
STATE OF INDIANA

DISTRESSED UNIT APPEAL BOARD



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Distressed Unit Appeal Board Meeting Memorandum

August 15, 2019

Call to Order: A meeting of the Distressed Unit Appeal Board (“DUAB” or “Board”) was held on August 15, 2019, at 10:00 a.m. EDT at the Indiana Government Center South Building, Conference Room D, Indianapolis, Indiana. Members of the Board attending the meeting in-person include Cris Johnston, Chairman, Wes Bennett, Tracy Brown, Rebecca Kubacki, Senator J.D. Ford and Senator Liz Brown. Courtney Schaafsma, Executive Director, was also in attendance.

Chairman Johnston called the meeting to order and recognized compliance with the Open Door Law. Chairman Johnston recognized Senator Ford as being recently appointed to the Board.

Mr. Bennett made a motion that the Board approve the minutes for the July 11 meeting. Ms. Kubacki seconded the motion. The motion passed 4-0.

Dr. Pete Morikis, member of the emergency management team for the Gary Community School Corporation (“GCSC”), provided the Emergency Manager Update. Dr. Morikis updated the Board on previously discussed changes that were implemented at the beginning of the school year and gave an overview of enrollment. Dr. Morikis discussed updated maintenance practices, facilities, and transportation. Dr. Morikis discussed a take-home food service program starting this fall.

Ms. Kubacki noted the increase in positive messaging of GCSC and commended Dr. Morikis for it. Dr. Morikis recognized the importance of a sense of pride and welcoming environment for the students, including updated playgrounds. Mr. Bennett asked which students wear school uniforms. Dr. Morikis answered that all grade levels wear uniforms. Dr. Morikis noted that for some families, purchasing the uniforms is a struggle but they are encouraged to send their students to school anyway and are offered support if needed. Mr. Bennett asked about connecting the playgrounds to corporate sponsors. Dr. Morikis answered that GCSC is looking at both corporate and community sponsors. Ms. Kubacki asked about the costs associated with the playground updates. Dr. Morikis explained that there are many ADA requirements and the estimates he has seen are in the \$70,000 to \$80,000 range. Sen. Ford asked about pursuing grants. Dr. Morikis said that GCSC is open to any grant opportunity.

Ms. Chelsea Whittington, member of the emergency management team for GCSC, overviewed the “Take another look at Gary schools” enrollment campaign implementation. Ms. Whittington explained that the campaign included 44,134 postcards sent to Gary residents and those of neighboring areas, billboards, yard signs, t-shirts, and social media. Sen. Ford asked what questions parents had for GCSC on social media. Ms. Whittington answered that most questions were about the transportation schedule. Chairman Johnston asked how to sustain GCSC’s social media engagement. Ms. Whittington explained that she and her team look at the analytics in each platform and set corresponding goals, as well as try to meet parents where they are.

Mr. Eric Parish, member of the emergency management team for GCSC, presented the Viable Deficit Reduction Plan Update. Mr. Parish explained that GCSC’s deficit is down from \$22 million in Aug. 2017 to \$11 million in

Aug. 2019. Short-term and long-term borrowing debt is also down from \$104 million in Aug. 2017 to \$90 million in Aug. 2019. Mr. Parish discussed various charts showing GCSC's financial standing and initiatives. Sen. Brown asked about the pay for success initiative. Mr. Parish clarified that pay for success, interchangeable with social impact bonds, have not been implemented in order to allow more time for success before pitching to potential investors. Sen. Brown asked about the online program and student enrollment expectations. Mr. Parish explained that they originally anticipated students in the hundreds when it was purely an online program and could reach the whole state, but currently are in the dozens as it is a blended program there is an in-person requirement for students. Sen. Brown asked about the cost of the program. Mr. Parish answered that the contract structure makes it always generate a positive cash flow. Sen. Brown asked clarifying questions about the blended program and Mr. Parish answered. Sen. Brown asked about the difficulty of recruiting teachers. Mr. Parish answered that GCSC struggles like other school districts and Dr. Morikis added that they are recruiting but doing better. Sen. Brown asked more clarifying questions about staffing and Dr. Morikis answered. Chairman Johnston asked a clarifying question about the charts and Mr. Parish answered. Chairman Johnston asked about the outstanding liabilities and Mr. Parish provided a breakdown of what they are. Mr. Parish also discussed property and surplus sales as well as transportation renegotiations. Chairman Johnston asked clarifying questions and Mr. Parish answered. Sen. Brown asked about GCSC's healthcare planning and Mr. Parish explained where they are at in the process. Sen. Ford asked about the current cost employees pay for their healthcare plan. Mr. Parish answered that cost will come down and coverage will go up. Sen. Brown asked more clarifying questions and Mr. Parish answered. Sen. Ford asked for clarification on performance incentives. Ms. Schaafsma provided an explanation of the accrued liabilities performance incentive. Sen. Ford clarified that the state is paying the emergency management team.

Ms. Kubacki made the motion that the Board approve the payment to Gary Schools Recovery, LLC. Ms. Brown seconded the motion. The motion passed 4-0.

Sen. Ford stated that although the management team is doing a good job, he believes the additional money should be directed to the school. Chairman Johnston added that it should not be forgotten that there is financial aid going from the state to GCSC. Sen. Brown expressed her appreciation for the work being done in and by GCSC.

Chairman Johnston asked if there is any new business. Dr. Morikis asked if Ms. Foster could have a moment to speak to the Board. Ms. Foster thanked the Board for their work and giving GCSC a second chance.

Chairman Johnston adjourned the meeting.