

# Update on Gary Community School Corporation (GCSC)

---

INDIANA DISTRESSED UNIT APPEAL BOARD

FEBRUARY 2023

# Agenda

---

- 1) High-Level Background
  - Situation Prior to State Involvement
  - State Response
  - Overview of Performance Metrics
- 2) Report from MGT Consulting, the Manager for GCSC
  - Community Engagement
  - Fiscal
  - Operations
  - Academics
- 3) Where do we go from here?
  - Objectives
  - Governance
  - Timeline
  - Goals for Transition

# High-Level Background

- **Situation Prior to State Involvement**
- **State Response**
- **Overview of Performance Metrics**

# Situation Prior to State Involvement

---

- Negative operational cash balance (General Fund and Operations Fund)
- ADM declines
  - 2015: 615 students / -9.4%
  - 2016: 660 students / -11.2%
  - 2017: 574 students / -10.9%
- Two failed operating referendums (2015 & 2016)
- \$21.5 million operating deficit for 2016-17 school year

# State Response: 2015-17

---

- HB 1001 (2015) and SB 93 (2016)
- Financial Specialist with financial control
- Authorized interest free loans from Common School Fund
- School Board and Superintendent retained

# State Response: SB 567 (2017)

---

- Designated Gary Schools as “distressed political subdivision”
- Oversight by DUAB
- Emergency Manager - powers of board and superintendent
- Exit conditions:
  - Structurally balanced budget for two years
  - Five-year plan for financial solvency
- Authorized interest free loans from Common School Fund

# History of Emergency Manager

---

- DUAB issued RFI for emergency management services
  - Received and evaluated 13 proposals
- MGT/Gary Schools Recovery appointed in 2017
- Reappointed in 2020 and 2022
- Multifaceted team able to bring subject matter experts to bear on multiple issues at once
- Team comprised of national, state, and local/Gary talent

# Special Financial Assistance

---

- HB 1065 (2020) School Improvement Fund - **\$25 million**
- Common School Fund loans (for payroll/operations) - **\$39 million**
- Fees for Emergency Manager contract (excluding benchmarks) - **\$20 million**
- Edison/Gary Roosevelt SBOE Takeover - **\$850,000**
- HB 1179 (2016) boiler for Gary Roosevelt - **\$500,000**



# Special Common School Loans, HB 567 (2017)

---

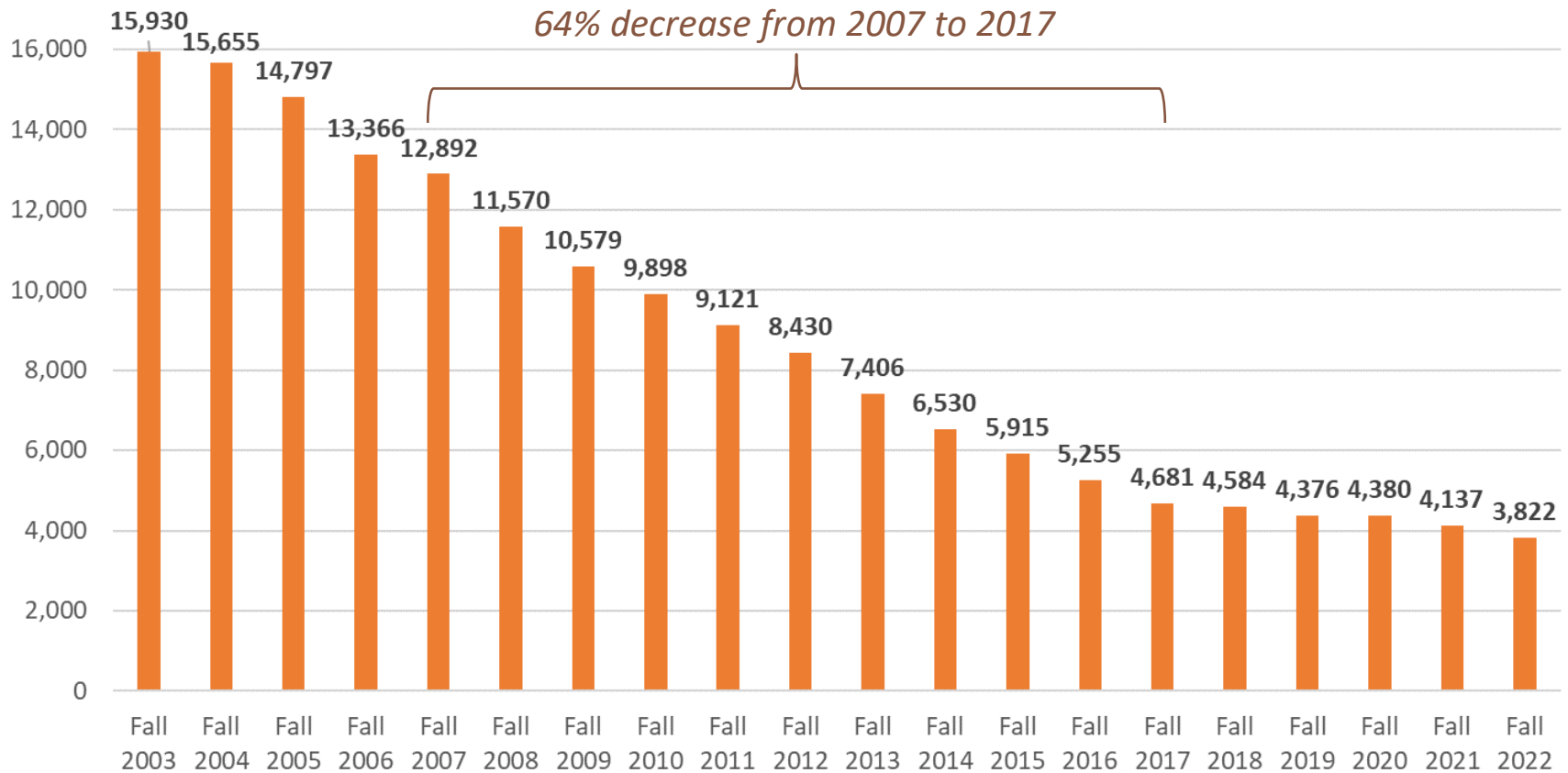
Month Approved	Total Drawn	Use
October 2015	\$15,000,000	Maintain operations, vendor payments, settlements
March 2017	\$3,653,347	Payroll, expenses
April 2017	\$2,897,207	Payroll, bus company, health insurance
May 2017	\$1,531,176	Payroll
September 2017	\$2,703,214	Payroll, health insurance, equipment and materials
October 2017	\$3,167,386	Payroll, health insurance
February 2018	\$3,642,573	Payroll
April 2018	\$3,513,118	Payroll
September 2018	\$3,077,827	Payroll
<b>Total</b>	<b>\$39,185,848</b>	

# Overview of Performance Metrics

---

- ADM and Transfer Report
- Operating Deficit
- Debt
- HB 1065 (2020) and School Improvement Fund
- Teacher Compensation
- # School Buildings
- Accountability A-F Grades

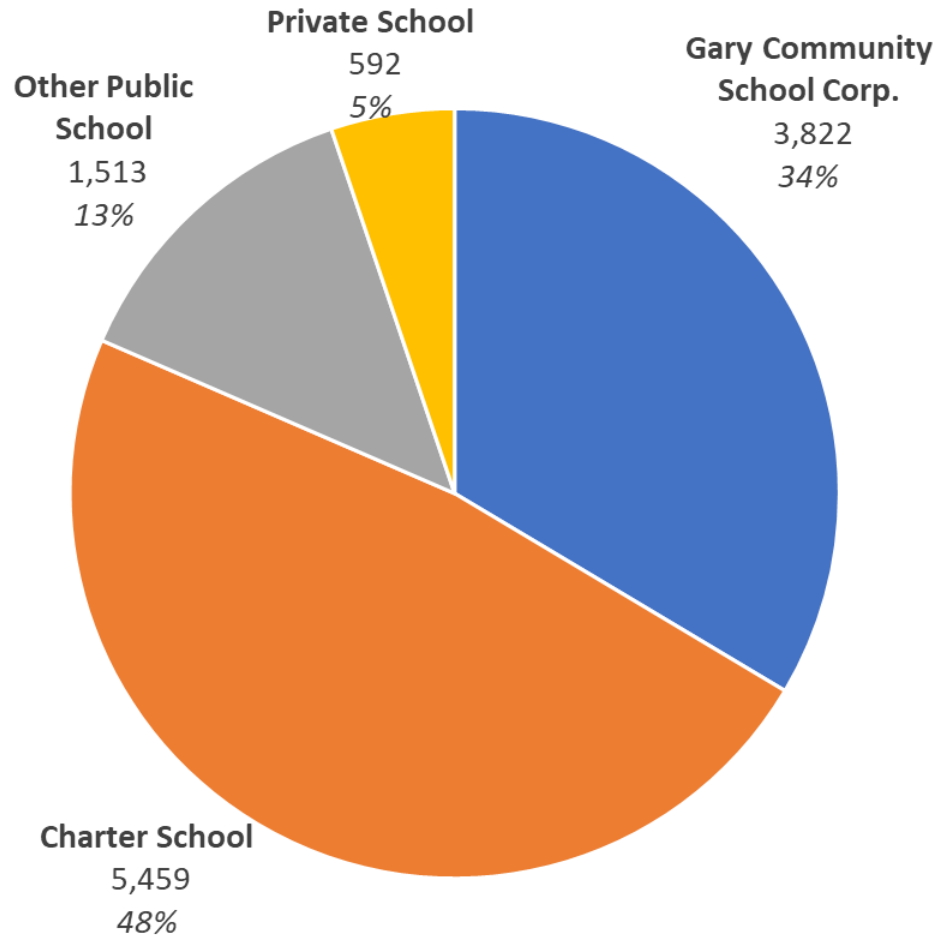
# Gary Community School Corporation ADM (Average Daily Membership)



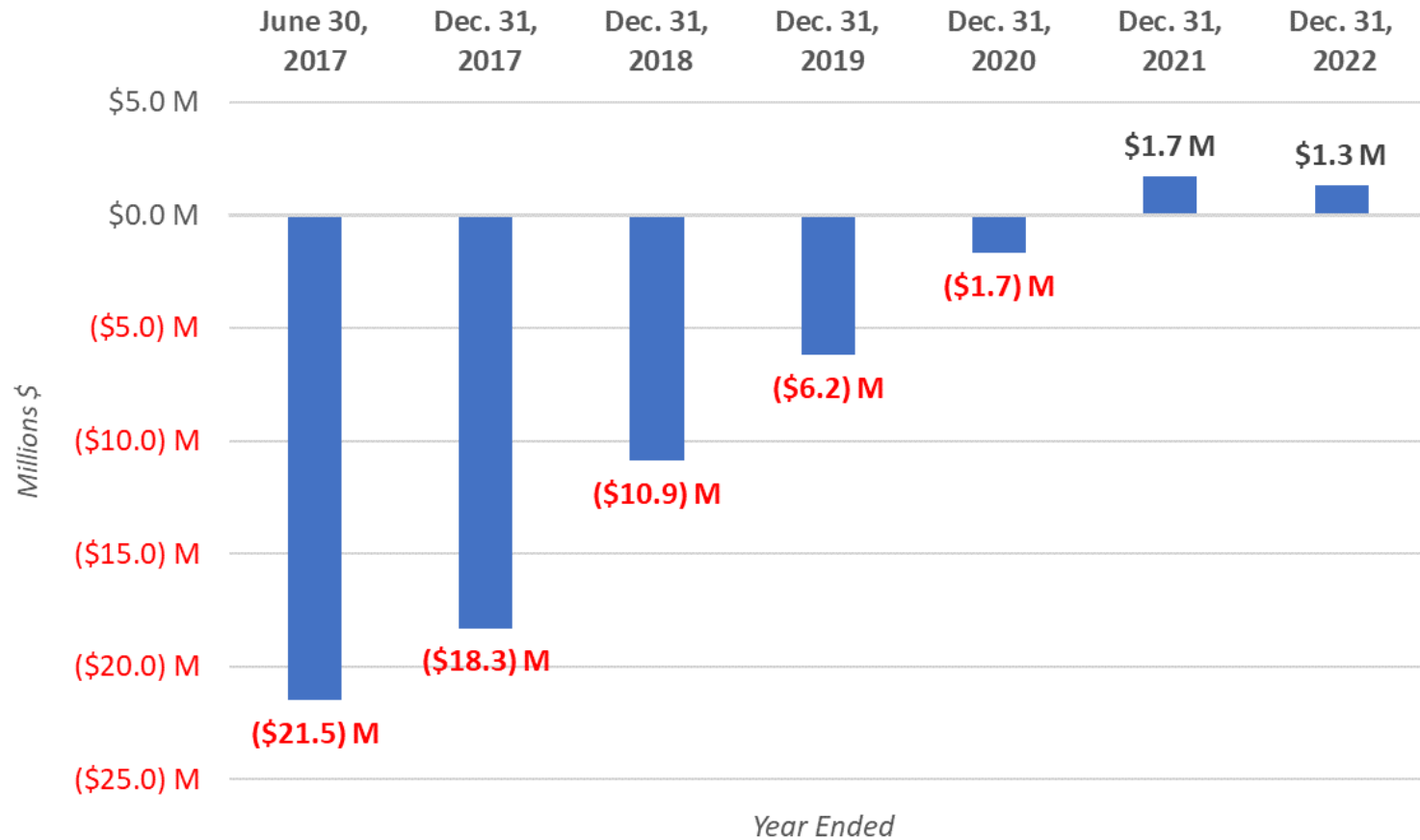
# Students Residing in Gary

---

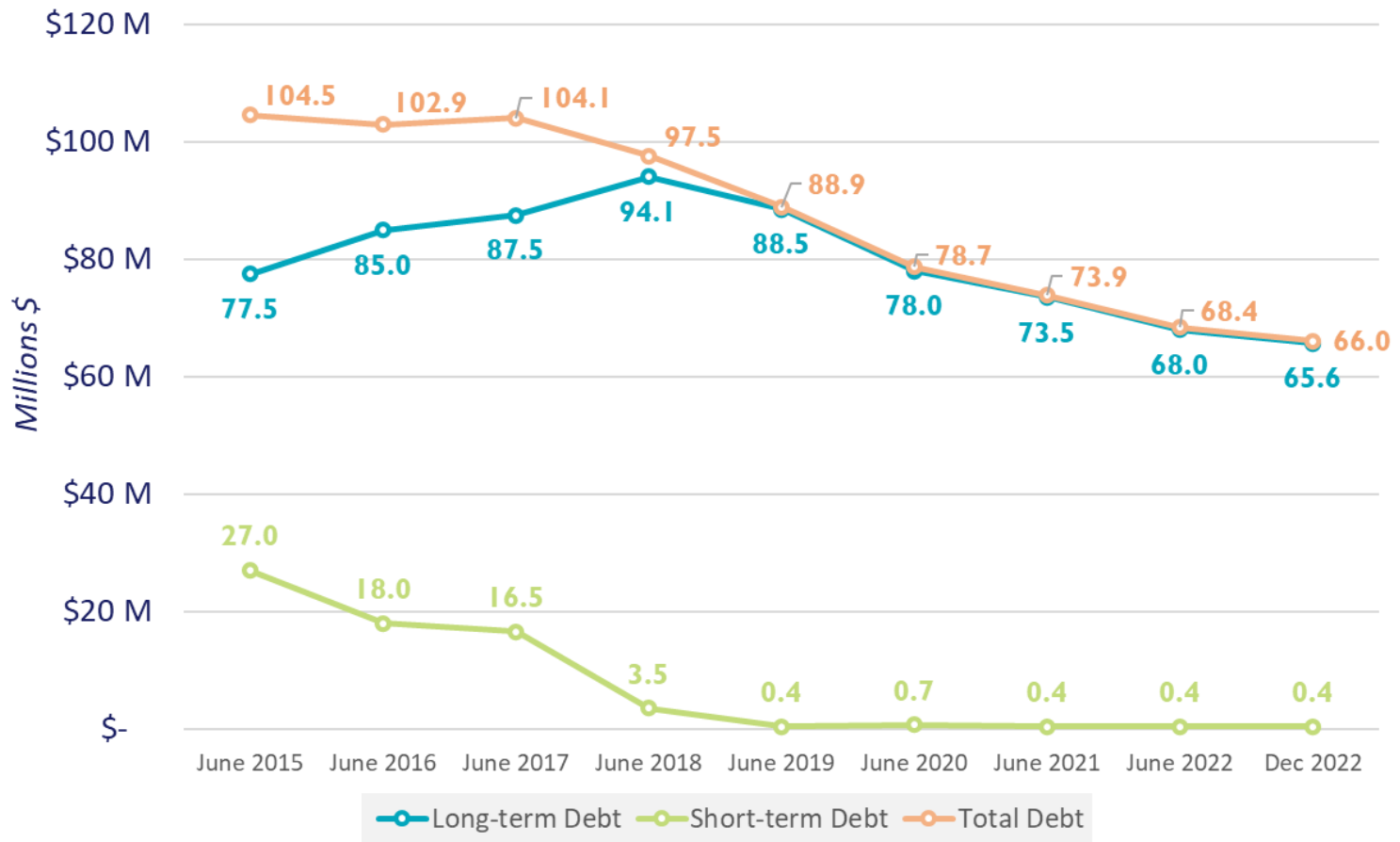
*11,386 students  
as of Fall 2022:*



# Operating Deficit



# Debt



# Capital Improvement Plan: 2021-25 (HB 1065-SIF and ESSER)

Building	Improvements
Roofing	\$13,300,000
Abatement and Demolition	\$5,600,000
Flooring	\$5,000,000
Athletic Fields and Courts	\$4,900,000
IT Infrastructure Updates	\$4,400,000
Plumbing	\$3,900,000
HVAC	\$3,500,000
Pavement Parking Lots	\$2,900,000
Building/Classroom Lock Refit	\$1,000,000
Playgrounds	\$900,000
Energy Efficiency	\$500,000
Library Renovation	\$200,000
Other Capital Projects	\$1,200,000
<b>Total</b>	<b>\$47,400,000</b>

# Teacher Compensation

---

- Had been **zero salary increases in twelve years**, not even for seniority
- Base salary increases for teachers
  - 5.3% salary increase in January 2021
  - 3.0% salary increase in January 2022, plus \$8,000 in performance stipends
  - 2.5% salary increase in January 2023, plus \$7,000 in performance stipends
- Extended day pay adjustment
  - Took effect in August 2021
  - Additional hour added to the school day (typical increase of \$10,000 per teacher)



# # School Buildings

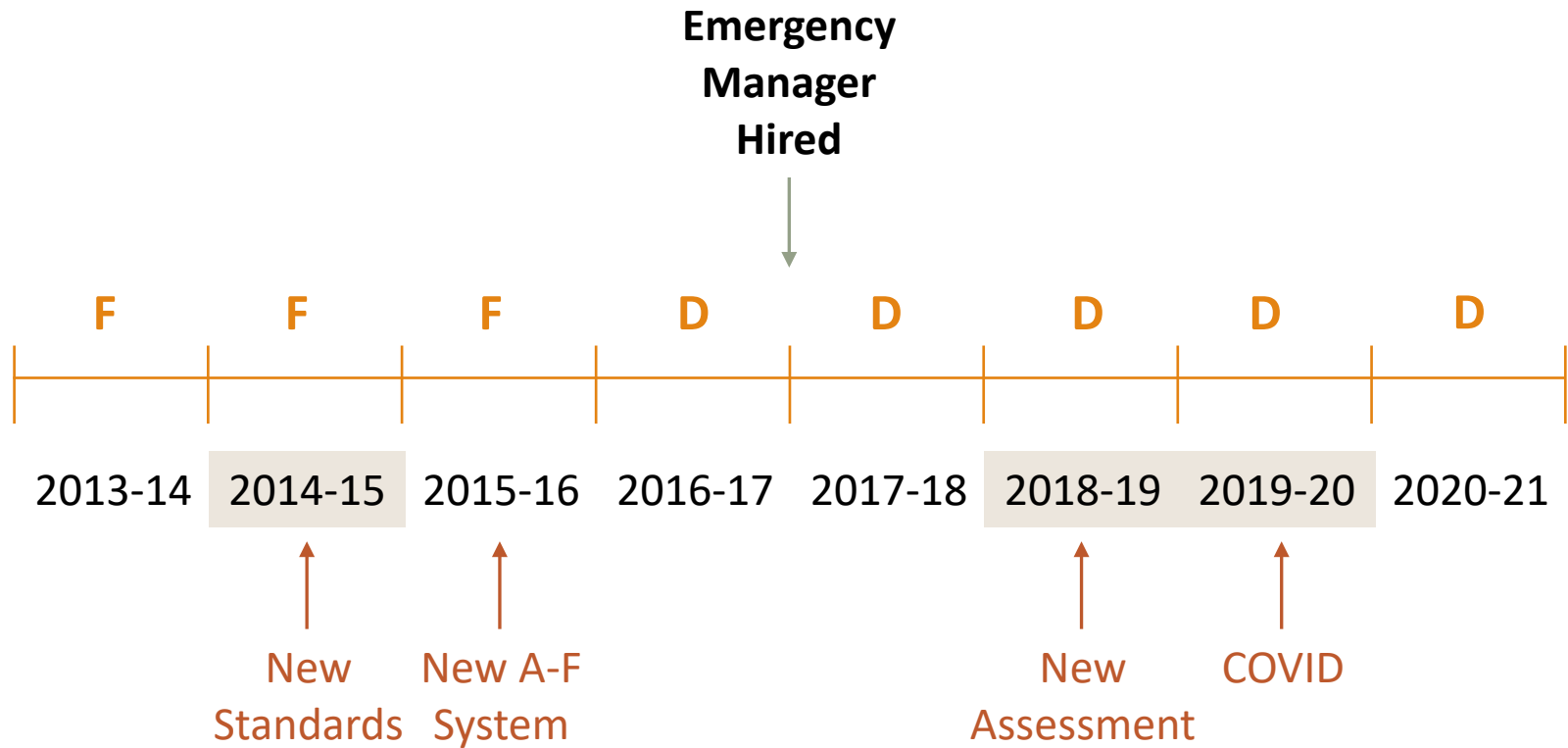
---

	2017-18	2022-23
School Buildings in Use	12	9
Admin Buildings in Use	2	1
Shuttered Buildings Owned	30	6*
<b>Total</b>	<b>44</b>	<b>15</b>

*\* Includes demolition of Lew Wallace High School in 2021-22.*

# Accountability A-F Grades

---



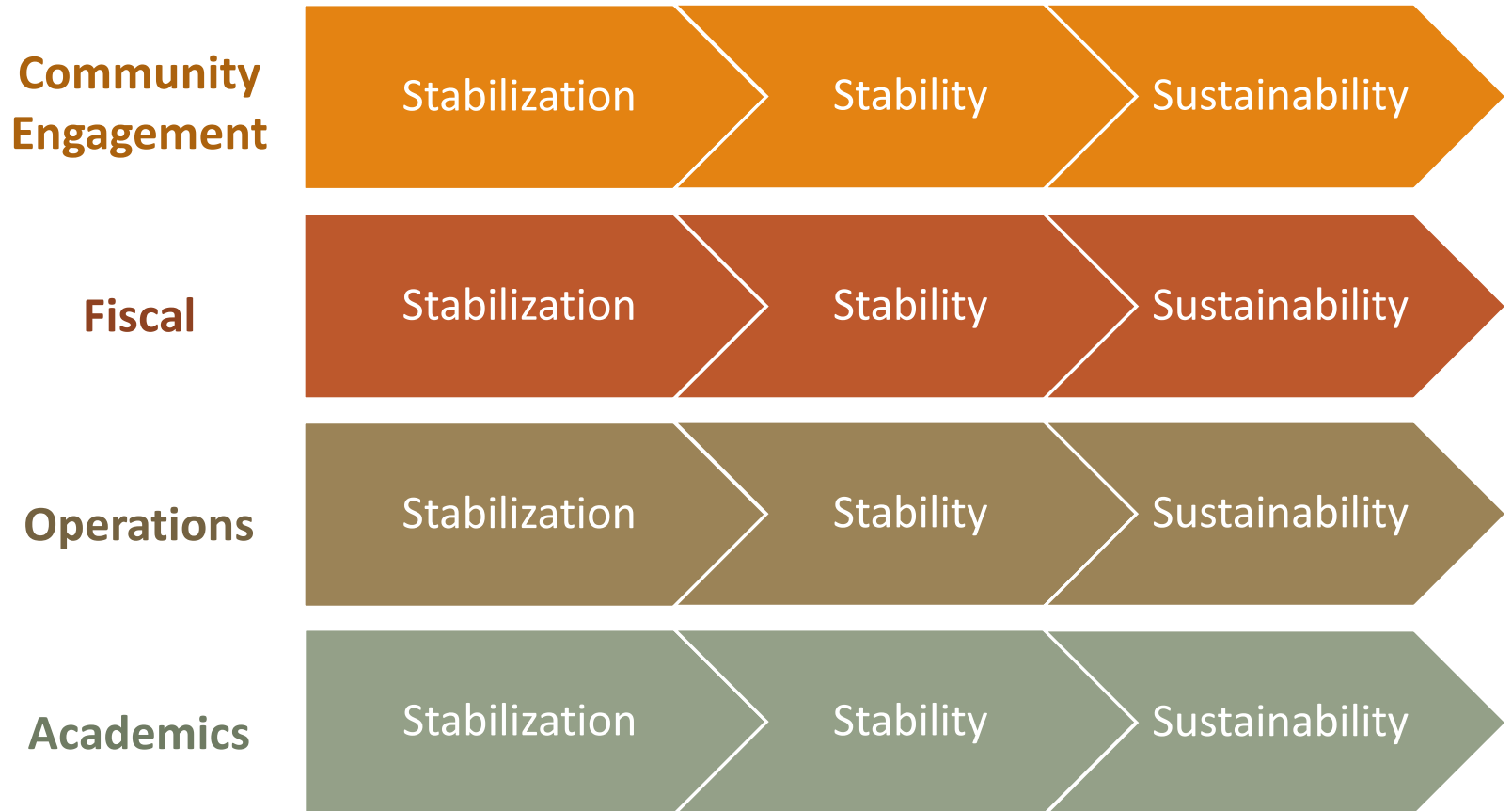
Hold Harmless Years

Report from  
MGT  
Consulting,  
the Manager  
for GCSC

- **Community Engagement**
- **Fiscal**
- **Operations**
- **Academics**

# Intervention Phases

---



# Referendum Results

---

- May 2015
  - **FAILED**, 44.5% to 55.5%
- November 2016
  - **FAILED**, 49.1% to 50.9%
- November 2020
  - **PASSED**, 60.3% to 39.7%

**Gary Schools would still be running an operating deficit were it not for the successful referendum.**

# Community Perspective

---

- Gary deserves better schools
- Need competent and stable leadership of GCSC
- Want governance autonomy
- Vastly improved academic performance is paramount
- Desire meaningful community participation/involvement in decisions impacting GCSC

# What we discovered in August 2017

---

- Couldn't make September payroll
- More checks than number of employees
- School buildings not ready to open, and unable to procure willing contractors due to overdue invoices
- Fire marshal threatened to shut down every school building
- Millions of withheld payroll taxes not remitted to IRS
- Millions owed to utility companies for lack of payment
- No schedules prepared for high school students
- Abandoned buildings and unsecured records

# Fiscal

---

- Eliminated operating deficit
- Reduced debt
- Repaid all overdue obligations, judgments, and settlements
- Implemented internal controls and processes
- Direct deposit payroll



# Operations

---

- Addressed neglected deferred maintenance
- Upgraded accounting and HR systems
- Right-sized school capacity to match enrollment
- Sold or demolished 25 abandoned and blighted buildings
- Filled key leadership positions (CAO and CFO)

# Academics

---

- Lengthened school day from shortest allowable by law
  - Additional hour per day adds two years of instructional time from kindergarten to 12<sup>th</sup> grade
- Purchased new textbooks for first time in ten years
- Removed special ed services from DOE high risk designation
- Encountered testing irregularities and unreliable performance reporting
- One-to-one Chromebooks and hot spots

# Academic Results

	2019	2020	2021	2022
<b>ILEARN ELA % Proficient - Gary</b>	<b>15.7%</b>	n/a	<b>7.8%</b>	<b>7.7%</b>
ILEARN ELA % Proficient - Indiana	47.9%		40.5%	41.2%
<b>ILEARN Math % Proficient - Gary</b>	<b>12.0%</b>	n/a	<b>2.0%</b>	<b>3.5%</b>
ILEARN Math % Proficient - Indiana	47.8%		36.9%	39.4%
<b>IREAD Pass % - Gary</b>	<b>55.6%</b>	n/a	<b>36.9%</b>	<b>42.4%</b>
IREAD Pass % - Indiana	87.3%		81.2%	81.6%
<b>Graduation Rate - Gary</b>	<b>58.5%</b>	<b>63.0%</b>	<b>60.5%</b>	<b>72.1%</b>
Graduation Rate - Indiana	87.0%	87.5%	86.5%	86.5%

# Instructional Infrastructure: Promising Practices

---



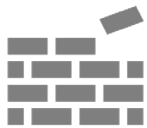
- **Curriculum Components**

- Reduce the % of students "below proficiency"
- Build instructional foundation and coherence



- **Assessment Strategy**

- Provide differentiated academic support
- Use assessment data to drive instruction



- **Collaborative Structures**

- Provide clear support, guidance, and resources
- Establish Professional Learning Communities (PLC's)

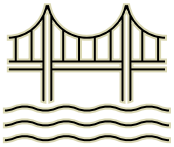


- **Data, Systems and Structures**

- Incentivize improved attendance
- Define culture of high expectations

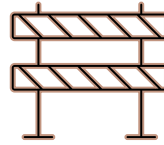
# Looking Forward

---



## Bridges

- Create, develop, and invest in a dedicated professional learning department
- Expand early childhood education
- Embrace the “Community Schools” model
- Increase concurrent enrollment/dual credit opportunities



## Barriers

- Limited resources to address truancy issues
- Challenges obtaining certified teaching staff
- Lack of trust amongst and between internal and external stakeholders

Where do  
we go from  
here?

- **Objectives**
- **Governance**
- **Timeline**
- **Goals for Transition**

# Objectives

---

- Eliminate distressed status
- Ensure sustainability of financial gains made
- Transition period to allow for knowledge transfer, etc.
- Establish new governing body
- Superintendent selected by new governing body
- Stability and certainty

# Governance

---

- Seven-member board
  - Appointed by Secretary of Education
  - Two based on recommendations from Gary mayor
  - One from higher education institution
  - Majority of members must reside in Lake County or Gary
- Superintendent selected by new governing body



# Timeline

---

School Year	Oversight	Day-to-Day Management
<b>2022-23</b>	DUAB	Emergency Manager
<b>2023-24</b>	DUAB, with new governing body in advisory role	Emergency Manager
<b>2024-25</b>	New governing body	New Superintendent selected by new governing body

# Goals for Transition

---

- Maintain \$1.5 million annual surplus
- Build reserves to 20% of operating expenses
- Robust team with experience to lead district
- Continue to build foundation for academic improvement

# Q&A

---