

**CHESTER UPLAND SCHOOL DISTRICT
DELAWARE COUNTY, PENNSYLVANIA**

ADJUDICATION

In conjunction with its June 29, 2021 Resolution, the Board of School Directors (“Board”) and the District’s Receiver, Dr. Juan Baughn, by and through its Solicitor, Jacquie Jones, and its Counsel, Fox Rothschild LLP, hereby adopts and issues the following written decision/adjudication denying the Friendship Education Foundation’s (“FEF”) Proposal, the Global Leadership Academy’s (“GLA”) Proposal, and the Chester Community Charter School’s (“CCCS”) Proposal for the Potential Outsourcing of Management of District Schools for Chester Upland School District (herein “District”).

I. FINDINGS OF FACT

Procedural History

1. The District faces substantial near term and long-term challenges, including lagging academic results, financial constraints, substantial amounts of deferred maintenance, inadequate operational and administrative work processes, and inadequate support systems. Unfortunately, despite over two decades of interventions via Pennsylvania’s Department of Education, the District’s progress toward administrative, fiscal, and operational self-sufficiency has been and continues to be much slower than desired.

2. In order to address these longstanding issues, the District’s Receiver, Dr. Juan Baughn, has been charged to explore innovative alternatives to the District’s current operational structure, academic programs, support systems, staffing models, and financial and budgetary status.

3. Pursuant to an Order of the Delaware County Court of Common Pleas in Civil Action No. 2012-009781 dated May 14, 2020, the District's framework for Strategic Options Initiative ("SOI") was approved for implementation.

4. The Court Order specifies that the Receiver has the authority and responsibility for implementing the SOI and the Court Order contained a road map for the District.

5. In the May 14, 2020 Order, Judge Dozer further ordered the Receiver to prepare Requests For Proposals related to the potential need for strategic options in managing and delivering pre-kindergarten to 12th grade schools, or any variation thereof intending to address the District's substantial near-term and long-term challenges, include lagging academic results, attendance and truancy, financial challenges, special education, and the delivery of quality safe education.

6. The Order required any potential providers to effectively demonstrate their ability to provide continuity of quality educational curriculum and extra-curricular programs, and meet the needs of the current and future students with disabilities, as well as alternative quality arrangements for students who do not choose to attend the conversion charters. 24 PS 6-642-A(a)(iii)(E).

7. As set forth in the Order and required by the School Code, the Receiver, with assistance of legal counsel and strategic advisors, shall consider requirements for the conversion of a District School to a charter school that includes a competitive request for proposal process, the demonstration of financial savings, and the evaluation of each submitted proposal in a public manner. See 24 PS 6-642-A(a)(2)(i), 24 PS 6-642-A(a)(iii)(E)(10).

8. Each responder was required to address how their response meets all of the goals and recommendations set forth in 24 PS 6-641A.

9. In response to that Court Order, the Receiver has implemented a number of initiatives.

10. The Receiver has implemented Phase 1 of the SOI by issuing Requests for Interest (“RFI”) and Requests for Proposals (“RFP”) that were distributed to educational management organizations or charter management organizations, which completed the initial phase of the SOI.

11. RFIs were distributed to twenty-two (22) potential providers to ascertain interest in the SOI based upon track records for turning around failing schools and restoring/rebuilding academic progress in schools which are similar to the District’s buildings on or about July 31, 2020.

12. RFIs contained minimum qualifications for engagement and interested providers were expected to submit an Intent to Reply form and a completed RFI document that was reviewed and evaluated by the Strategic Advisor, Dr. Leroy D. Nunery II, by September 18, 2020.

13. Seven (7) organizations submitted RFI responses.

14. RFIs were reviewed for completeness, accuracy, and appropriateness for the District’s various needs by the above District’s Strategic Advisor who then recommended to the Receiver which interested providers should be invited to proceed to the RFP phase of the SOI process.

15. The initial RFP was issued on October 26, 2020 and subsequently revised on January 17, 2021 pursuant to the January 14, 2021 Court Order.

16. The RFP identified five (5) potential strategic options for the District: (1) outsourced/contracted management for selected District schools; (2) outsourced/contract

management for a subset of District schools; (3) conversion of individual District schools to a charter school; (4) conversion of a subset of District schools to charter school; or (5) outsourced/contracted management of District facilities and real estate.

17. As Receiver, Dr. Baughn, consistent with the Court Order, established the RFP Review Task Force (“Task Force”) to review and make recommendations and findings to assist the Receiver and the Board in their evaluation of any proposals submitted in response to the RFP.

18. The members of the Task Force were nominated by the Board.

19. The Task Force included five (5) Board members, one community member, one (1) parent, and one (1) District principal:

Fred Green, Vice President of the Board; Dr. Jacqueline Irving, Community Member; Anthony Johnson, Board Member; LaToya Jones, District Parent; LaMonte Popley, District Principal; Tyra Quail, Secretary of the Board; William Riley, Treasurer of the Board; and Kenneth Washington, Board Member.

20. The Task Force was staffed by the Strategic Advisor, John Polk, Associate of the Strategic Advisor’s company and John Pund and Mari Grochowski from J.L. Pund & Associates.

21. The District received three official proposals from the Friendship Education Foundation, the Global Leadership Academy, and the Chester Community Charter School.

22. All three proposals included converting some, but not all, of the schools in the District to charter schools.

23. An initial Orientation Meeting was held for the Task Force on February 16, 2021 via Zoom at which time each of the rating criteria, discussed supra, were reviewed and rules of engagement were presented.

24. The February 16, 2021 meeting provided Task Force members with the opportunity to ask questions about the process, give insights on scheduling, and provide insights on public perceptions of the SOIs, particularly in regard to “charterizing” schools.

25. On March 10, 2021, the first formal meeting was held to review the three proposals. At that meeting, Task Force members reviewed the proposals beforehand and then discussed each of the proposals among the group.

26. Between April 5 and 7, 2021, each organization who submitted a proposal gave a virtual presentation to the Task Force.

27. During those presentations, the Task Force had an opportunity to question representatives from each of the schools about their proposals.

28. On April 6, 2021 Judge Dozer ordered that in addition to the proposal already submitted, each of the three organizations submit to the Receiver their own respective narrative description of no more than one thousand (1,000) words of their proposal to be posted on the District’s website. The narratives were to address the short-term and long-term District challenges.

29. The narratives were then posted on the District’s website.

30. Before the May 6, 2021 hearing, the Task Force sent a list of ten (10) Public Questions to the three organizations.

31. During the evening of May 6, 2021, a public hearing was held at Chester High School and included a live stream of the hearing on Facebook and Zoom.

32. During the hearing, each applicant had an opportunity to publicly present its proposal for the Potential Outsourcing of Management of District Schools.

33. At the May 6, 2021 hearing, each of the applicants made a presentation and took questions from the community, both in-person, and through the virtual platforms.

34. The community had numerous questions for the bidders on topics ranging from academics, finances, building facilities and teacher retention.

35. The Receiver has also provided information relating to these proposers to the entire elected Board of School Directors.

36. Following the May 6, 2021 hearing, Task Force members were asked to submit their feedback using an online rubric designed by the Strategic Advisor.

37. Five (5) of the Task Force members submitted their formal feedback via the online rubric.

38. Additionally, the Strategic Advisor polled each of the Task Members to ascertain and summarize their respective opinions, namely (1) the integrity, efficiency, and effectiveness of the RFP process; and (2) individual thoughts on whether to recommend any of the proposing organizations to the Receiver for further action.

39. When reviewing the RFP submissions, the members considered the following factors, listed in priority order, when evaluating the proposals: (1) the provider's written proposal; (2) the provider's response to questions from the District's Receiver, Strategic Advisors, RFP Review Task Force, or the Board; (3) the provider's presentation(s) to the District's Receiver, Strategic Advisors, RFP Review Task Force, or the Board; (4) the conformance to specifications set forth in the requirements, such as presentations of proposed services, due diligence visits to existing Provider sites or schools, interviews, etc; (5) the cost impact to the District; and (6) the ability to adhere to SOI timetable.

40. The main evaluation criteria for the RFP review process included on the rubric filled out by Task Force members, was as follows:

- a. Section 1: Provider Background, Theory of Change, and Rationale (weighted at 5%)
- b. Section 2: Proposed School(s) Model(s) (weighted at 20%)
- c. Section 3: Proposed Curriculum and Instructional Approach (weighted at 25%)
- d. Section 4: School Climate and Student Motivation (weighted at 10%)
- e. Section 5: Human Resources and Talent Development (weighted at 10%)
- f. Section 6: Parental and Community Engagement (weighted at 10%)
- g. Section 7: Provider Management, Operational, and Financial Capacities (weighted at 10%)
- h. Section 8: Provider Cost Proposal (weighted at 10%)

41. Overall, on an average score basis, Global Leadership Academy scored the highest of the three organizations with a 57 out of possible 100 points. Friendship Education Foundation finished second with 54 out of a possible 100 points. Chester Community Charter School scored third with 39 out of a possible 100 points.

42. On a weighted average basis, Global Leadership Academy gained 8.6 points out of a possible 15.5 points, Friendship Education Foundation gained 7.97 out of a total possible of 15.5 points, and Chester Community Charter School gained 5.39 out of a total possible 15.5 points.

43. In addition to the evaluation criteria for the RFP review process, the District currently operates under the 2012 Financial Recovery Law, 24 P.S. §6-601-A, et. seq., which requires it to focus conversion efforts on achieving financial stability.

44. Based on the low scores from the Task Force rubrics coupled with the financial analysis, the Strategic Advisor recommended the Receiver not proceed with a third party/outsourced option at this time because accepting any of the proposals would be detrimental to the operations and financial sustainability of the District.

Chester Community Charter School's Proposal

45. CCCS proposes converting Chester Upland School of the Arts (“CUSA”) and Main Street Elementary (“Main Street”), to charter schools. Both of these schools are current elementary schools within the District.

Provider Background, Theory of Change, and Rationale

46. CCCS has been serving the students of the District for twenty-two years (22) and has approximately 4,500 students spread across ten classroom buildings over four campuses in all three municipalities served by the District.

47. This also includes four gymnasiums, two administration buildings, and outdoor recreation facilities. Classrooms have SmartBoards or SmartTVs, high-bandwidth broadband internet access, and a 1:1 computer technology ratio for students with access to Google Chromebooks.

48. CCCS buildings are new, free of lead paint and asbestos and the drinking water is safe and healthy.

49. CCCS’ facilities have been built utilizing private capital and have not created a debt burden to the District or CCCS.

50. CCCS’ proposal suggests converting CUSA and Main Street, both current elementary schools within the District. These schools would operate under CCCS’ current charter.

51. CCCS would facilitate the purchase of the properties by an outside private entity and new facilities will be constructed to house each school on their existing sites.

School Model

52. The proposal includes converting Main Street and CUSA into charter schools.

53. CUSA would be converted to The Performing and Visual Arts Academy (“PVAA”), a cross-curriculum school providing immersion in performing and visual arts with a Pennsylvania standards-aligned curriculum.

54. Main Street would be converted to The Main Street Academy (“MSA”) for Entrepreneurship, offering a program combining traditional curriculum with project-based learning with a focus on entrepreneurship and career readiness.

55. Both schools would be guided by an overarching Renzulli Schoolwide Enrichment Model (“SEM”). The SEM focuses on talent development, enrichment, engagement, and differentiated learning, supported by student self-selected investigative learning, which requires students to apply knowledge and thinking skills to complex problems.

Curriculum

56. Rather than focus on standardized tests, CCCS would use the SEM framework and the CCCS Academies’ respective curricula that encourages the full development of the learner.

57. PVAA would be a cross-curriculum school providing immersion in both performing and visual arts with a Pennsylvania standards-aligned program.

58. MSA would educate students in a hands-on engaging curriculum aligned to Pennsylvania standards.

59. MSA would use MicroSociety and the Network for Teaching Entrepreneurs curriculums to help the students emulate a real-world environment.

60. CCCS’ proposal includes six (6) goals for academic growth in math, reading/ELA, science, social studies, sense of ownership, and intellectual growth.

61. These goals include students scoring in the “proficient” range, but do not address how to get District students to that level from their current academic levels.

62. This includes growth that is comparable to or better than statewide growth patterns, measured by the state’s PVAAS value-added growth model.

63. These goals include benchmark tests that will be administered throughout the school year to track student progress.

64. CCCS extensively described in detail their proposed SEM curriculum for each area of learning.

65. However, CCCS did not address the current performance levels of District students, laid out clearly in the RFP.

66. CCCS further did not address what measures CCCS would take to bring academic growth to District students to bring their academic performance up to par with the current state levels. Describing curriculum is not the same as describing how to address students who are three years behind in math or reading.

67. No data was provided regarding the current academic performance of CCCS students, nor was any data produced to show that CCCS has been successful in the past of raising academic performance through their proposed SEM curriculum.

68. The RFP included the current academic levels of CUSD students, broken down by school and no where in the proposal did CCCS address those academic levels and what they would do to address the deficits.

School Climate and Student Motivation

69. CCCS provided goals for establishing a strong pattern of student attendance and engagement and stated that attendance and absence rates will be reviewed monthly to guide the development of effective intervention methods.

70. CCCS recognized the impact of attendance on learning but did not provide any information regarding methods or strategies that would be taken to increase attendance rates.

71. CCCS provided information that they currently have a school safety plan and school prevention activities that principals may initiate to help make the school safer. CCCS did not address specifically what the safety plan would be in either elementary school that they are proposing to convert.

72. The proposal included professional development for teachers yet did not reveal the teacher to student ratio which makes a considerable difference when dealing with climate issues.

73. CCCS has a comprehensive plan related to Child Find obligations of identifying and evaluating students and a comprehensive team for creating Evaluation Reports and drafting, evaluating, and executing Individual Education Programs. This contributes to a positive school climate.

74. According to the information received, autism seems to be omitted. With the presentation, it was stated there were going to be provisions, but in the paperwork there is nothing concrete and no inclusion.

Human Resources and Talent Development

75. CCCS provided extensive information on professional development of teachers once employed by CCCS.

76. CCCS never gave a teacher retention rate either in their proposal or at the May 6, 2021 community meeting.

77. Further, CCCS gave vague responses at the community meeting that left Task Force members concerned with the area of professional development.

Parental and Community Engagement

78. CCCS seems to want parents to get involved and provided a plan to keep parents informed but gave no direct details on how to get parents involved. Most of the parent involvement described the typical parent to school relationship regarding a PTA, etc.

79. Community forums would be used to inform the community about developments beneficial to Chester including Facebook, Instagram, and the schools' websites.

80. CCCS will seek members of the community to join in mentoring programs but does not provide specifics as to what the program would entail.

Provider Management, Operational and Financial Capacities

81. CCCS' proposal will facilitate the purchase of the two current properties and then construct brand new facilities. The schools would be purchased from the District for the greater of \$1,000,000 each or a reasonable appraised value.

82. Losing the two buildings would constitute a loss of District assets and would not make a significant financial impact compared to the overall District debt.

83. CCCS' proposed rate for regular education is \$11,500.

84. CCCS' proposed rate for special education is \$30,500.

85. While these proposed rates are competitive for Delaware County school districts, in the past, CCCS has over-charged the District for their special education rates and did not abide by their legal contractual obligations.

86. The District is currently contractually required to pay, and CCCS is required to accept, rates of \$10,683.29 for regular education and \$27,028.72 for special education for the next two years.

87. CCCS claims that it would save the District a sum of more than \$7.5 million over the next twenty years at the proposed rates. However, that projection does not comport with the current contractual rate in the settlement agreement that CCCS is refusing to pay.

88. Those savings are in comparison to the statutory rates the District would be paying the other two organizations.

89. Despite the validity of a settlement agreement and the Commonwealth Court's subsequent confirmation of the validity of the settlement agreement, CCCS has breached that agreement by purposely overcharging the District in direct violation of the agreement in excess of the agreed-upon rates.

90. CCCS develops their budget based on forecasted revenues from tuitions and grants and does not have taxing authority.

Overall Deficiencies in CCCS's Proposal

91. If the District were to sell its two oldest buildings as CCCS proposes, the District would lose its remaining monetary assets and have nowhere to house the students in the District if they wanted to come back to the public schools. Further, the two buildings have historical significance in the community.

92. The student testimonies provided were outdated.

93. Specifically related to CCCS, during the community meeting, concerns were raised about students being sent from CCCS back to the public schools when "misbehaving."

94. One Task Force member described the public presentation as “disrespectful” and others felt that questions from the public were not adequately answered.

95. CCCS has not provided any data related to performance of their students using their curriculum nor have they provided data or a plan for achieving academic growth for the students they propose to serve in the District.

96. CCCS’ current educational model has not been shown to be demonstratively effective and is not what the goals for District recovery require. The proposal was not bolstered by current improvement methodologies.

97. Importantly, there are no financial savings to the District if the District were to accept CCCS’ proposal.

98. If the District accepted CCCS’ proposal, the District believes that the potential annual impact on operations based on the projected District budget for 2021-2022 would be a \$3,800,000 loss—that is, the District would lose \$3,800,000 in the operating fund balance, money that could be going to the debt payments the District owes.

99. Further, if CUSA and Main Street are chartered, that leaves only one elementary school, Stetser Elementary as the only option for a public elementary school in the District. If Stetser is at capacity, District students would not have any choice other than to go one of CCCS’ charter schools.

Global Leadership Academy Proposal

100. GLA’s proposal includes reconfiguring and operating Toby Farms Intermediate School and Stetser Elementary as two public schools operating under a charter granted by the District and be converted to K-8 schools.

Provider Background, Theory of Change, and Rationale

101. GLA believes in educating the whole child and takes a holistic approach to teaching and learning.

102. GLA has had success with creating two school models in Philadelphia that were once underperforming and mismanaged where culture and climate have shifted dramatically.

103. GLA currently operates a school in southwest Philadelphia called the Huey School which is operated under a management contract arrangement with School District of Philadelphia (Renaissance School model), allowing charter school governance under contractual terms and conditions.

104. However, GLA's commitment to a charter school model did not comport with their desire to not "charterize" the District.

105. Nevertheless, GLA transformed a school in trouble, with some of the lowest academic, climate, and culture measures in the School District of Philadelphia into a successful school.

School Model

106. GLA would change grade configurations to allow the two District schools to revert to their original identities as community schools.

107. The schools would be divided into three separate academies, K-2, 3-5, and 5-8.

108. GLA takes a whole-child approach which includes core elements such as high academic and behavioral expectations, a globally-focused curriculum which integrates the arts and is brought to life through local, national, and international excursions for all students, health and wellness, data-based instruction and intervention, a multi-tiered system of student-centered support responsive to all students' learning needs, an extended day and year-round calendar,

students grouped into grade-band small learning communities within the school, single gender instructional practices, and an open school environment built upon strong family involvement.

109. GLA’s focus on education is more “global” but the District currently has more concerns about getting the neighborhood in order first.

110. GLA’s model also features multi-dimensional wellness initiatives around nutrition, fitness, exercise, mindfulness, healthy digital and social media habits, and making lifestyle choices that minimize risk.

Curriculum and Instruction

111. GLA relies on seven foundational pillars to shape its three-year growth plan which includes culture, climate and safety, student-centered decision-making, culturally relevant exposure, academic rigor, building relationships, sustainable systems, and intentional and consistent reflection. (NT-26).

112. GLA’s proposal includes a comparison to a Southwest Philadelphia school where GLA came in and the school’s overall School Performance Profile scores went from 39.3 in the first year to 55.9 in the second year of the charter term. However, those are the only specific data points provided.

113. GLA uses data to work towards student, classroom, and grade-level academic goals and uses school-based assessment results to gauge academic performance.

114. For ELA, GLA uses American Reading Company’s CCSS-aligned CORE program and ELA alignment is detailed through the PA Core Standards Common Core Pennsylvania Academic Standard Crosswalk.

115. The Math curriculum and instruction is also aligned with both the PA Core/Academic Standards and Danielson’s Framework. Students in grades K-5 use Zearn

(associated with Eureka Math), which is also aligned with PA Core Standards and PA Academic Standards.

116. The CORE curriculum is built around the Common Core State Standards and requires teachers to attend to rigorous, specific shifts necessitated by those standards.

117. Science instruction is built around Science FUSION, in alignment with the Framework for K-12 Science Education, the foundation of the Next Generation Science Standards.

118. To approach struggling students GLA offers interwoven, coherent, and aligned systems for student-centered support for the whole child and uses individualized plans focusing on each student's target needs based on data.

119. The proposal explains that GLA practices school-wide supports for struggling students including small group instruction, targeted, individualized support, differentiation, Kagen Cooperative Learning Strategies, instructional strategies addressing gaps in students' executive functioning, teaching deep rather than wide, varies approaches to mastery, data-based lesson planning and teaching, and regular conferences with teachers.

120. Detailed curriculum and practices of teachers and other educators was provided, but data showing growth from the Southwest Philadelphia school or projected growth in the District was lacking.

121. During the community meeting, presenters downplayed test score value, however test scores are still a priority with the Department of Education.

School Climate and Student Motivation

122. GLA notes that to improve attendance, GLA has developed systems of time-tested strategies that use intensive family outreach, teacher-parent/guardian connections, an attendance review team, goal setting, awards and incentives, and technology.

123. The systems and plans were provided in detail, however, data showing that these systems have been effective was not present in the proposal.

124. During the community meeting, GLA spoke more about singing, dance, and field trips abroad than overall student motivation.

125. Related to special education, GLA provides individualized services through outside partnerships who have expertise in the field including physical therapists, occupational therapists, speech and language therapists, social workers, and others. They work alongside internal staff to meet the needs of identified students.

126. However, GLA works with these outside providers to do evaluations and help draft and evaluate IEPs.

127. GLA did not address students whose needs are such that they need to be in a special education classroom for the majority of their day.

Human Resources and Talent Development

128. GLA proposal states that they attract strong teachers because of the school's culturally affirming professional learning community and that their teacher retention is high due to weekly professional development sessions and support of individualized career paths through instructional coaching and attendance at out-of-school professional workshops and seminars.

Parental and Community Engagement

129. A full-time family life coordinator serves as liaison between families and the school to help sustain a partnership.

130. Forums, town halls, and meetings are held on a regular basis for members of the community to discuss topics such as expansion, facility changes, and other happenings that affect the community.

131. The school provides a lot of opportunity for field trips out into the community locally, nationwide, and worldwide, but gave a vague response during community meeting about funding of trips and about parental responsibility to cover financial cost of travel abroad.

Provider Management, Operational and Financial Capabilities

132. Over the course of five years, the GLA budget projects a surplus of \$1.5 million. A surplus is better than a deficit but it is not a huge cushion given the liabilities of the District.

133. Further, the technology budget is vague for 728 students.

Overall Deficits with GLA's Proposal

134. If the District accepted GLA's proposal, the District's Advisor projects a potential annual dollar loss on operations based on the projected District budget for 2021-2022 of \$6,500,000—that is, the District would lose \$6,500,000 in the operating fund balance, money that could be going to the debt payments the District owes.

135. Further, Dr. Booker from GLA notified the Strategic Advisor that it would like to be considered for 2022 because GLA would not have ample time to prepare for the upcoming school year unless they were selected by June 15.

136. Even if selected by June 15, GLA would only engage one of the two schools, Stetser Elementary, for the 2021 school year and would engage Toby Farms Intermediate School for the 2022 school year.

137. Additionally, GLA wants to convert the Stetser Elementary School which the District does not own.

138. GLA also suggests alternative K-8 school communities which District does not currently have.

Friendship Education Foundation's Proposal

139. FEF seeks to serve as a standalone entity to implement a whole-school model within the District community and convert both Toby Farms Intermediate School and CUSA.

Provider Background, Theory of Change, and Rationale

140. This proposal includes managing a staggered transition of CUSA in the first year and Toby Farms Intermediate School in the second year, managing all aspects of the academics, student support, staffing, financial management, and overall day-to-day oversight of the two schools.

141. FEF's philosophy is that all students can achieve at high levels when provided with a consistent message of achievement from all stakeholders, strong organizational leadership to promote and maintain rigorous instruction, and a research-based curriculum that engages learners.

142. The model is anchored on the belief that no two students have exactly the same skills or learning style.

143. FEF anticipates measurable change immediately, leading to a doubling of the number of students rated "proficient" in math and reading and a 75% reduction in truancy within three to five years.

144. However, the Task Force had concerns that FEF felt that it would take three to five years to reduce truancy by 75%.

School Model

145. FEF's school design creates an individual learning plan for each child based on their universal or special needs. This approach combines direct instruction, small-group work, and one-on-one tutoring in a way that works for the individual student.

146. This model includes an active learning approach using teaching methods and strategies such as discussion, research, community service projects, and role-playing.

147. Their model also provides structures, such as extended days, double blocked language arts and math, and a daily intervention block ensuring that the students' individual needs are met.

148. The FEF proposal states every student will have a learning plan designed with the instructional approach, strategies, pacing, and materials they need to be successful.

149. FEF's proposal notes that its Washington, D.C. charter schools outperform district schools serving the most disadvantaged students by 12-15%.

Curriculum and Instruction

150. FEF proposes to use Expeditionary Learning curriculum for ELA and Eureka for math. IXL will also be used to supplement Eureka in math.

151. Their curriculum and instructional practices emphasize students mastering the ELA and reading standards by implementing an expeditionary learning approach, specifically targeted to the low performing ELA statistics for CUSA and Toby Farms.

152. FEF also proposes to use the Universal Design for Learning for curriculum supports to address skills related to speaking and listening opportunities, vocabulary development opportunities, analytical writing opportunities, reading comprehension opportunities, and content delivery opportunities.

153. Further, all students would have extended learning time in ELA and reading.

154. Teachers would personalize learning for all students' needs by using assessment data to differentiate instruction as well as tasks for students.

155. The proposed curriculum aligns with PA Core academic standards and assessments applicable to public schools in Pennsylvania.

School Climate and Student Motivation

156. Students eat breakfast together at the beginning of the day to enhance positive school experiences and create an opportunity for positive social interactions.

157. The students would also participate in end-of-day checkouts to reflect on their day and set goals for the next day.

158. FEF proposes an adequate system for Child Find, identification, evaluations and the IEP process. However, FEF only proposes to have one special education teacher and will only be able to support students with needs for a special education classroom for kindergarten and first grade until the school grows.

159. As far as services, FEF plans to contract with assessment personnel to conduct evaluations.

Human Resources and Talent Development

160. FEF encourages their teachers to surpass the minimum competencies and strive for excellence and uses the Charlotte Danielson Framework for Teaching as the performance rubric for the teacher evaluation system.

161. The plan is to retain staff in the first year at an operation rate of 85% and invest in developing staff's professional growth.

Parental and Community Engagement

162. FEF proposes to implement Parent University, an initiative designed to inform, involve and empower families.

163. Parent University has never been successful in the City of Chester in the past.

Provider Management, Operational and Financial Capacities

164. The provider seemed concerned with their financial capacity to initiate their program without initial District funds, which is a big potential issue. (NT-14).

Overall Deficiencies with FEF’s Proposal

165. If the District accepted FEF’s proposal, the potential annual impact on operations based on the projected District budget for 2021-2022 would be \$7,800,000—that is, the District would lose \$7,800,000 in the operating fund balance, money that could be going to the debt payments the District owes.

166. While the demographics of the student population seem comparable, FEF’s presentations were solely focused on its success in Little Rock, Arkansas, which seemed anomalous to the District’s unique circumstances.

167. FEF has a competitive advantage in national reach and external philanthropic funding, however the Task Force did not feel that FEF presented a distinguishing difference between the District’s present and its future.

168. FEF spoke of the immediate changes that could happen including the need to double the number of students “proficient” in both reading and math but there was no measurable data to support this assertion.

169. During the community meeting, FEF described that academic intervention is scheduled daily for an hour every day. (NT-5).

170. However, if a student needs more, there is an after-school program where the academics wrap around that deficit. That program is optional though. (NT-5).

171. The overall proposal also does not seem to differentiate from the plans the District is currently implementing and there was no data to back up the academic growth proposed.

II. Overall Deficiencies with the Three Proposals

172. Jack Pund prepared a financial analysis that included a comparison of the projected 2021-2022 budget to each of the proposals submitted by the providers.

173. In that financial analysis, the total revenues for each were compared against the total operating expenses. Then, the total financing expenses were included to achieve a final number of the total operating and financing expenses for the 2021-2022 school year.

174. The total revenues include taxes, state revenues, and federal funding, which is different across each proposal due to the number of students, the building, employees, and certain reimbursements, among other considerations.

175. The total operating expenses include salaries, benefits, payments to the charter schools, maintenance, and supplies, among other considerations.

176. The total financing expenses include the debt the District owes in bond payments and transition loans.

177. The findings resulted in a negative financial impact for the District when each of the proposals was analyzed against the projected budget.

178. The District's projected budget for the 2021-2022 school year is approximately \$136,400,000 in revenues and \$126,800,000 in total operating expenses if the District maintains control of all the District schools.

179. This projected budget is based upon an enrollment of 2,679 students.

180. This calculation would yield a positive \$9,600,000. After paying the financing expenses of \$6,800,000, this would leave a positive fund balance of \$2,800,000.

181. If the District were to accept CCCS' proposal, the District budget would include total revenues of \$133,900,000 and total operating expenses of \$128,100,000, leaving a positive fund balance of \$5,800,000.

182. Yet once the total financing expenses are paid, the end fund balance would be negative \$1,000,000, leaving the District in even more debt.

183. This calculation is based upon an enrollment of 1,856 students in the District and 3,246 students in CCCS schools, including the currently enrolled District students at CCCS.

184. With CCCS' proposal, the District would be \$3,800,000 worse off in total dollars than if the District rejected all of the proposals.

185. If the District were to accept GLA's proposal, the District budget would include total revenues of \$134,100,000 and total operating expenses of \$131,000,000, leaving a positive fund balance of \$3,100,000.

186. Yet once the total financing expenses are paid, the projected ending fund balance would be negative \$3,700,000, again leaving the District in even more debt.

187. This calculation is based upon an enrollment of 1,951 students in the District and 728 students in GLA.

188. With GLA's proposal, the District would be \$6,500,000 worse off in total than if the District rejected all of the proposals.

189. If the District were to accept FEF's proposal, the District budget would include total revenues of \$133,600,000 and total operating expenses of \$131,800,000, leaving a positive fund balance of \$1,800,000.

190. This calculation is based upon an enrollment of 1,812 students in the District and 867 students in FEF.

191. Yet once the total financing expenses are paid, the ending fund balance would be negative \$5,000,000, again leaving the District in even more debt.

192. With FEF's proposal, the District would be \$7,800,000 worse off in total than if the District rejected all of the proposals.

193. Of the three proposals, CCCS would put the District in the least amount of additional debt, however, none of the proposals provide financial savings as required by the Financial Recovery Act.

194. Further, the District currently has three elementary schools, CUSA, Main Street, and Stetser.

195. All three of the proposals include charterizing two of the District's current schools.

196. If two of the District's current elementary schools are charterized, that leaves students with only one option for a District public school.

197. The community has substantial concerns with charterizing the current District schools because of the lack of options that students will have to stay in public school.

198. If that public school is at capacity, the District students will have no option but to attend a charter school when they have a right to a public school education.

199. All three providers provided extensive and detailed information about their curriculum, but none of them presented current data to be compared to the District's academic performance or data on how the academic growth would occur and where specifically it would go in the future.

200. Further, charterizing two schools creates a permanent loss of control of the District. Such an action will forever foreclose the opportunity of getting back local control of the District because it would have no assets and no reasonable opportunity to acquire assets.

201. During the May 6, 2021 community meeting, all three providers were vague about whether they would retain current teachers or what the process would be to evaluate who would be able to remain.

Public School Employee's Retirement Board ("PSERS") Withdrawal Liability

202. The PSERS Board is a Commonwealth agency that stands in a fiduciary relationship to the members of the Pennsylvania Public School Employee Retirement System ("System") regarding the investments and disbursements of moneys of the Pennsylvania Public School Employees' Retirement Fund.

203. When an employer withdraws all or part of its workforce from the System, the unfunded liability is then attributed to the former System members, who are left behind to pay the unfunded liability even though it is rightfully due from the employer who is withdrawing them.

204. Section 8327.1 of the Retirement Code establishes a new and untested formula for calculating the liability of an employer withdrawing employees from the System and directs the PSERS Board to calculate and collect the amount due from the withdrawing employer.

205. Under the Retirement Code, the calculation and payment differs based on whether the employer is ceasing operations entirely or continuing participation in PSERS for some employees, but not all. If the District closes one or more of its schools, this law may have a financial impact on the District during conversion.

206. However, at this time, the withdrawal liability issue is in suspense by virtue of PSERB Resolution 2021-08 for outsourcing scenarios. The resolution directs PSERS staff to “perform an outreach to relevant organizations to elicit input and feedback and to research and prepare a report for the Board assessing the applicability of Section 8327.1 of the Public School Employees’ Retirement Code to outsourcing scenarios prior to applying the provision of Section 8327.1 to such scenarios.”

207. In the interim, PSERB Resolution 2021-08 states that “no action will be taken by PSERS regarding withdrawal liability as it pertains to outsourcing until further policy is approved by the PSERS Board and by legislation.”

208. The Financial Recovery Law requires that such conversions only occur where they result in financial savings to the school district. 24 P.S. 6-642-A(a)(2)(i).

209. In the event that any District schools are converted to charter schools, resulting in the furlough of District employees, the PSERS Board has not calculated the potential withdrawal liability associated with the specific conversions proposed by the proposers. There are substantive legal questions associated with the applicability of this newly enacted statute that is currently not being enforced.

210. Therefore, the District and its Receiver do not know the extent of withdrawal liability, if any, associated with a charter school conversion, cannot predict the true cost of such a conversion, or determine whether the conversion results in overall financial savings to the District.

211. On June 21, 2021, the Pennsylvania State Education Association (“PSEA”), a nonprofit corporation and labor organization, most of whom are employees of public school

districts in the Commonwealth, filed a petition with the Commonwealth Court seeking declaratory relief and a writ of mandamus addressing this exact issue.

212. PSEA is requesting that the Commonwealth Court issue a writ of mandamus requiring the PSERS Board to implement Section 8327.1 of the Code and notify school districts planning to remove employees from PSERS through a charter school conversion, like the proposals here, or subcontracting of the withdrawal liability penalty, and to impose and collect the withdrawal liability penalty when applicable.

213. Under the current suspension, PSEA claims that when it loses members, such as if a charter school conversion occurs, they have a clear right to know whether there are any actual “savings” realized when a distressed district, like the District here, proposes converting schools to charter schools.

214. The Commonwealth Court has not yet addressed the petition at this time.

215. That being said, the issue of withdrawal liability is not a determinative basis for this adjudication. It simply lends additional support for the recommendations below.

III. Receiver’s Recommendation

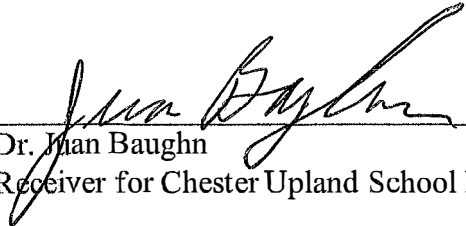
216. In addition to the recommendations made by the Task Force and the Strategic Advisor, the Receiver took into account extensive public testimony that took place on May 6, 2021, as the result of presentations made by the three proposers, and his own analysis of the proposals.

217. The sole goal of the Financial Recovery Law is to allow a District to return to financial stability. Based on all three proposals, none of the proposals would provide any financial savings to the District. Indeed, the receiver believes that the proposals would place the

district in a worse financial condition and would leave the district with no viable assets if the charterization is otherwise unsuccessful from an academic or operational perspective.

218. Therefore, the Receiver does not recommend accepting any of the proposals.

219. The Board does not object to the Receiver's recommendation.



Dr. Juan Baughn
Receiver for Chester Upland School District

Dated: July 9, 2021