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APR 28 2017

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April 27, 2017

VIA FEDERAL EXPRESS

Karen Molchanow,
Executive Director
State Board of Education
333 Market Street, 1st Floor
Harrisburg, PA 17126

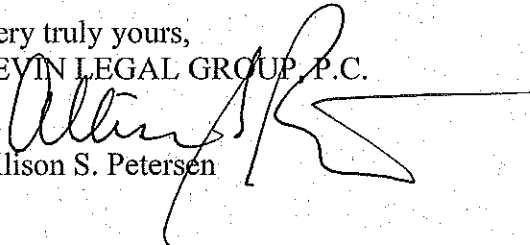
RE: Harrisburg City School District – Petition to Change AVTS Attendance Areas

Dear Ms. Molchanow:

I represent the Harrisburg City School District (“School District”) in the above-captioned matter. The School District desires to change its existing attendance area for area vocational-technical school (“AVTS”) programming to the attendance area of the Dauphin County CTC AVTS beginning in the 2017-2018 school year, as part of its ongoing efforts to become a member of the Dauphin County CTC, d/b/a Dauphin County Technical School. Enclosed please find a Petition in support of the change in attendance area, as directed by Dr. Lee Burket, Director of the Bureau of Career and Technical Education. The School District respectfully requests that the Petition be presented to the State Board of Vocational Education for review and approval.

If you need any further information from the School District or if you would like School District representatives to appear before the State Board, please contact me or the School District’s Superintendent, Dr. Sybil Knight-Burney.

Very truly yours,
LEVIN LEGAL GROUP, P.C.


Allison S. Petersen

Enclosures

cc: Dr. Sybil Knight-Burney, Superintendent (via email)
Dr. Audrey Utley, Chief Recovery Officer (via email)
Dr. Lee Burket (via email)

STATE BOARD OF VOCATIONAL EDUCATION

IN RE: HARRISBURG CITY SCHOOL :
DISTRICT VOCATIONAL-TECHNICAL :
SCHOOL ATTENDANCE AREA :

**HARRISBURG CITY SCHOOL DISTRICT'S PETITION TO CHANGE ITS
APPROVED VOCATIONAL-TECHNICAL ATTENDANCE AREA**

In accordance with the direction provided by Dr. Lee Burket, Director of the Bureau of Career and Technical Education, in his letter dated April 14, 2017, Harrisburg City School District ("School District"), by and through its undersigned counsel, files this Petition to change the School District's approved area vocational-technical school ("AVTS") attendance area with the State Board of Vocational Education ("State Board"). Specifically, the School District is seeking approval from the State Board to change its status as a single district AVTS attendance area and to join the Dauphin County CTC attendance area (hereafter referred to as "Dauphin County CTC"). The School District and Dauphin County CTC (d/b/a Dauphin County Technical School) recently approved terms and conditions for the School District's membership in the Dauphin County CTC beginning in the 2017-2018 school year.

In support of the Petition, the School District offers the following information.

1. Description of how HSD students currently are being served and provided with Department-approved CTE programs, including the number of students that would be affected by the change and future impact on students' opportunity for participation in CTE programs.

Through the 2010-2011 school year, the School District offered approved vocational-technical programming as a single district through the Harrisburg AVTS, and the vast majority of School District students enrolled in vocational-technical programs attended the Harrisburg AVTS. A small number of Harrisburg resident students attended career and technical programming at other approved institutions, including Dauphin County CTC. After the School District stopped

offering in-house vocational-technical programming at the end of the 2010-2011 school year, more and more Harrisburg students began to apply to attend Dauphin County CTC.

The Dauphin County CTC is a Pennsylvania Department of Education (“PDE”) approved career and technical education program. Because the School District is not a member district of the Dauphin County CTC, the School District pays tuition at the higher, non-member rates established by Dauphin County CTC. Information in Section 2 below provides the differential between non-member costs and member costs.

The average daily membership (“ADM”) of Harrisburg students attending Dauphin County CTC since the 2010-2011 school year compared to the ADM of students from member districts in Dauphin County CTC is shown in Table 1.

Table 1. ADM data for Member Districts and Harrisburg

Member Districts	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Central Dauphin	422.90	436.04	448.83	436.12	407.11	427.19
Derry Township	33.79	37.11	30.88	27.90	25.14	26.66
Halifax Area	30.59	27.10	26.99	32.81	28.02	31.21
Lower Dauphin	88.26	72.32	80.00	88.70	82.63	70.5
Middletown Area	90.49	72.85	91.02	87.12	71.19	67.15
Susquehanna Township	91.01	90.68	79.98	74.88	71.71	85.95
Harrisburg	7.36	113.79	165.89	195.90	247.99	241.13

Table 1 illustrates how Harrisburg students have accounted for a significant portion of Dauphin County CTC’s overall enrollment for the last five years. As of January 31, 2017, approximately 240 Harrisburg students were enrolled in Dauphin County CTC. It is anticipated that Harrisburg enrollment in the Dauphin County CTC programming will continue to show the same trends as enrollment within and since the 2014-2015 school year.

2. Explanation of the fiscal impact of moving from a tuition basis to a member district, including transportation costs.

A favorable fiscal impact will result from the School District becoming a member district in the Dauphin County CTC. As a non-member district, the School District paid a higher tuition rate than member districts, plus an additional debt assessment to Dauphin County CTC each year. Table 2 reflects the payments made by the School District to Dauphin County CTC since the 2011-2012 school year, compared to the operating tuition paid by member districts.

Table 2. Historic Tuition Rates per Student¹

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Non-Member Tuition	\$14,591	\$14,591	\$14,591	\$14,591	\$15,091	\$15,908
Debt Assessment	\$1,867	\$1,867	\$1,867	\$1,867	\$1,867	\$1,867
Total Annual Payments for Non-Member Districts	\$16,457	\$16,457	\$16,457	\$16,457	\$16,958	\$17,775
Member District Tuition ²	\$12,608	\$12,541	\$12,263	\$12,998	\$13,382	\$13,908

By becoming a member district of Dauphin County CTC, significant annual savings will be realized by the School District. According to projections prepared by Dauphin County CTC for the 2017-2018 school year, if the School District remained a non-member district paying the inflated cost per student, the School District would be obligated to pay \$18,347 per student for the 2017-2018 school year, which is inclusive of tuition (\$16,480) plus debt service (\$1,867). In comparison, the anticipated member tuition rate for 2017-2018 is \$14,979.59; that figure is calculated using the assumption that the School District will be a member district during the 2017-2018 school year. Assuming those figures would represent the final charges approved by Dauphin

¹ Source: Public Financial Management, Inc., Analysis dated July 29, 2015 and information attached to Dauphin County CTC's Proposal dated March 12, 2017.

² These figures only reflect annual operating tuition costs and do not take into account the debt incurred by member districts for the cost of any capital projects.

County CTC's board for 2017-2018, the School District will save \$3,367.41 per student for the 2017-2018 school year by becoming a member district. Similar savings would be anticipated in future years.

As part of the terms and conditions approved by the parties for the School District's membership in Dauphin County CTC, the School District will buy-into the existing debt of the Dauphin County CTC³ at a total cost of \$5,417,679, which is payable by the School District as follows: \$3,178,263 is payable on the date of closing (anticipated to be in or around July 2017), plus annual payments of \$373,236.00 for six (6) years, starting with the first payment on July 31, 2017, or the date of closing, whichever is later. A significant portion of the buy-in price, \$5,000,000, has already been allocated and transferred from the School District's existing fund balance for this purpose. These buy-in costs will be recouped by the School District through the annual operating tuition cost-savings anticipated in future school years.

The School District has always incurred transportation costs for the attendance of Harrisburg students at Dauphin County CTC. Such costs are not anticipated to increase materially given the large numbers of Harrisburg students who have participated in Dauphin County CTC programming since the 2014-2015 school year. Harrisburg enrollment in Dauphin County CTC is expected to remain relatively static in the foreseeable future.

3. Explanation of how becoming a member district of Dauphin County CTC affects the recovery plan and district progress.

Not only is membership in the Dauphin County CTC a positive outcome for Harrisburg students and the fiscal state of the School District, but membership is also compliant with the

³ The State Public School Building Authority ("SPSBA") issued 2015 Guaranteed School Lease Revenue Bonds for the Dauphin County CTC Refunding Project, and the DCTS and current member districts have corresponding sublease obligations to the SPSBA. The School District is not, and will not be, responsible for those existing obligations, other than funding the buy-in obligations set forth above.

requirements of the School District's Recovery Plan. The addition of the School District as a member district of Dauphin County CTC comports with Administration and Finance Initiative #19 ("AF19") in the Act 141 Recovery Plan, which was most recently amended by the Chief Recovery Officer, Dr. Audrey Utley, in February 2017. *See* Act 141 Recovery Plan, pertinent pages of which are attached hereto as Exhibit A, at 17-18. Specifically, AF19 requires the School District to pursue membership in the Dauphin County CTC in order to, *inter alia*, obtain lower tuition rates for those Harrisburg students attending Dauphin County CTC. (*Id.*) The language in AF19 requires the School District to buy-in and secure full membership in Dauphin County CTC by no later than June 30, 2017; otherwise, the School District is required to pursue an alternative vocational-technical option for students. (*Id.*) As reflected in the Recovery Plan, the School District already allocated and transferred a significant portion of the total buy-in amount, \$5 million, from the School District's existing fund balance for the purpose of the anticipated buy-in contribution to Dauphin County CTC, an action that was required by the May 2016 Amended Recovery Plan. (Exhibit A, at 3). The agreement for the School District to buy-into the Dauphin County CTC as a member district thus fulfills one of the initiatives of the Recovery Plan.

As set forth in more detail above, full membership in Dauphin County CTC also results in a long-term financial benefit to the School District as a result of the decreased tuition costs resulting from membership, thereby resulting in anticipated savings for the School District's future financial condition.

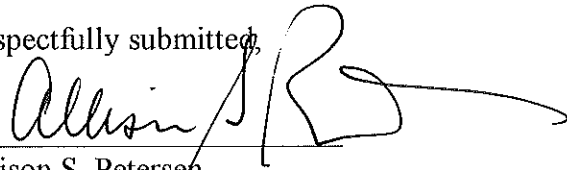
4. Copy of Board minutes or resolution dissolving the current AVTS attendance area and approval to seek a new attendance area.

In a 5-0 vote, the School District's Board of School Directors ("School Board") approved the dissolution of the School District's current single-district AVTS attendance area and the

adoption of the Dauphin County CTC attendance area at a public meeting on April 26, 2017. A copy of the Resolution adopted by the School Board is attached hereto as Exhibit B.

For the reasons set forth above, the School District respectfully asks the State Board to approve the requested change in attendance area so that the School District can benefit fiscally from membership in Dauphin County CTC and so that Harrisburg students may continue to enjoy the benefits of Dauphin County CTC programming. If the State Board and/or the PDE need additional information related to the proposed change, please let the School District know. The School District will make appropriate individuals available to answer any questions that either entity may have regarding the proposed change.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Allison S. Petersen", with a long horizontal flourish extending to the right.

Allison S. Petersen
LEVIN LEGAL GROUP, P.C.
1800 Byberry Road, Suite 1301
Huntingdon Valley, PA 19006
(215) 938-6378
Counsel for Harrisburg City School District

Dated: April 27, 2017

VERIFICATION

I, Sybil Knight-Burney, hereby state that I am the Superintendent of the Harrisburg City School District; that I have reviewed the foregoing Petition; and that the averments of fact contained therein are true and correct to the best of my knowledge, information and belief. I further state that I understand that the statements herein contained are made subject to the penalty of perjury under the laws of the Commonwealth of Pennsylvania.

Date: April 27, 2017

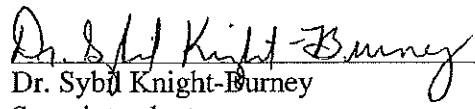

Dr. Sybil Knight-Burney
Superintendent

EXHIBIT A

Recovery Plan Update

Harrisburg School District
Dauphin County, Pennsylvania

February 2017



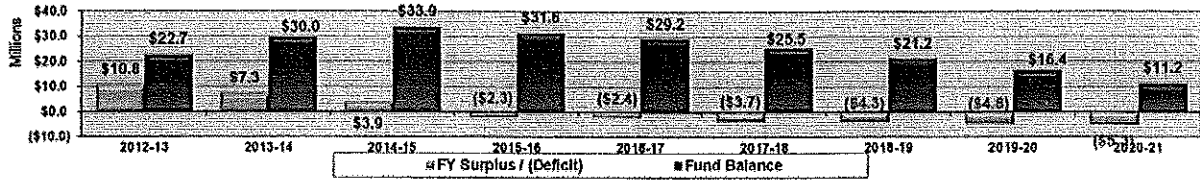
Prepared by the Chief Recovery Officer

Dr. Audrey Utley

With the assistance of

PFM
1735 Market Street, 43rd Floor
Philadelphia, PA 19103
215 567 6100
www.pfm.com

May 2016 Amended Recovery Plan General Fund Baseline Budget Projection



Though the District has a significant fund balance, this financial position, in particular the annual structural shortfall, is concerning given that expenditures are slated to consistently outpace revenues in the coming years and several costly projects and contingencies could consume a substantial portion of the current fund balance.

An initial review of 2015-16 actual financial results and revised budget projections for 2016-17 show that the District continues to be on this path, and will likely spend down its fund balance at a more rapid rate than projected in the May 2016 Plan. It is important that the District carefully plan and prioritize the drawdown of the fund balance to the target level in the years ahead, and focus that spending on one-time investments rather than recurring operational needs. The District will also need to develop a plan for maintaining the required 8.0 percent committed fund balance reserve (approximately \$12.0 - \$13.0 million) so that there is sufficient working capital and provision for contingencies in future years.

The table below provides a breakdown of the required 2014-15 fund balance designations included in the May 2016 Amended Recovery Plan. To date, the District has used a portion of this fund balance towards the ESCO project and transferred money to capital to fund a facility development project.

Fund Balance Allocation		
Description	Amount	Designation
Transfer to Capital Fund	\$6,500,000	Transferred
OPEB Trust Fund	\$1,000,000	Transferred
Buy-In Contribution to County AVTS	\$5,000,000	Transferred
Working Capital Fund (Rainy Day Fund)	\$11,200,000	Committed
Veteran Teacher One-Time Payment Incentive	\$200,000	Committed
Teacher Retention Pilot Program	\$1,000,000	Committed
ESCO	\$2,000,000	Assigned
Technology Upgrades	\$1,500,000	Assigned
Professional Development	\$500,000	Assigned
Textbook and Equipment Replacement	\$500,000	Assigned
Unassigned	\$4,284,200	Unassigned

There are several key factors that will have an impact on the District's financial future. Below are some of the larger expenditure drivers in the current year and upcoming years:

- Continued growth in PSERS contributions at a higher rate than at the time of the May 2016 Plan.

CRO Response	<p>IN PROGRESS</p> <p>The District has had several false starts and has been slow to fill this position permanently. Because of the role of the HR Director in advancing many initiatives of this Plan, and in day-to-day management of the District, it is essential that the District complete this process and put a strong, permanent HR Director in place. The District may decide to contract out some services to ADP, including benefit management. The District also needs to recruit for a new Assistant HR Director.</p>
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AF18: Retention of Senior Management Team Members (NEW)			
Goal	Staff Responsible	Due Date	Status Evidence of Action
District Action			
Develop and retain a strong management team	<ul style="list-style-type: none"> • Superintendent • CRO 	Ongoing	<p>In Progress:</p> <ul style="list-style-type: none"> • District is developing an exit interview process for senior leadership staff. • Superintendent added the position of District Academic Data Analyst in 2016 and continues to search for a Director of MTSS. • 8 District staff are participating in the Aspiring Urban Leaders Program with Shippensburg University to develop strong Principals and Assistant Principals.

CRO Response	<p>IN PROGRESS</p> <p>The purpose of this initiative is to create an ongoing process for the development and retention of the District's senior leadership team and to set accountability for retention of the senior leadership team. Though turnover in the administration has improved in recent years, some positions remain unfilled and District leadership must continue to ensure that the right combination of professionals are hired to fill key positions; that they are receiving consistent direction, evaluation, feedback, and competitive compensation; and that in the event of a departure there are succession plans in place and those who leave the District are given an opportunity to provide constructive feedback on their experience.</p> <p>Ultimately in a school system, it is the Superintendent's responsibility to build and lead the senior management team and the work of the Superintendent in this regard must be supported by the School Board.</p>
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AF19: Continue to Pursue Buy-In for Dauphin County Technical School (NEW)			
Goal	Staff Responsible	Due Date	Status Evidence of Action
District Action			
Become a member of the DCTS consortium and obtain lower tuition rates	<ul style="list-style-type: none"> • Superintendent • CFO 	June 2017	In Progress: The District has been offered a space in the DCTS consortium; buy-in amount is still in negotiation.

CRO Response	IN PROGRESS If the District is unable to finalize the buy-in amount and secure full membership by June 30, 2017, the District must pursue an alternative option.
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AF20. Consider Providing Busing to Students Living ¼ of a Mile or More from their School (NEW)			
Goal	Staff Responsible	Due Date	Status Evidence of Action
District Action			
Reduce commuting burden on students and families	<ul style="list-style-type: none"> • Superintendent • CFO • Supervisor of Transportation 	August 2017	In Progress: Deadline moved to August 2017 for possible implementation in the 2017-18 school year.

CRO Response	IN PROGRESS
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AF21. Create and Implement Performance Measures to Meet Operational Goals (NEW)			
Goal	Staff Responsible	Due Date	Status Evidence of Action
District Action			
Ensure District meets targets and holds staff and contractors accountable	<ul style="list-style-type: none"> • Superintendent • Central Office Administrators 	Ongoing	Completed: Timelines and a list of deliverables are included in consultant contracts which are annually approved by the Board.

CRO Response	COMPLETED
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FA01. Consolidate Buildings			
Goal	Staff Responsible	Due Date	Status Evidence of Action
District Action			
Align the number and capacity of District buildings with current enrollment.	<ul style="list-style-type: none"> • Superintendent • CFO • Board 		Completed: <ul style="list-style-type: none"> • Reconfiguration of schools completed, administrative offices moved to Lincoln School • Shimmel School sold • Hamilton reopened as an alternative education site

CRO Response	COMPLETED Though the District has reconfigured and consolidated buildings, the District should still continue to try to sell unused buildings and closely assess the need to close or reopen any other buildings. See FA02 and FA13 for more information.
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EXHIBIT B

SCHOOL DISTRICT OF THE CITY OF HARRISBURG

**RESOLUTION RE: CHANGE IN ATTENDANCE AREAS FOR
VOCATIONAL-TECHNICAL SCHOOL ATTENDANCE**

WHEREAS, the School District of the City of Harrisburg (“HSD”) desires to obtain membership in the Dauphin County Technical School (“DCTS”) beginning in the 2017-2018 school year;

WHEREAS, on April 10, 2017, the Board of School Directors (“School Board”) adopted a Resolution approving terms and conditions under which HSD will be admitted as a member district of the DCTS;

WHEREAS, DCTS is expected to approve those same terms and conditions permitting the membership of HSD in the DCTS; and

WHEREAS, the Pennsylvania Department of Education (“PDE”), Bureau of Career and Technical Education, has advised HSD that it must file a petition with the State Board of Vocational Education to seek approval of the membership change in DCTS and a change in the approved area vocational-technical school (“AVTS”) attendance areas for HSD students, and that said petition must include a copy of a School Board resolution dissolving the current AVTS attendance area and approving a new attendance area;

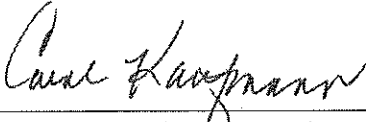
NOW, THEREFORE, BE IT RESOLVED, as follows:

1. All of the foregoing recitals are incorporated herein.
2. In anticipation of the approval of HSD’s membership in the DCTS, the School Board hereby dissolves the current vocational-technical attendance area for HSD students and approves the new AVTS attendance area for HSD students as the attendance area of the DCTS, beginning with the 2017-2018 school year.
3. The School Board authorizes the administration of the HSD to take whatever steps are necessary, including but not limited to, the filing of a petition, to obtain all requisite approvals from the State Board of Vocational Education and/or the PDE for the change in attendance area for HSD students and the approval of HSD’s membership in the DCTS beginning with the 2017-2018 school year.
4. To the extent prior inconsistent resolutions by the School Board exist, they are hereby rescinded.

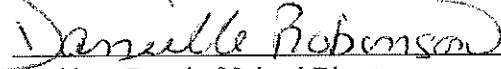
Duly resolved and enacted this 26th day of April, 2017, by the Board of School Directors of the School District of the City of Harrisburg in lawful session assembled.

ATTEST:

THE SCHOOL DISTRICT OF THE CITY
OF HARRISBURG



Secretary, Board of School Directors



President, Board of School Directors