

YEAR TWO-THIRD QUARTER REPORT

APRIL-JUNE 2019

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In the year two second quarter report I focused increased attention on the future of the District's long-term efforts to sustain and, where possible, accelerate steps to improve the quality of education for all students in the Hempstead community. I will continue that focus in this report. In light of the fact that this report also coincides with the end of the 2018-19 school year it is an appropriate time to take stock, looking at challenges ahead as well as progress to date.

Overall, the District continues to make very solid progress in every area except governance and the steps in process support further progress in 2019-20. Data on several critical benchmarks for 2018-19--- Grades 3-8 State ELA and Math assessment results and final graduation results after summer school--- will not be available until the end of the summer but the indications are that both continued to show significant progress. I will send you a special report on these results once they are available.

As I have noted in prior reports progress is not the same as success. More needs to be done to achieve success but the progress to date is real and it is substantial.

In addition to governance, the District's financial situation has become a very serious concern. This is not due to poor management but solely to the rapidly rising cost of charter school tuition and transportation reimbursement. It is untenable and will only get more so unless addressed immediately.

CHARTER SCHOOL TUITION AND TRANSPORTATION REIMBURSEMENT

At the beginning of last quarter's report I noted a concern which had risen sharply during that quarter regarding rapidly rising charter school tuition and transportation reimbursement expenses, the impact of those expenses on present and future Hempstead budgets and the ramifications for current and future school improvement efforts. Specifically I noted:

"Before I provide an update on progress on the areas noted in prior reports over the past quarter I must note a very significant new concern which has arisen since my last quarterly report. Over the past 18 months I never mentioned adequacy of funds as a concern. While more money would allow the District to do more, I felt that there were adequate funds to address the District's priorities. As I noted to you in my special report on February 28, 2019, however, adequate funds are now a very significant concern. The primary factor is the cost of charter school tuition reimbursement. A year ago, the cost was \$25.9 million.

This year the total bill is expected to be \$34.3 million. Next year, based on February projections from the charter schools (without adjusting for additional approved expansions), that figure is expected to rise to \$42.9 million. With an increase in State aid for 2019-20 of less than \$2 million the District will be forced to pay for this by making deep cuts in the 2019-20 budget and by dipping into reserves for one shot revenues which cannot be repeated in future years. With projected increases in charter school tuition reimbursement in 2020-21 and subsequent years and with diminished reserves to draw upon, the squeeze on the District will only become greater.

The Hempstead community would be best served by charter and regular public schools that are both adequately funded and competing with each other to improve academic performance for all students. The current situation seems not the fault of the charter schools or the result of mismanagement by the District but the ramification of the formula by which charter schools are funded when carried to an increasingly extreme level.

This situation threatens to seriously undermine the progress in instructional improvement made to date and the capacity of the District to sustain and accelerate instructional improvement efforts long term. I cannot emphasize this danger enough. While I have been pleased to note progress in past reports and while I will note further progress in many areas over the past quarter in the paragraphs below I am very concerned.

I am further concerned by the fact that there seems to be insufficient recognition of the severity of the District's financial situation (current and future) by virtually all parties. I realize that part of this is the normal lag between hearing about a problem and having the reality sink in but it is a concern. Dealing with the ramifications of this new reality would be a challenge for any community. It is a particularly difficult for a District which already had as many significant challenges as Hempstead has."

This issue is a very significant and growing concern. This spring the two largest charter schools—Evergreen and Academy--- were approved for expansion over the next three years by the Board of Regents and SUNY respectively. While an increase in charter school tuition and transportation reimbursement to \$44 million was included in the 2019-20 budget, over the following two fiscal years—2020-21 and 2021-22—the bill for charter school tuition reimbursement and transportation will rise to roughly \$55 million, perhaps higher, depending upon tuition rates and transportation costs. Although these costs will be partially offset by a reduction in the number of students in regular public schools, as was the case this spring, it is only a partial offset. Put bluntly the District is going to have to cut another \$11 million per year out of its annual budget if significant help is not forthcoming.

As I indicated last quarter, I believe that it is in the best interest of all Hempstead families and their children that there be vibrant and effective charter schools and vibrant and effective regular public schools with all competing to do the best job academically for students. Conversely, schools competing for inadequate financial resources will be to the benefit of neither students nor the community. As I also noted last quarter, it seems that the current situation is an outgrowth of the formula by which charter schools are funded carried to an increasingly extreme level. I do not know whether the kind of situation was envisioned or intended but it is now a reality with which the District and community must contend.

Help is needed as soon as possible as budget development for 2020-21 will begin shortly and the Board, the District staff and the community need to know what level of resources will be available. Will the District need to make another round of substantial cuts in order to accommodate the next step of

charter school tuition and transportation reimbursement (which could be on the order of \$4-6 million on top of the \$8-10 million the District absorbed this year) or will those increases be offset by increased aid? Effective, long term financial---*and instructional program*---planning is impossible without some degree of certainty about the resources available, particularly when the amounts involved are in the millions. Hempstead has significantly improved its budget process over the past two years and it goes into the 2019-20 school year with a very squeezed but solid budget. Substantial tax increases in 2020-21 and then again in 2021-22 are out of the question so recognition of the problem and a plan to address it early is imperative. Failure to do so threatens both future progress and progress to date.

GOVERNANCE

STATE LEGISLATION

IN JUNE THE STATE LEGISLATURE APPROVED A MEASURE WHICH WOULD SIGNIFICANTLY IMPACT THE GOVERNANCE OF THE HEMPSTEAD SCHOOLS BY APPOINTING MONITORS WITH SIGNIFICANT POWERS TO OVERSEE THE BOARD OF EDUCATION AND THE DISTRICT. THE LEGISLATION HAS NOT BEEN ACTED UPON BY THE GOVERNOR AS OF THE WRITING OF THIS REPORT.

WHILE THIS LEGISLATION WOULD SIGNIFICANTLY AFFECT ALL OF THE ISSUES OF GOVERNANCE ADDRESSED IN THIS REPORT, THIS REPORT IS NOT WRITTEN WITH THE PRESUMPTION THAT THE LEGISLATION WILL OR WILL NOT BE SIGNED. THE FOLLOWING SECTION ON GOVERNANCE STANDS ON ITS OWN IN LINE WITH PRIOR REPORTS. IN LIGHT OF THE FACT THAT I REPORT TO YOU I HAVE NOT TAKEN A POSITION ON THIS LEGISLATION

Since my initial assessment, I have been concerned about the governance of the District. It was and still is the single most critical issue.

In last quarter's report I noted three continuing concerns:

- *The vast majority of the challenges facing the Board remain the same as in previous reports. I will not reiterate them here. Part of the reason they remain from one quarter to the next is that many are longstanding and very significant. That is understandable. Part is due, however, to the difficulty of the Board and Acting Superintendent coming together and functioning as an effective governance team. Time and time again—most recently, at a weekend March retreat facilitated by NYSSBA---the Board demonstrates that it understands both what needs to be done and how it needs to be done. Time and time again, implementation does not live up to plans. Much progress is being made across many areas as I have noted in this and prior reports. The Board and Acting Superintendent should be acknowledged and applauded for this but sustaining and accelerating this improvement requires more effective leadership.*
- *I remain concerned about the lack of a full experienced and highly expert team of administrators. Positions remain unfilled and the District is still too dependent on retirees who may not be available long term. In*

light of the challenges facing the District, Hempstead needs a solid team with the individual and collective experience and expertise to sustain improvement efforts for the next 5-10 years.

- *As indicated above, there is currently insufficient recognition of the severity of the financial challenges facing the District or the steps which will have to be taken to meet them. Bringing the District and the community through this successfully, particularly if it is in the context of a Board election as divisive as last year's, is a significant challenge and a threat to the academic progress underway*

To the Board's credit I believe that the Board now fully understands the financial challenges facing the District but the process by which they came to this was disjointed and belated. Specifically, for example, while the Board adopted a balanced and solidly grounded budget for 2019-20 to be presented to the community which took into account the drastically increased costs of charter school tuition and transportation reimbursement, discussions about specific areas of the budget such as the positions to be cut in order to offset those increased costs which should have taken place before the adoption of the full budget did not to a large degree take place until after the vote. In fact, there was some confusion on the staff and in the community during and after the vote about whether position cuts in the budget would, in fact, be implemented. This was further exacerbated by a vote of the Board on May 23 not to excess the individuals in the positions cut in the budget approved by the community. This was addressed at a subsequent meeting but the issue could have been addressed if concerns had been discussed and resolved as the final budget was being brought together in March/April.

To the Board's credit, I also believe that the Board now fully understands the threat to future budgets posed by the escalating costs of charter school tuition and transportation reimbursement and as a result has begun to mount a campaign to educate local legislators and others about this.

On the other hand the issues noted in the first two paragraphs remain and they are of real concern because they are significant and longstanding. Of particular concern:

- Key positions remain unfilled or uncertain. With the vacating of the superintendent's position, the Acting Superintendent was appointed as Interim Superintendent. To staff, the community and outside candidates for top positions who possess the requisite experience and expertise, this still leaves a level uncertainty about who will be leading the District long-term and there is no public plan as to what will happen next and when.

The District needs a permanent assistant superintendent for business with strong experience in business and also the areas of facilities, construction and school lunch. The District needs a permanent facilities head with strong experience and expertise in managing facilities in a district as large and challenging as Hempstead. Lastly, the District needs a strong and experienced permanent assistant superintendent for curriculum and instruction with particular strength in ELL (English Language Learner) and special education inclusion as these are areas in which the District is making significant progress but is still has very significant needs.

The Board needs to recognize that its reputation (deserved or not), the history of the past two decades plus recent Board elections are impediments to attracting the quality of candidates needed. These issues can be addressed but to do so will require a conscious, comprehensive strategy making the District's and Board's future direction clear and persuasive. To illustrate the issue, the assistant superintendent for business position has now been vacant for over a year.

On top of that, it is reported that there have been 19 business officials in the past 20 years. Obviously, the history of the past 20 years is not attributable to the current Board members but the history is something they must overcome in order to attract candidates with the experience and expertise the District needs.

The lack of contracts for District level administrators as noted in the next paragraph also adds to the challenge.

- Contracts including individual contracts with district level administrators are still unresolved. Given the District's financial circumstances, resolving these is difficult but failure to resolve leaves staff continuing to face an uncertain future as they have for several years. Board concern on this matter is high but the Board has yet to be fully engaged together on key issues.
- Legal expenses for the 2018-19 school year totaled roughly \$2 million. Much of this is related to decisions made by prior boards but legal expenses have run at a high level for many years. The Board needs to develop and implement a plan to wind these expenses down so that these resources can be devoted to programs and services for students. Part of any plan to wind down legal expenses must be how the Board does its business.
- The District still has an issue to resolve with the lease of additional administrative space at 100 Main. Leaving aside some possible health and safety concerns, the need for additional administrative space at this time or for the foreseeable future is highly questionable. The District needs better instructional space not administrative space. In addition, there is no provision for these rental expenses in the 2019-20 budget so this expense will have to be covered by cuts elsewhere if the lease is not terminated.
- The Board is returning to the prior policy of having an audit, including members of the community. I support that but the Board must ensure that the audit committee functions in line with State law and regulation which was not necessarily the case in prior years and that the Board as a whole continues to meet its responsibilities with regard to audits.
- The sharp increases in charter school enrollments has resulted in a significant financial impact as described in earlier sections. The increases in charter school enrollment are also, at least to some degree, a barometer of parents' level of confidence in the regular public schools. Rapid improvements in the performance of Hempstead students provide data to support a good story. That data plus a clear vision for the direction of the District should be persuasive for many and perhaps most families but it needs to be told in a coherent fashion and actions need to sustain the narrative. There has been talk for over a year about the need for a comprehensive PR and communications strategy. It has yet to come together.
- Disciplinary actions still become entangled with internal Board issues resulting in processes which are often far more time consuming and expensive than they would be in other districts. One matter which would probably take no more than 1-2 weeks to resolve in most districts is likely to take more than a year.
- The District needs to rebuild or enlarge PTAs and other parent engagement opportunities. Those who are engaged are passionate but the level of engagement among parents overall in activities such as PTA is weaker than it should be. The Board needs to issue a "call to arms".

There is no reason why the Board cannot more successfully address these issues and perhaps resolve them but it has not.

The District is continuing to make rapid strides in many areas but it needs discipline, focus and stability to sustain them.

The District also needs a superintendent who can devote a much higher percentage of her time to a) meeting with parents, community members and staff and b) meeting with staff in various areas on a frequent (every 2 weeks) basis now that improvement efforts are under way and on track to ensure that these efforts do not slow down or get off track including:

- Implementation of the IB Primary and Middle Years Programs
- Business Office operations
- The construction of the new Rhodes School
- ELL programs
- Special Education inclusion
- Facilities upgrades including the Energy Performance Contract
- PR and Communications
- Efforts to ensure that each and every student on the secondary level is on track to graduation

Without a full administrative team and without the full support of the Board, having the superintendent provide this level of intense and regular support will be difficult if not impossible.

BUDGET/FINANCE

The District completed a balanced and solid budget. It is not yet as sophisticated as it could or should be but the strides since February 2018 have been extraordinary. This is particularly impressive given the pressure on expenses from increased charter school tuition and transportation costs and a relatively minimal state aid increase for 2019-20. The District needed to make very difficult decisions, painful decisions, regarding staffing. They made them, however, and this needs to be fully recognized.

The District, with the involvement and support of the Board, has also implemented corrective actions to address issues raised by one or more of the audit firms. Some of these issues had been outstanding for years.

In recognition of the strides made by the District, a rating agency upgraded the District's rating. That is a very positive sign. It helped with floating tax anticipation notes (TANs) in July resulting in a much more competitive rate for the District (meaning real dollar savings for the budget) and it should help the District get more competitive rates for financing of the Rhodes construction.

Turnaround times for purchasing and payment improved compared with the recent past. The District has committed to take steps necessary to make both far closer to what would be "normal" in most districts starting with the fiscal year which began on July 1, 2019.

SAFETY/SECURITY

Policies and practices to ensure the safety of students remain strong and effective.

FACILITIES

During the quarter, the old Rhodes School was torn down. This was a huge step given the fact that the building had been closed almost 20 years ago. Construction of the new building should begin relatively soon. Once completed the new school will allow the District to serve elementary students in the area, eliminate the need to transport students in the catchment area to other schools and allow the District to begin to get rid of the portable classrooms it has been using for decades.

The District is on the verge of instituting its first Energy Performance Contract (EPC). Final details were being worked out at the end of the quarter. In light of the high level of deferred facilities work and the fact that the District has done no EPCs prior to this, there are a large number of fairly basic projects that will qualify—several new boilers and a new AC unit for the High School (the existing one was installed 50 years ago). Most of this work is not likely to be done until summer 2020.

The Interim Superintendent, the Business consultant and the head of facilities are going to tour all of the District's buildings to determine what projects can be done quickly and inexpensively to improve the look and feel of buildings to give students, parents and staff a more positive experience. Those which can be done this summer will, others will be done over the next several months.

Buildings and grounds have been maintained on a much improved and much more regular basis. This regular work must contend with old buildings which have more than usual deferred maintenance but the progress is noticeable and noteworthy.

Work on reconstructing the Prospect School which sustained a major fire caused by a lightning strike was completed during the quarter. All material which had been moved to St. Catherine's for the year has been returned to Prospect.

Fire inspections were completed this spring. Please remember that due to problems with the leadership of the facilities department in place a year ago the District did not have active certificates of occupancy for its schools until just before Labor Day. This year's inspections were completed in a timely fashion and with far fewer issues in need of correction.

The facilities department needs a highly qualified permanent head long term.

HIGH SCHOOL INSTRUCTION

Data on the most closely watched metric---graduation including both June and August---will not be available until later next month but the indications are that the graduation percentage will be up sharply for the second consecutive year.

Regents' scores for June showed substantial improvement over prior years. For example, the passing rate for Algebra 1 increased from 21% last June to 45% this June, Geometry was the same year to year at 33%. Algebra 2 increased from 48% to 68%.

Along with the full June and August combined graduation rate I will provide data on the full Regents passing rate including summer school as well as the September to June regular school year.

This year's summer school numbers and August graduation rate could be affected by concern over actions by immigration authorities. It is too soon to know.

The largest single challenge facing the District in terms of moving the needle significantly in both the graduation rate and percent passing on Regents' exams is the performance of ELL students, particularly those who are relatively recent immigrants.

Scores on this year's Advanced Placement (AP) exams are not yet available. However, enrollment continues to increase at a steady pace:

	2014	2015	2016	2017	2018	2019	2020(est)
# of students	120	103	109	142	157	NA	NA
# of exams	187	175	146	201	226	285	325-350

The High School expects to run up to 13 AP courses during 2019-20.

PRE K-8 INSTRUCTION

Grades 3-8 ELA and Math scores will not be available until late August or early September. There is some indication, however, from rough correlations with results on the iReady assessment that scores have improved again for the fourth year in a row.

All of the District's elementary schools and the ABGS Middle School continue to implement the IB Primary and Middle Years Programs respectively. This is slow but steady work which should bring a consistent and cohesive world-class instructional program across all buildings.

After a couple of years of turmoil, the Middle School has stabilized. Several of the elementary buildings are keeping some or all of their Grade 6 students. This will allow the District to reduce the use of portable classrooms at the Middle School, a sore point in the community.

On a pilot basis 17 students at the Middle School took the US History Regents course this year. All passed, the vast majority at the mastery level.

SPECIAL EDUCATION

The Special Education Department continues to implement the corrective action plan and increase the level of inclusion in the District. Hempstead in this as well as other areas is firmly committed to getting itself off all State lists.

ELL

The ELL department continues to implement the corrective action plan.

For the second year in a row roughly 10% of June graduates at the High School achieved the Seal of Bi-Literacy

TECHNOLOGY

For many years, the District has been plagued by student counts which did not match. Through a rigorous effort this spring all enrollment has been regularized, including students who were no longer in the District being dropped in strict accordance with State rules.

In a parallel effort the District working with BOCES reviewed all aspects of its use of SmartSchool and all data on it to bring it into normal practice. This was completed successfully and staff have been trained on proper use to ensure that data is entered and maintained properly going forward.

Given the problems which have occurred the past two years as well as in prior years apparently, this is a very significant step forward.

FOOD SERVICE

A number of issues surfaced during the last audit. These were addressed.

The head of the food service program is attending additional training in July. She has also partnered with some more experienced food service directors in other districts.