

Early Warning System Frequently Asked Questions

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**COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF EDUCATION**

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EARLY WARNING SYSTEM FREQUENTLY ASKED QUESTIONS

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1. What is the Early Warning System (EWS)?

Answer: The Early Warning System is a program created pursuant to Act 141 of 2012. If a school district has been identified by the Early Warning System as in financial watch status, PDE will offer technical assistance to that district to help the district with its financial challenges. The Early Warning System was designed to prevent school districts from experiencing the severity of fiscal problems that might result in a declaration of financial recovery status.

2. How are school districts evaluated under the early warning system (EWS)?

Answer: PDE will consider districts' budgets, other school financial data, and additional information relevant to districts' financial condition (including fiscal measures, socioeconomic data, and Act 47 status of a municipality located within the school district) to identify financially challenged districts that might benefit from technical assistance under the direction of PDE, as authorized by Act 141 of 2012. Districts are to provide financial data and information to PDE within 15 days of a request. Guidelines for the Early Warning System, which details the analysis performed by PDE to identify school districts in financial watch status, can be found under 'Technical Assistance' at http://www.portal.state.pa.us/portal/server.pt/community/school_finance/7307/financial_recovery_for_districts/1219401.

3. Are all Pennsylvania school districts evaluated under the early warning system?

Answer: Yes, PDE staff evaluates data from all school districts. After financial data from all districts is screened, PDE staff identify those that potentially might qualify for financial watch status. After that preliminary review, PDE staff take a closer look at that smaller group of districts.

4. Are there specific financial levels or ratios that are used to identify school districts that qualify for financial watch status?

Answer: There is no single financial ratio, number in a budget, or data point that determines whether a school district qualifies for financial watch status and the accompanying technical assistance (TA). Rather, PDE staff will review a broad variety of documents and data and make a district-by-district decision based on the preponderance of information. In some cases, a district's current or very recent financial condition or some abrupt development might be so troubling as to lead to a decision to offer assistance. In other cases, it may be the multi-year trends of a district that create the concerns about the district's ability to remain economically viable into the future and lead to the offer of assistance.

5. What will happen once a school district is identified as potentially qualifying for financial watch status?

Answer: Once a school district has been identified by PDE as a potential candidate for technical assistance, PDE staff may request additional financial information from the district and will conduct a more thorough evaluation of the district's finances. In addition, PDE staff will have direct conversations with the district's top executives to further explore whether the school district should be identified as in financial watch status.

6. Will a district be notified of its financial watch prior to the designation?

Answer: Yes, the superintendent will be called prior to issuance of the letter notifying the school district.

7. If my school district is in financial watch status, does it mean it is doing something that is wrong?

Answer: Selection for participation in the financial watch status is not a statement about the community, the School Board, the district employees, or the students. It is a statement about the financial condition of the district and it reflects a concern that the district, without assistance and/or a change in financial operations, is at risk for a decline in its ability to serve students as effectively and efficiently as it could. The factors at the core of the district's financial problems could, in fact, be due to the closure of a major employment facility, the non-payment of taxes by one or more large taxpayers, or some other development that is entirely out of the district's control.

8. What is technical assistance (TA)?

Answer: Technical assistance involves PDE employees and consultants provided by PDE: a) working with district staff to evaluate programs, practices, and procedures, b) identifying best practices, c) sharing potentially useful information, and d) serving as liaisons for the district with PDE in a wide variety of ways that are aimed at helping the district to return to a solid financial position. The employees and consultants who provide technical assistance have had extensive experience in the financial operation of schools and/or similar organizations.

9. Does a school district that is identified as qualifying for financial watch status receive additional funding?

Answer: No, the school district will not be eligible for any additional funding in the form of state grants or subsidies because of its designation of financial watch status, but the district will be eligible for free technical assistance from PDE staff and consultants.

10. How many school districts have been identified for technical assistance as a financial watch district?

Answer: Act 141 of 2012 was passed in July 2012. Since then, PDE designed and utilized a data collection form, and the first set of forms has been received from districts. PDE staff are reviewing and evaluating those forms and identifying districts that are experiencing significant financial challenges. As of March 6, 2013, four districts had been identified as qualifying for technical assistance. It is likely that additional districts will be identified as the process of reviewing data collection forms and following up with additional research continues.

11. Is a school district that is identified as qualifying for financial watch status required to accept technical assistance from the PDE?

Answer: No, although the very nature of the early warning system is to identify school districts that could benefit from assistance before their financial condition deteriorates to one that threatens to severely jeopardize the districts' ability to operate as a viable and successful educational organization.

12. Is there any loss of local control in school districts that accept early warning system technical assistance?

Answer: No, there is no loss of local control in school districts that participate in the early warning system and receive technical assistance. PDE staff and consultants are not permitted to do the work of district employees and have no decision-making authority within the district. Technical assistance is intended to provide a district with additional support at no cost to the district without affecting the leadership and management of the organization.

13. Will technical assistance create additional demands on district staff?

Answer: Telephone calls and personal visits by consultants can be scheduled for days and times that best suit a district's workflow and staffing availability. By its very nature, technical assistance is likely to involve re-evaluating district practices and procedures and making changes to them, when it is deemed appropriate. By the same token, technical assistance may lead to the improvement of some practices and procedures which, in turn, generate operational efficiencies, cost reductions, or revenue enhancements. School districts are required to provide financial data and information to PDE within 15 days of a request.

14. Once a school district accepts technical assistance as a financial watch district, can the district elect to stop receiving such assistance?

Answer: A school district that has agreed to participate in the early warning system and receive technical assistance is always free to decline further assistance if district officials do not believe the program is beneficial.

15. How frequently will technical assistance consultants be physically present in a school district while it is under financial watch status?

Answer: There is virtually no way to predict how frequently or over what period of time PDE consultants will visit a district that is participating in the early warning system. Each situation will be handled individually in a manner to best utilize PDE resources and the time of district staff while seeking maximum benefit of the technical assistance. Consequently, it is expected that much of the communication between district staff and PDE will be via telephone or email.

16. What will the technical assistance consultants do when they visit a financial watch district and what authority will they have?

Answer: Technical assistance consultants will utilize phone and email contact to minimize the number of physical visits and any related incidental interruption in a district's operations and to attempt to maximize the efficiency of their services. All visits will be pre-scheduled with district staff. Generally, the TA consultants will meet with district staff, try to quickly develop a sense of what issues or concerns warrant immediate attention versus those that are important but may be not as urgent; request copies of reports and other records; and use the information that is garnered from the documents and discussions to develop a plan to assist the district. The consultants may utilize PDE staff and other contacts to identify best practices and obtain further resources to assist the district. Since technical assistance is voluntary and is based on a cooperative and collegial relationship between the district and PDE, TA consultants have no authority to demand action on the part of the district or to actually perform work for the district. The consultants will share their findings and recommendations with PDE, but the consultants are not permitted to make commitments on behalf of PDE, make exceptions to PDE policies and regulations, or otherwise obligate PDE. Likewise, they are not permitted to make commitments on behalf of a district or interfere with the normal operations and management of the district.

17. Does accepting technical assistance mean that the school district's financial and/or instructional operations will be closely monitored and scrutinized?

Answer: In order to provide the most effective and helpful service as possible, the district's operations will be analyzed closely with the sole objective of assisting the district. The primary focus of technical assistance under Act 141 will be of a financial nature. Because a district's finances are inextricably linked with its ability to remain a viable educational institution, offer appropriate instruction, and produce successful graduates, non-financial aspects of each district may also be reviewed.

18. How is a school district removed from financial watch status?

Answer: Once PDE determines that a district's finances have improved and a viable plan is in place to ensure further improvement and financial stability, PDE will advise the school district of its determination and remove the district from the early warning system.

19. How do I obtain additional information about the early warning system?

Answer: For additional information about the early warning system, please refer to the PDE website at www.education.state.pa.us. Select the "Policies and Procedures" tab from the left-hand margin and proceed by clicking on "Financial Recovery for Districts" under the heading "Related Areas."

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