
STATE OF INDIANA

DISTRESSED UNIT APPEAL BOARD



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Distressed Unit Appeal Board Meeting Memorandum

May 14, 2020

Call to Order: A meeting of the Distressed Unit Appeals Board (“DUAB” or “Board”) was held May 14, 2020, at 7:00 p.m. EDT via WebEx. Members of the Board attending the meeting included Justin McAdam, Chairman, Wes Bennett, Tracy Brown, Paul Joyce, Senator Liz Brown, Representative Jeff Thompson and Representative Vernon Smith. Courtney Schaafsma, Executive Director, was also in attendance.

Chairman McAdam called the meeting to order and recognized compliance with the Open Door Law.

Chairman McAdam provided introductory comments and explained that the Board is facing a decision regarding the emergency management of Gary Community School Corporation (“GCSC”). In providing comments, he asked that individuals consider continuity of GCSC and the financial progress that has been made to date. He also acknowledged the uncertainty of the current situation regarding the upcoming school year due to COVID-19. He then introduced the Board members. Chairman McAdam then explained the format for the meeting, including a presentation by MGT Consulting (the GCSC emergency manager) (“MGT”), questions for MGT from the Board and then public comment. He then explained that after this meeting, the Board would conduct a further interview with MGT and then the Board would hold an additional meeting on the direction of emergency management for GCSC.

Ms. Schaafsma provided technological information regarding the meeting and how attendees may participate in the meeting. Chairman McAdam then introduced Mr. Eric Parish and Dr. Paige McNulty from MGT to provide their presentation.

Mr. Parish and Dr. McNulty presented a three-year plan to help GCSC exit distressed status. The presentation provided a recap of progress made since August 2017. Mr. Parish and Dr. McNulty then outlined the goals and action steps for the next three years for each of the following pillars – Academics, Engagement, Operations and Finance – and how such steps would move GCSC toward exiting distressed status.

Chairman McAdam asked Dr. McNulty to provide information on her background and to provide thoughts on plans for the 2020-2021 school year. Dr. McNulty provided information on her background and her experiences thus far at GCSC. She then explained that no plans have been finalized yet for next school year but that GCSC is working with other area schools to develop various plans based on possible scenarios.

Representative Smith commended MGT in relation to operations of GCSC and fiscal progress that had been made. He noted he was not as complimentary when it comes to academics. He expressed a desire to see a comparison of progress to each of the commitments that were made when MGT originally started at GCSC in 2017. He then asked why MGT would estimate needing three more years to eliminate the remaining \$6 million operating deficit when MGT was able to eliminate \$16 million in the first three years. Mr. Parish explained that the first \$16 million was easier than the last \$6 million. He explained there were immediate solutions that were available when MGT started and those solutions had been implemented. To continue to make financial gains,

more complex solutions now are being pursued. Mr. Parish also explained that the statute calls for balanced budget for two years. The three year time period proposed by MGT would allow time to achieve the balanced budget and then maintain it for two years as required for exiting distressed status.

Representative Smith commented that school grades have declined under MGT's leadership. He also indicated that many of the building leaders had been changed since MGT began and additional administrative support was being provided to assist the new leaders. Representative Smith asked if MGT felt accountable for these changes. Mr. Parish acknowledged that almost all school leaders had been transitioned since MGT started in 2017, but that he felt confident in the current group of leaders within the school district. Specific to grades, Mr. Parish acknowledged that academic performance is not where MGT wants it to be. He indicated that much of the first phase has involved laying the groundwork for future success. He also indicated that they knew going into the engagement that academics would be the area that would see the slowest progress. Dr. McNulty expressed that GCSC is working to build capacity within its current leaders through investing in professional development. She indicated that there are many strengths among the GCSC leaders and GCSC will be focusing on improving each school based on their unique needs.

Representative Smith disputed a statement made by MGT in its presentation regarding infrequent and disjointed communication in 2017 as well as limited community involvement. He indicated that the community feels there has been very little transparency and he opposed MGT giving itself praise for its communication efforts. He indicated he was pleased that MGT is looking to address communications in its plan. Mr. Parish indicated that he understands that communication needs to be better and MGT is making engagement an area of emphasis going forward.

Representative Smith then noted that GCSC now has more flexibility in its federal funding than GCSC previously had, which impacts the view of fiscal success. He asked about the \$84 million in debt as he thought it was lower than that figure. Mr. Parish clarified that the debt is \$84 million. Representative Smith then indicated that he had looked at a Form 9 submitted to the State and it showed \$8 million in the bank. Given the cash balance, he questioned how MGT was saying that GCSC's operating deficit was \$6 million. Mr. Parish answered that GCSC does carry a balance in its funds due to the timing of the bank account fund balance which may not take into account upcoming financial obligations. Dr. McNulty also provided additional context on federal funds and indicated that more flexibility was not provided to GCSC but that GCSC had been collaborating with other school corporations to understand how these federal funds can be used and maximized.

Mr. Joyce thanked the GCSC teachers and administrators for their work during the pandemic. He then asked about the recent decline in the graduation rates. Mr. Parish explained that the decline occurred in the 2018-2019 school year but had held steady prior to that. He indicated that a number of problems arose that created a situation that allowed for the decline. This included issues with the counseling office not tracking every student's progress and some credit recovery programs not being in place in time. Mr. Parish indicated GCSC had appealed the rate but still expected a decline would be shown. Dr. McNulty echoed that the accountability piece of the process was lacking in regards to the counseling structure not tracking students across years or not tracking students that left so they could be removed from the cohorts. Dr. McNulty indicated that as of that day, GCSC was at 75% graduation rate and she expected it to continue growing.

Mr. Bennett asked about the timing for naming a superintendent for GCSC. Mr. Parish explained that the statute calls for an emergency manager to be named. He indicated that he had thought about changing the title from emergency manager to superintendent to denote progress of GCSC. Dr. McNulty echoed these comments. Mr. Bennett asked when that process may occur. Mr. Parish indicated he thought it could be the start of year two of the next phase of the project.

Representative Smith commented that he believes the local community should select the superintendent and that superintendent should not be selected by DUAB or MGT. He proposed a committee of community individuals

that could be responsible for selecting the superintendent. Representative Smith also expressed that the community understands that due to the COVID-19 pandemic, this is not the time to change leadership. He indicated that he felt any contract given to MGT should be for a one-year period.

Chairman McAdam then opened the public comment period of the meeting. Ms. Schaafsma provided technical guidance on how the public comment process would work during the meeting and other options that are available for providing comments to DUAB.

Mayor Jerome Prince provided the first public comment. He indicated that it has always been his mission to ensure Gary students are receiving a quality education, which he feels is an attainable goal. He acknowledged the accomplishments that have occurred thus far in emergency management such as deficit and debt reduction. He also acknowledged shortcomings. He indicated that he expects GCSC would exit state takeover with better academic performance and financial viability. He expressed that he is interested in elimination of GCSC's debt that is owed to the State. As a City, the Mayor indicated that he would like to see the construction of a new, state-of-the-art high school operated in partnership with a local university. He believes a public-private partnership is possible to accomplish this goal. Mayor Prince indicated that he is ready to partner with DUAB and the management team to reimagine GCSC. Lastly, the Mayor would like more discussion on the footprint of the school corporation after the takeover.

Next, Dr. Michaela Spangenburg provided comments. She indicated that she appreciates Representative Smith's representation of the Gary community on DUAB. She stated she was seeing signs of improvement but that there had been non-answers in regards to what will happen with Roosevelt, which is a problem. She expressed that there are several buildings within and outside the district that are available and could be used for instruction. She would like to see greater transparency on repairs proposed, hirings, firings, and where funding goes. She indicated that there is a need for a superintendent for GCSC but that GCSC needs to be in a position to pay for its own leaders. She would like boundaries and requirements within any new contract.

Ms. Rachel Wilbourn spoke as a parent and concerned citizen. She stated she loves Gary and wants to see it and her children do better. She would like GCSC to give parents the option for their students to stay enrolled in GCSC in e-learning for the next school year. She does not want to send students to school during the current pandemic and she would like parents to have a greater say in what options are available to students.

Mr. Chuck Hughes expressed that he respects the opinions that have been shared but that he wants to remind everyone of the problems that existed within GCSC prior to emergency management and recognize that progress has been made that would not have been made on its own. He appreciated the Mayor's involvement and understands the concerns of parents. He indicated he is impressed with the progress he has seen and the debt declining. He expressed GCSC needs to be on a firm footing when GCSC is returned to the community.

Ms. Larona Carter expressed that she appreciates what Dr. McNulty and MGT have put in place but she is unsure about their partnership with the community. She believes the partnership could be stronger, especially in relation to the advisory board and she would like to see more engagement between the advisory board and the administration. She also noted that GCSC used to have mental health counselors in the elementary schools and she would like to see that return.

The next speaker – Jailynn – indicated she wanted to acknowledge the improvements that had been made. She noted that she is a product of GCSC herself and recognizes some of the opportunities that are now available that were not available when she attended GCSC such as resources that teachers have now, the introduction of the arts program and the all-day preschool.

Dr. Mark Sperling, Dean of the School of Education at Indiana University Northwest, discussed working with Dr. McNulty on the development of the teacher licensure partnership with GCSC. He believes this will help with

academic achievement at GCSC. The program will also help to provide professional development for all GCSC teachers.

Ms. Kendra Johnson indicated that she wanted to discuss items that had not yet been addressed such as special assistance for parents of differentiated learners while they are at home with e-learning, technology assistance for grandparents, the Title I budget for the last school year, and answers regarding why academics had dropped under MGT. She echoed Representative Smith's comments on parents being involved in choosing a superintendent. She expressed she is happy to hear that there are plans for Roosevelt but she would like to see action. She wanted to remind DUAB that the community contributes the funds for the schools and should be engaged in decisions.

Mr. Michael Stevens indicated he wanted to speak to the good Dr. McNulty and her team are doing. He indicated that nobody expected the school system to suffer due to COVID-19 and the things that students are experiencing. He expressed that Dr. McNulty's team had provided great e-learning material. He felt the three-year plan, restructuring of counselors and the addition of an aviation program were good steps for moving forward.

Mr. Julian Marsh, Executive Director of the Gary Housing Authority, also wanted to provide positive comments in regards to Dr. McNulty and her team. He indicated that he had been working closely with Dr. McNulty on opportunities for students. He is proud of their program to help young people get connected with West Point. He indicated that previously, they were not able to spark interest but this year over 30 students applied for the summer camp. Unfortunately, the camp was cancelled due to the pandemic. He is looking for other collaboration opportunities with GCSC.

Mr. Robert Buggs expressed that the advisory board was not mentioned during the presentation and he felt a number of things stated were untrue. He wanted to know why there wasn't more transparency with the elected advisory board and why questions were deflected to Dr. McNulty when she hasn't been on the team very long. He indicated Dr. McNulty was the first person to ask the advisory board for their opinion. Mr. Buggs indicated that he didn't appreciate individuals from outside the community making decisions for GCSC. He felt the advisory board had been intentionally excluded in the process. Mr. Buggs would like to have DUAB to allow input from the community. He would like to see DUAB issue an RFP for emergency management services or to have Dr. McNulty named superintendent and remove MGT as emergency manager.

Ms. Bobbie Burns asked if the DUAB members were taking notes and indicated that she appreciated that they were paying attention.

Mr. Emmett Mosley noted that the citizens that he talks to call for local control and the termination of the contract MGT. He indicated that the current situation is taxation without representation. He is a former East Chicago school board member and notes that there are no answers or accountability. He indicated there needs to be a coordinated effort with dialogue and that parents need to step up to indicate what they want. He encouraged DUAB to listen to the citizens of Gary.

Mr. Mike Miller indicated that he believes Dr. McNulty is moving in the right direction. He appreciated that she is reaching out to people in the community, students are being fed and will be receiving Chromebooks. He supports her work to help GCSC's children.

Mr. Robert Coleman indicated that he wanted to stop the spread of misinformation and to push back on the idea that improvements have been made. He expressed that West Side PTSA fought for HEA 1065 for capital improvements. He indicated that he had submitted information requests but had not yet received the requested information. He felt that the money from HEA 1065 should not be spent on demolishing buildings but should be spent 100% on the children.

Ms. Tracy Coleman recognized the financial difficulties that the community had faced. She wanted to bring attention to the academic crisis that had been occurring and the high turnover of leadership. She believes the community needs a superintendent and took offense when Dr. McNulty suggested she was superintendent. She would like DUAB to begin a superintendent search process.

Ms. Telethia Barrett indicated that she believes the community has been disenfranchised. She believes the community is being denied the right to ask questions of their government and have local control. She hopes MGT will take this under consideration moving forward.

Chairman McAdam thanked all commenters for sharing their thoughts. Ms. Schaafsma reminded attendees of opportunities for submitting further comments to DUAB. Representative Smith expressed that he was thankful for the opportunity for the community to comment during the meeting.

Chairman McAdam adjourned the meeting.