consistent with the Recovery Plan, \$2.3 million in additional teachers and related educational materials would have to be available to facilitate student achievement and improve school climate.) Therefore, the CEC did not approve the building Performance Improvement Plans by November 30, 2013.

- 5) Qualified Outside Education Providers – As outlined in the Recovery Plan the CEC and School Board adopted a process for identifying and selecting qualified external education providers in December 2013, to be placed on a qualified provider list. In the spring of 2014, the Chief Recovery Officer initiated a Request for Expression of Interest (RFEI) process to determine interest and availability from qualified external education providers. Based on the response to the RFEI process, the Chief Recovery Officer recommended, and the School Board voted to issue a Request for Proposal (RFP) for an external education provider to operate one building, multiple buildings or all District buildings that failed to demonstrate meaningful academic, safety or financial improvement. Seven responses to the RFP were submitted on a timely basis. Presentations from all seven providers were made to the CEC at a public meeting. The CEC then ranked the seven providers. Site visits and further dialogue occurred with the top two external education providers: Charter Schools USA and Mosaica.

#### **Recovery Plan Options and Necessary Action**

The Recovery Plan includes the following language: “[E]ach 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.”

More specifically, “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 a qualified external education provider as early as the 2014-15 school year.”

Based on a lack of academic performance progress and the lack of a collective bargaining agreement that incorporates the elements of the proposal set forth in the Recovery Plan, a conversion of District schools to charter schools operated by an external education provider operation is warranted and necessary to improve the financial health of the District and overall student performance. Based on the responses to the RFP and feedback from CEC members and School Board members, Charter Schools USA is the recommended external education provider selected. Charter Schools USA is eminently qualified as summarized below:

	District	CSUSA
Sound effective education	PVAAS data indicate less than one year annual growth for students. District Recovery Plan goals were not met.	In turnaround schools annual student growth is 1.5 years. Academic performance improving over time.
Safe healthy learning environment	From 2007 to 2013 25% of the District's students left to attend charter schools.	Parent satisfaction is over 90%. All contracts which have come up for renewal,
Finances	Currently there is not a viable financial structure to implement the internal plan.	A viable financial structure with appropriate manpower is assured.
	The enrichment provision allocates any additional revenue among: restoring an adequate fund balance, increasing teacher/student ratio, additional educational materials, and increasing wages/fringes.	The reinvestment provision allocates any additional revenue among: property tax rebates, other charities at the direction of the school board.
Implementation	Internal plan progress has been minimal.	Implementation at turnaround schools has occurred on budget and on

By adopting the Recovery Plan, the School Board agreed to perform the tasks described in the Recovery Plan in a timely manner. And, the Recovery Plan – along with Act 141 of 2012 – are clear in the fact that if the School Board takes any action that is inconsistent with the Recovery Plan, not specifically identified in the Recovery Plan, or not necessary to implement the Recovery Plan, the District shall be subject to the appointment of a Receiver upon approval of the court of common pleas. 24 P.S. §§ 6-653-A(b)(2); 6-671-A(d).

Accordingly, I direct that all buildings be converted to charter school buildings operated by an external education provider effective July 1, 2015. In advance of the November 10, 2014, School Board committee meeting, a draft agreement with Charter Schools USA containing the above, specific direction will be available for review.

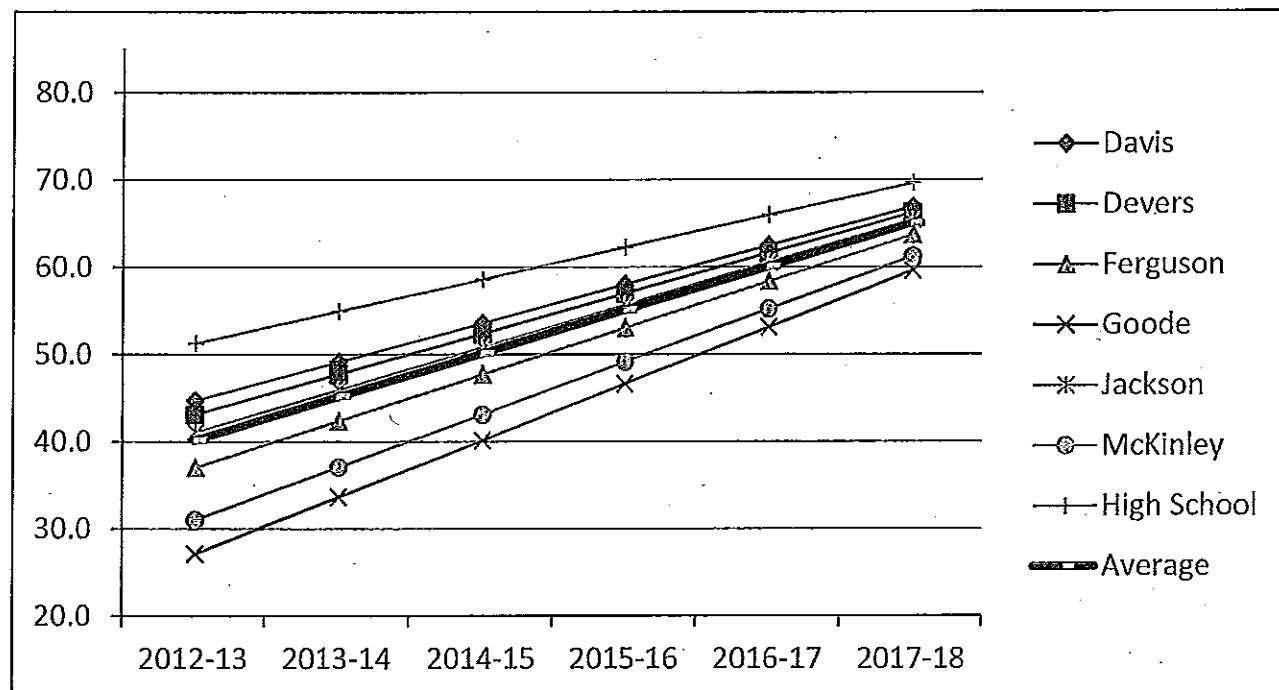
Approval of the following resolution at the November 19, 2014, School Board meeting is necessary to affirm the School Board's adherence to the Recovery Plan:

**Be it resolved that the Board of School Directors approve the attached agreement to establish a District wide charter school and engage Charter Schools USA to commence charter conversion as specified in the agreement.**

# Achievement Test Scores

## Reading

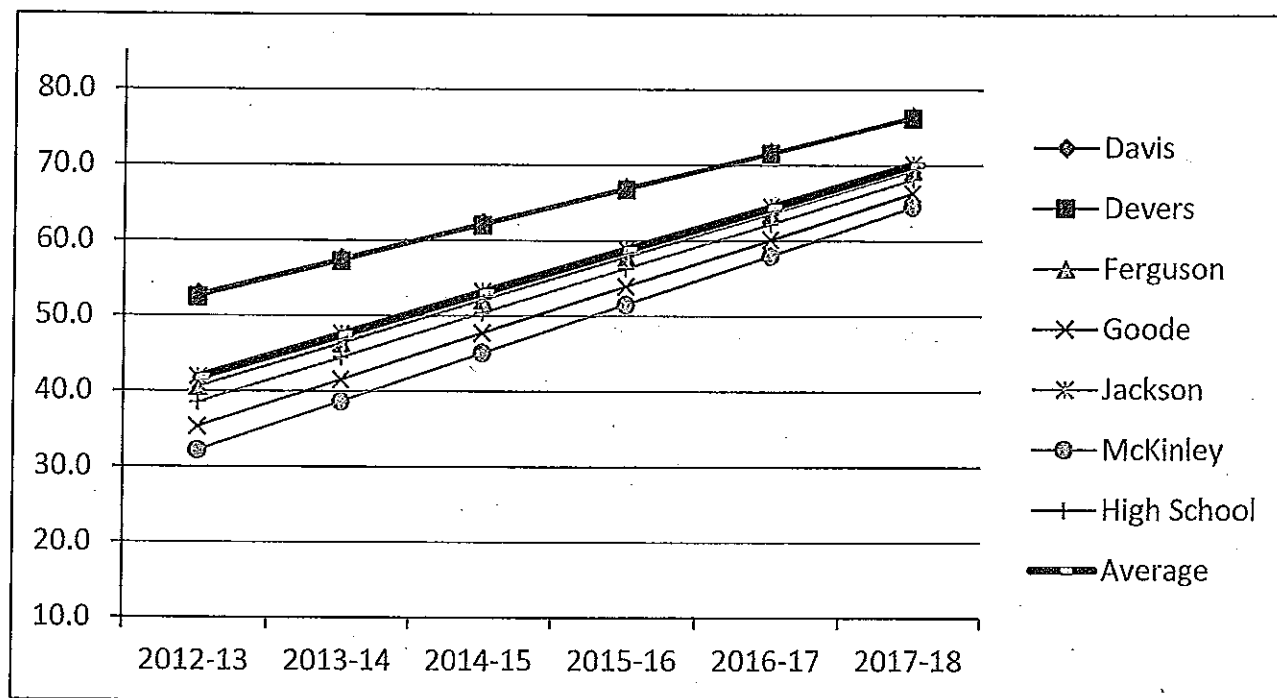
	2012-13	2013-14	2014-15	2015-16	2016-17	Goal 2017-18
Davis	44.7	49.2	53.6	58.0	62.5	66.9
Devers	43.1	47.7	52.4	57.0	61.6	66.2
Ferguson	37.1	42.4	47.7	53.1	58.4	63.7
Goode	27.2	33.7	40.1	46.6	53.1	59.6
Jackson	41.1	46.0	50.8	55.7	60.6	65.4
McKinley	31.0	37.1	43.1	49.1	55.2	61.2
High School	51.3	55.0	58.6	62.3	66.0	69.6
Average	40.2	45.1	50.1	55.1	60.0	65.0
Min	27.2					59.6
Max	51.3					69.6
Range	24.2					10.0



# Achievement Test Scores

## Math

	2012-13	2013-14	2014-15	2015-16	2016-17	Goal 2017-18
Davis	52.9	57.6	62.3	67.0	71.7	76.4
Devers	52.5	57.2	62.0	66.7	71.4	76.2
Ferguson	40.6	46.4	52.1	57.9	63.6	69.3
Goode	35.3	41.5	47.7	53.9	60.1	66.3
Jackson	42.0	47.6	53.2	58.9	64.5	70.1
McKinley	32.2	38.6	45.1	51.5	58.0	64.4
High School	38.6	44.5	50.4	56.3	62.2	68.1
Average	41.8	47.4	53.1	58.7	64.4	70.0
Min	32.2					64.4
Max	52.9					76.4
Range	20.7					12.0





## Achievement Test Scores Combined

	2012-13	2013-14	2014-15	2015-16	2016-17	Goal 2017-18
Davis	48.8	53.4	58.0	62.5	67.1	71.7
Devers	47.8	52.5	57.2	61.8	66.5	71.2
Ferguson	38.9	44.4	49.9	55.5	61.0	66.5
Goode	31.2	37.6	43.9	50.3	56.6	62.9
Jackson	41.6	46.8	52.0	57.3	62.5	67.8
McKinley	31.6	37.9	44.1	50.3	56.6	62.8
High School	44.9	49.7	54.5	59.3	64.1	68.9
Average	41.0	46.3	51.6	56.9	62.2	67.5
Min	31.2					62.8
Max	48.8					71.7
Range	17.6					8.8

