

Resurgence:

The Turnaround Plan for The Gary Community School Corporation – Public Presentation



Presented By: Martin, Arrington, Desai & Meyers, P.C.

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Project Team Experience & Highlights

- Jack Martin, CPA
 - ▶ U.S. Department of Education – Assistant Secretary and Chief Financial Officer
 - ▶ U.S. Department of Education – Chief Acquisition Officer and Competitive Sourcing Official
 - ▶ U.S. Selective Service System – Acting Director
 - ▶ U.S. Department of Health and Human Services – Chairman, Provider Reimbursement Board
 - ▶ U.S. Civil Rights Commission – Chairman, Michigan State Advisory Committee
 - ▶ State of Michigan – Emergency Manager, Highland Park Schools
 - ▶ State of Michigan – Emergency Manager, Detroit Public Schools
 - ▶ City of Detroit – Chief Financial Officer

Project Team Experience & Highlights

- Jack Martin, CPA *(cont.)*
 - ▶ B.S., Wayne State University
 - ▶ M.B.A., Wayne State University
 - ▶ Post Graduate Studies, University of Minnesota Graduate School of Business Administration – Labor Economics

Project Team Experience & Highlights

- Mark Schrupp, Esq.
 - ▶ Detroit Public Schools – Chief Operating Officer
 - ▶ Sidley and Austin (Chicago, IL) – Associate Attorney, Bankruptcy Practice
 - ▶ Miller, Canfield, Paddock and Stone (Detroit, MI) – Associate Attorney, Public Finance
 - ▶ Chicago Public Schools (DuSable High School) – School Teacher

 - ▶ B.A., University of Michigan
 - ▶ J.D. (Cum Laude), Wayne State University Law School
 - ▶ Master of Education, University of Illinois

Project Team Experience & Highlights

- Monica Meyers, CPA
 - ▶ Martin, Arrington, Desai & Meyers, P.C. – Director, Audit and Accounting
 - ▶ B.A. (Accounting), Boston College

Project Team Experience & Highlights

- Ken Myers, CMC
 - ▶ Touche Ross (now Deloitte and Touche), International CPA Firm – Partner, Management Consulting
 - ▶ KPMG, International CPA Firm – Managing Partner, Consulting Services
 - ▶ B.A., Rutgers University
 - ▶ M.B.A. (with Distinction), New York University Stern School

Project Team Experience & Highlights

- Jerry Greenblatt

- ▶ General Electric, Monsanto and Singer Companies –
 - Information Systems Evaluation
 - Systems Requirement Analysis
 - Business Process Reengineering and Optimization,
 - Integrated and Specific Software Selection and Implementation,
 - Internal Controls Evaluations
 - Financial Processes Evaluations
- ▶ B.S., Miami University
- ▶ M.S. Studies in Industrial Administration, Union College

Project Team Experience & Highlights

- Eric Higgs, CPA
 - ▶ Martin, Arrington, Desai & Meyers, P.C. – Senior Manager
 - ▶ B.A. (Cum Laude) Accounting & Finance, Michigan State University
 - ▶ Certified Fraud Examiner (CFE)

Project Team Experience & Highlights

- Michael Jamison
 - ▶ Martin, Arrington, Desai & Meyers, P.C. – Senior Manager
 - ▶ B.A. (Summa Cum Laude) , University of Michigan
 - ▶ M.B.A., University of Virginia
 - ▶ M.S. (Summa Cum Laude), University of Wisconsin-Madison

Project Participation for Gary Residents

MADM Leadership will speak with representatives of local colleges and universities to identify Gary students who may be interested in part-time work or internships. Local professionals will be given priority consideration for any additional project needs.

Recent Financial Troubles

CAUSES

- Declining Enrollment (demographic, choice, competition)
 - Historic Over-Staffing
 - Reduced Revenues
 - ~ Per Pupil Basic Grant (-21% in 5 years), Local Taxes (42% Collections Rate)
 - Inability to Cut Fast Enough
 - Legacy Costs
 - Inefficiencies Associated with Decline
 - Vicious Cycle:
 - ➔ Student Enrollment Declines
 - ➔ Lost Revenue
 - ➔ Cost Cutting and School Closures
 - ➔ Student Enrollment Declines and Lost Revenue
- Where Does it End?

Resurgence Plan Overview

- Restore Confidence in Gary Community Schools
 - Academic Plan to meet the needs of Gary citizens
 - Facility Plan that supports the Academic Plan
 - Financial Plan that is Sustainable
- Form Partnerships with the City of Gary to develop a comprehensive plan for Gary's Resurgence
- Engage with the Community Every Step of the Way!

Components of the Plan

1. Immediate Action Steps

- Provide for a Stable 2017-18 School Year
 - Teachers for every classroom
 - Clean, safe and properly maintained facilities
 - Safe Transportation
 - Secure full year of funding
- In Coordination with the IDOE, Board of School Trustees and Other Stakeholders, Hire A Chief Academic Officer and Chief Financial Officer
- Streamline Central Office Operations
- Recover Assets from Closed Facilities and Properly Secure These Assets

Components of the Plan

2. Academic Recovery

- Review Current Academic Plans
 - Keep What Works
 - Eliminate What Doesn't Work
- Identify the Best Strategies for Success
- Engage with Parents, Businesses and Institutions
- Develop the Gary Academic Resurgence Plan

Deadline: January, 2018

Components of the Plan

3. Facility Stabilization and Planning

- Evaluate All Schools and Support Buildings
 - Identify strengths and deficiencies
 - Develop cost estimates
- Review Data
 - Population trends, Neighborhood statistics and Facility Capacity and Quality
- Present Options and Receive Community Feedback

Deadline: January, 2018

Components of the Plan

4. Financial Restructuring

- Continue Implementation of Cost Reduction and Revenue Enhancement Initiatives

Implementation of Zero Base Budgeting	August 2016
Enhanced Grant Management	August 2016
Restructure Employee Benefits	January 2016
Contract Evaluations and Renegotiations	April 2016
Staffing Reductions – 120 employees plus fringe benefits	August 2017
Facilities Closing and Consolidations	2017
Facilities Closing and Consolidations	2018
Surplus Property Auction	2017
Art Collection Preservation	On Going

Deadline: April, 2018

MADM Firm Philosophy

- Honesty and Transparency
 - We will always tell you the truth and provide you with all of the information
- Integrity
 - We cannot be bought and we will not tolerate unethical contractors
- Compassion
 - We truly care about the children and families of Gary, Indiana and have demonstrated this on other Emergency Manager Engagements
- Inclusion
 - All voices matters

Communication and Community Engagement

- Bi-Weekly Meetings with the Board of Trustees
- Bi-Weekly Meetings with the Fiscal Management Board
- Monthly Financial Reports
 - Revenues, Expenses, Payments & Significant Decisions
- Monthly Meetings with the Mayor
- Progress Reports at Benchmark Dates
 - Opening of Schools, November 2017, January and April 2018
- Suggestion Box – Hard copy and On-line
- On-line access to all budgets, payments, contracts and financial reports