
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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Distressed Unit Appeal Board Meeting Memorandum

May 15, 2017

Call to Order: The meeting of the Distressed Unit Appeal Board (DUAB or Board) was held on Monday, May 15, 2017 from 5:41 P.M.-7:55 P.M. CDT. The meeting was held in the auditorium of the West Side Leadership Academy, W 9th Street, Gary, Indiana. Board members in attendance were Micah Vincent, Chairman, Kent Hatcher, Paul Joyce, and Courtney Schaafsma. Staff member in attendance was David Marusarz, Department of Local Government Finance (DLGF) Deputy General Counsel. Representatives of Gary Community School Corporation (GCSC), as well as GCSC Superintendent Dr. Cheryl Pruitt, Gary Mayor Karen Freeman-Wilson, local area legislators, and members of the public were also present.

Discussion: The May 15, 2017 meeting of the DUAB was called to order by Chairman Vincent. Chairman Vincent noted the presence of a quorum, as well as compliance with the Open Door Law, and asked the Board members to introduce themselves.

Discussion of Meeting Focus: Chairman Vincent then discussed the meeting's purpose, which was to discuss Senate Enrolled Act 567-2017 (SEA 567) as it pertains to GCSC and to take testimony from GCSC and local officials, local area legislators, and members of the public who wished to testify.

Presentation: Ms. Schaafsma proceeded with her presentation of SEA 567. She began by explaining that SEA 567 changed the composition of the Board to include three nonvoting advisors. The law also designated GCSC as a distressed school corporation effective April 28, 2017, the date the law was signed by the Governor. She then explained that the Board must appoint an emergency manager for GCSC, who has full responsibility and authority related to financial and academic matters of GCSC, and who must prepare a financial plan to achieve financial stability and pay all current & future obligations as well as other plans specified in statute; that the emergency manager must report to the Board once a month; and that at least one of the candidates for emergency manager must be a resident of Gary. She then explained that SEA 567 also established a fiscal management board (FMB) and described the statutory responsibilities of the FMB, including advising the emergency manager upon request and assisting in the transition of powers to the emergency manager. She then explained that the emergency manager employs a chief financial officer & chief academic officer, who will assist in the day-to-day operations of the GCSC and who will carry out academic matters of GCSC, respectively, both of whom will be employees of GCSC; that the school board and superintendent of GCSC will assist the emergency manager; that the mayor of Gary will also take an active role in the process; that the Board will continue to work with GCSC and all stakeholders involved.

Ms. Schaafsma then explained that the Board will issue a Request for Information to solicit interested candidates for the role of emergency manager, explaining the anticipated deadlines and the expected

qualities and qualifications of the emergency manager. She also informed those in attendance on the public resource options made available, including a webpage specific to the Board as well as an e-mail listserv that they can sign up for.

Ms. Schaafsma then described the outline and expected timeframe of the testimony.

Testimony: The following testimony was offered.

Dr. Cheryl Pruitt gave a presentation on the status of GCSC. She started by thanking the audience for being here, as well as the Board and legislators. She then stated that as a result of the property tax caps significant revenue was diverted from the GCSC in 2014 and 2015; that because of the tax caps GCSC cannot raise tax rates that would be good for the schools except through referendum; that between 1970 and 2014 the city lost 100,000 residents; that between 2009 and 2016 GCSC lost \$84 million in revenue; and that tax collection has declined since 2010. Dr. Pruitt then explained that in 2014 legislation designated GCSC as an ‘at-risk’ unit; that financial specialist was appointed in 2015; and that in 2017 an emergency manager will be appointed after two failed referenda. She then explained that GCSC made significant financial cuts and managed to make payroll despite not being able to pay off vendors. She also explained some areas in which GCSC was successful, including increasing the number of students attending Gary Career Center, increasing food revenue, and receiving ‘On My Way’ preschool funding to pay for preschool students.

Dr. Pruitt then showed a video demonstrating the success of GCSC students.

She then went on to explain that other accomplishments by district employees; that GCSC managed to keep up its graduation rate near the state average; that early college was promoted to make sure students are able to go to college; that GCSC has attempted to replace the technology; that GCSC has been compliant with special education. Finally, Dr. Pruitt described what GCSC expects the emergency manager to do, including preparing graduates for the new economy, closing the achievement gap, building an exceptional teaching force, and hardwiring performance.

Members of the school board then made the following comments:

- Rosie Washington, school board president, began by thanking the Board for the hearing and then yielded to other school board members.
- Nellie Moore, member for the Third District, stated that this is the first time the state has taken over a school district both financial and academically. She also stated that she expects GCSC to come back better than before after the emergency manager process.
- Carlos Tolliver, member for the First District, stated that intervention was needed for GCSC after years of failure because of the financial manager and that both the Board and the public must ensure that history is not to repeat itself. He then said that the purpose of this process is to eliminate debt and to serve special interests, adding that the state is taking away the voice of the people. He then said the Board must do its due diligence on Edison and Roosevelt.. He concluded by calling for a state and federal investigation into the financial management of the GCSC, and that he will never support any referendum without accountability.
- Rosie Washington then gave her remarks. She started by saying that the public elected seven of the board members, and that while they are at a crossroads she refuses to look at the glass half-empty. She said the superintendent gave a good summary of what happened to GCSC in the past,

and that the superintendent has worked with, and will continue to work with, the board and also the emergency manager. She then said that SEA 567 has given the school board the opportunity to right anything that has been done wrong or needs to be done differently. She then said that Gary & the GCSC are the stakeholders, here, because they care about the children.

GlenEva Dunham spoke on behalf of the Gary Teachers Union. She showed three different papers. She first showed and described a reduction in force (RIF) list with fifty of what she described as 'highly qualified licensed teachers.' She then showed a list of 33 teachers who have retired and a list of 29 substitutes who will be asked not to return. She asked that the school board look at other options such as grants or loan forgiveness before laying off teachers. She then said that though the GCSC will remain open, the staff and community need reassurance. She then said that teachers and professionals have not gotten a raise in years and have paid a greater share of the insurance and benefits. She then said that a charter company is looking to 'take over' the GCSC, that GCSC has twelve to fifteen charter schools right now, and that both students and parents want a choice for public schools.

The following local area legislators then offered comment.

- Representative Charlie Brown began by saying that becoming a team is the only way GCSC can survive. He said that there seems to be a schism over 'what we have done, what we are doing, and what we plan to do in the future.' He closed by saying that the General Assembly's choice to designate GCSC a distressed unit should be accepted and the people should move on from there.
- Senator Eddie Melton commented on SEA 567. He stated that SEA 567 came about from discussions with Senator Luke Kenley, and that while it was not the better choice, it was still a choice. He added that state insertion into public schools has not shown to be successful. He then said, however, that the community and the state have to work together and that the community must be able to trust the process from the start. Finally, he implored the community and the Board to remain transparent, collaborative, and wanting 'to get this right.'
- Representative Earl Harris, Jr. began by stating that he has had twenty years working in public education. He then said that what people say means a lot about a school district and that the people of Gary need to speak well about GCSC. He then discussed the requirement for the inclusion of local people in SEA 567.
- Senator Lonnie Randolph then commented that the focus of this should be on the children. He said that the people 'downstate' do not know Gary or the problems the city faces. He said that the Board is here to learn from the community, but at the same time the community can learn from the Board, and that the community should put the Board in a position to help.

Karen Freeman-Wilson, mayor of Gary, then provided testimony. She began her remarks by thanking the Board and stating that while SEA 567 did not please all interested parties, it was 'a negotiated product.' She said that this will be a collaborative process and that the goal here is for the children. She then called a student, Corion Davis, to speak.

Corion Davis stated that he is a GCSC student and president of the Inter City Student Council. He said that he had spoken with the Department of Education which helped him come to certain conclusions. He then said he wondered if SEA 567 will cause schools to be closed or programs to be cut. He concluded by saying this is an opportunity to get a like mindset to work toward a common goal.

The following public testimony was then offered:

- William Miller began by thanking legislators and teachers for their comments. He said that children are the most important things we have and that we need to see things from a point of view of what the children are going to have to give.
- Kendra Johnson testified by stating she was an appointed member of the Indiana State Steering Committee of the Title I Parent Organization. She said she spoke on behalf of the low income residents in Gary. She stated that Title I requires transportation be provided to all parents so they can attend student activities and be involved in decision-making. She said that Title I law requires parents to be educated so that they can be involved. She also requested a copy of the PowerPoint presentations. Chairman Vincent ensured that the presentations will be provided.
- Barbara Goodman testified by first thanking the legislators and added that she took her grandsons down to Indianapolis to page for Senators Melton and Randolph and Representative Harris. She then said that the community is doing their best to show children the way they should go and is looking to the Board's expertise.
- Rochelle Benard testified that she is a teacher at Banneker Elementary. She said she needed information about how this process would impact her. She also said that janitors who were not let go due to cuts have done the best they could. She also asked about whether teachers' pay will be cut, adding that teachers make less now than in years past due to insurance costs rising, about what the end goal is, about whether the state will pay into retirement, about class sizes. Finally, she said she expected to have some union rights.
- Roy Hamilton testified by wanting to understand the level of accountability and of community input. He said he also wanted to make sure the students are able to complete college and make an earning in four years. He said that he taught at a local university and that from his experience there are a lot of talented students from Gary who go there.
- Alex Davis testified that he was an alumni of Roosevelt High School and of Ivy Tech Community College. He said that Roosevelt High School produced successful students and that a program so-called 'Operation Hall Sweep' taught students how to attend school on time. He cited his own example of giving money as a solution.
- Sam Abbott stated that he was the pastor of a local church. He said that the conditions of a local school, when described to him, was comparable to what is in a third world country. He said that on the day before Christmas break, he went to one of the school buildings and gave each teacher and student gifts, as well as providing two weeks-worth of food to fifteen families. He urged the community and churches to participate and 'quit being concerned about building our own little kingdoms.'
- Lori Ann Reed said that she was an employee of GCSC and who was concerned about the meeting being secretive because 'no one even heard of the meeting until a few hours before.' She then said the state is trying to 'build a corporation on the backs of a community that has little,' and expressed concerns about 'an agenda that wasn't fairly represented' as well as 'transients, people who are coming in and out and taking resources from the city.' She also said that as things are now students will have to leave Gary to find success.
- William Oliver stated that he was representing bus drivers and asked if the state plans to take over the bus company. Chairman Vincent responded that this meeting is only to take in public comment. Mr. Alder wondered if the state 'taking over finances' includes taking over transportation. Chairman Vincent responded that that will be a consideration of the Board.
- Leslie Dillon testified that she was concerned about a charter school coming into Gary and taking away students and teachers and that she refuses to 'hand over education to someone who thinks this is a game.' She stated her belief that there is a difference between someone who does

not know the community and someone who does. She also said this is not just a local issue, but a state issue; that taxpayers and young people have to be listened to; and that charter and voucher schools are purposefully coming into the poor communities.

- Juanna Delay-Bogard testified by simply deferring to past comments.
- DeLynne Exum testified by saying that state and federal laws mandate schools to enforce laws protecting students with disabilities; that students supportive services are at risk of being cut; and that the prescribed disabilities services be protected in GCSC.
- Juan Andrade testified that he is a community activist and is passionate about education. He said that whoever is chosen as an emergency manager must have a proven record supported by evidence, must have been successful in the urban schools, and must be committed to helping urban schools. He then said that there is a divide between public and charter schools. He said that he is member of an alternative school. Finally, he said that Gary will be a model city in education if federal, state, county, and city resources can be brought in, adding that the United States spends the least in preschool education.
- Hubert Evans testified that he works as an instructor for Gary JROTC after twenty-four years active duty in the military. He said that Gary is representing JROTC across the country and that there are talented kids in the city. He said his focus was on the kids, not “the boards.”
- Matt Conover testified that he is a resident of Valparaiso and a professional engineer. He asked the Board to consider putting students first and letting the community be involved. He then recommended funneling the money where it needs to go.

New Business: Chairman Vincent asked the Board if there was any new business to be discussed. There was none.

Adjournment: The proceedings were adjourned at 7:55 P.M. CDT.