



MARITIME ACADEMY CHARTER HIGH SCHOOL

Five Year Strategic Plan 2017 – 2021



MARITIME ACADEMY CHARTER HIGH SCHOOL
2017 – 2021 BUDGET AND BUSINESS PLAN

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1. EXECUTIVE SUMMARY

Maritime Academy Charter High School (MACHS) continues to operate in an uncertain contentious environment with the School District of Philadelphia (SDP). Although the student cadets served by the school have better performance metrics than local competition, MACHS, and the charter school system in general, is under constant assault by vested interests who want to return to the pre-charter school days. Those vested interests, along with strains on the public purse which ultimately fund charter and public schools, provide an atmosphere that does not allow MACHS to rest on its laurels, and must continually improve academic achievement, while at the same time operating in a fiscally responsible manner.

Prudence is a watchword for MACHS. Over the past several years, the SDP has recalculated their PDE 363 Funding for Charter School (Tuition Calculation Form) requiring charter schools to pay back a portion of their tuition income. This amount has been as high as \$300,000. This issue surfaces each year in or around April 1 each year.

The state provides approximately 42% of MACHS' funding. Dr. Hite, Superintendent of the Philadelphia School District (SDP), has issued a letter requesting schools to voluntarily "conserve cash assets" during the 2015 – 2016 school year. For example, during the 2014 – 2015 school year, the SDP cut funding by \$101,000 on March 15, 2015. Additional cuts were realized at the federal level by \$21,000. During the 2016-2017 school year, the state recalculated school subsidies for Philadelphia and MACHS lost over \$350,000 and over \$30,000 in federal subsidies. There is legislation in Harrisburg to recalculate the Special Education funding formula which can reduce MACHS income by as much as one million dollars.

Despite this budgeting/cash flow uncertainty, all charter schools are expected to achieve unprecedented levels of academic achievement without the resources commensurating with the funding needed to accomplish this objective. Funding for each upcoming school year remains an unknown. The per student allocation funding amount is provided around May 1 of each year and has often changed throughout June and July. Schools are required to submit a budget to the school district and state by June 30 of each year.

In order to grow MACHS and retain the best instructors, an ambitious plan has been enacted to increase MACHS student body by 200 pupils. One option is to place these K - 2 grade students in refurbished buildings 11, 41 and/or 42. A significant change has recently occurred with the resignation of two School Reform Commissioners and may significantly change the charter school dynamics in a positive way. During the 2016 – 2017 school year, MACHS formally requested 200 additional students for grades K, 1 and 2 to the SDP and was denied based on high school academic scores. Our PSSA and Keystone scores are below state averages but significantly above the SDP neighboring schools. There are no state or PSSA testing rubrics for grades K, 1 and 2. The mayor is proposing a new initiative called "community schools". Such a school would incorporate comprehensive care to include limited medical and social services. The city would fund certain positions such as a social service position and coordinator for the additional services. As a community school, MACHS may be better positioned to be approved for additional students. The school dropped its



appeal process to the state based on our inability to present testimony to successfully dispute the SRC decision.

From an academic point of view, academic performance rubrics are in flux. The new presidential education team has discussed eliminating Common Core standards. Both the state and the SDP are vacillating on measuring the success of Common Core implementation via PSSA and Keystone testing, or some derivation thereof. As part of this benchmarking process, MACHS has been placed in a peer group of public and charter schools by the SDP (Appendix A). Ultimately any measurement metric that is chosen could show MACHS in a positive or negative light depending on peer group performance. Again, in order to bring a level of certainty to the situation, MACHS has incorporated an Academic Improvement Officer for the 2015 – 2016 school year to raise the academic standards in the high school. 2015 – 2016 test scores are reflected in Appendix G. These are the 2015-2016 SPR scores from the School District of Philadelphia showing our neighboring and competing schools.

Concurrent with the economic uncertainty in which we find ourselves, we need to follow our overarching five-pronged strategy, namely:

- Maintain current student/business levels
- Increase student headcount cap through a charter amendment/modification in order to facilitate use of available real estate
- Increase MACHS academic performance levels
- Eliminate ineffective expenses where possible
- With all of this uncertainty, in order for MACHS to be able to successfully navigate the turbulent waters ahead, the school must:
 - Access appropriate capital at market rates, for capex investments,
 - Fast decision making that supports our business strategy,
 - Board of Director support for addressing identified key risk areas

In 2022, the lease for buildings 41 and 42 expire. A feasibility student should commence in the 2018 school year to determine the cost of construction for a new state of the art school for MACHS.

2. VISION AND MISSION

VISION:

In cooperation with the maritime industry and educational partners, Maritime Academy Charter School endeavors to enable each cadet to become capable and respectful members of



society, ready for post-secondary education or gainful employment in either the private or public sector upon graduation.

MISSION:

- Maritime Academy Charter School strives to instill in each cadet an appreciation of our nation's maritime heritage via hands-on access to the global transportation industry, particularly as it relates to the Ports of the Delaware River and Bay.
- Maritime Academy Charter School expects all K-12 cadets to master their respective standards-based curricula for graduation, post-secondary education and career opportunities.
- Maritime Academy Charter School provides a nurturing school environment that develops a strong sense of community, individual self-confidence and the recognition of the strength of differences across people and all cultures.

3. HISTORY OF MARITIME ACADEMY

Maritime Academy opened its doors in September of 2003, upon resolution approval at a July School Reform Commission (SRC) meeting. Prior to the SRC's July decision, the CEO and COO were advised not to advertise for student enrollment by the Charter School Office for students until SRC approval was authorized. With the July approval for a September start, the administration struggled to find 300 students in less than 40 days to fill the ranks of grades 5 - 8 as well as to secure a site for the school.

The school's original site was the Lincoln University Urban Center (LUUC) located at 3020 Market Street. MACHS had access to the facility from Monday - Friday between 7:00 AM and 5:00 PM. Lincoln University held graduate classes from 5:00 PM to 10:00 PM and weekends. LUUC classrooms did not have windows and the facility did not present MACHS with the best academic environment for learning; however, it was the only available and affordable facility at the time.

In 2006, Lincoln University began a multi-million dollar building renovation and could not renew the MACHS lease. The Board and administration tirelessly searched the entire city to acquire a facility within the city limits. Dr. Ann Waiters worked with Mr. Mark Hankin (owner of the Arsenal Business Center) to renovate and lease four buildings and subsequently to purchase 3 buildings (11, 106 and 107). A 15-year lease was signed for buildings 41 and 42 at a market premium. Two hundred fifty high school students were eventually housed in a 16,000 square foot building (building 42). Building 41 and 42 were insufficient to address the needs of a legitimate high school building. As of December 2015, buildings 41 and 42 remain vacant and MACHS continues to bear the lease payments.

The Steven Douglas Building was leased to Maritime Academy in 2012, and ultimately purchased by MACHS in 2013 for \$2.1 M. The school has been an unprecedented success for the educational advancement and high school programming for the students at Maritime Academy. The Douglas School provides MACHS cadets with 55,000 square feet of space as



opposed to 16,000 sq. ft. for Arsenal building 42. The new high school has a gym, auditorium, and larger, more spacious classrooms.

MACHS currently has 824 students enrolled for the 2016 – 2017 school year. Any student over the 820 enrolment cap will not be compensated for by the SDP. Although the SDP will only reimburse MACHS for 820, the federal funding will be allocated for every child enrolled at the school, meaning MACHS will be paid for all 832 students at the federal level.

On October 8, 2015, Maritime was complimented by the SDP on their innovative education of students. The Board Chairman and CEO met with the Executive Director of the SDP requesting an increase in student enrolment of 200.

The current success of MACHS lies with the dedicated staff and commitment to student achievement despite the lower salaries of MACHS teachers compared to the SDP salaries of comparable teachers. Turnover rates have been as high as 30%. However, many teachers have requested to return to MACHS after their formal resignation. Several have been permitted to return.

The Maritime Academy Board of Governance currently consists of 17 Trustees including a professional cadre of ship captains, engineers, attorneys, corporate executives, law enforcement, and respected community leaders throughout the Philadelphia region. The Board also includes school parent representation.

4. POINT OF DEPARTURE – FALL OF 2017

A. Organization

- Significant effort has been expended in building a robust organization, both in terms of design, capacity and competence, while maintaining a tight control on overhead
- Key items that are still in process of being addressed:
 - Compensation and Benefits are not in line with the market for teachers
 - Current turnover is approximately 17% for teachers but has been as high as 30%
 - Standardizing the maritime curriculum for grades 9 - 12
 - Marinating the curriculum for grades 2 - 8 with maritime themes and activities
 - Guidance counsellor needs are increasing. Current guidance focus is on high school issues (i.e. college/career choice), but trend is for



more guidance needs at elementary and middle school levels for mental health/developmental issues

- The Special Education population has grown from 11% to 13.5% requiring much more resources for the additional 20 plus students
- Ability to grow the organization via a strong talent pipeline
- Competency levels of all associates, with particular emphasis on new hires (our current average seniority is approximately 5.5 years)
- New for the 2016-2017 school year is a mentoring program for new teachers
- With the resignation of Marjorie Neff and 2 additional SRC members, new appointments by the Mayor and Governor may present the opportunity to reapply for a charter expansion with a positive outcome for MACHS

B. Market Share:

- MACHS operates in the elementary, middle and high school segments. These numbers were provided by the charter school office and are considered accurate as of February 2017.
- Elementary: (K - 5)
 1. Philadelphia public school population: 3,492
 2. MACHS cadets: 239 (6.8% share)
- Middle School: (6 -8)
 1. Philadelphia (public school population): 2,102
 2. MACHS cadets: 297 (14.1% share)
- High School: (9 - 12)
 1. Philadelphia public school population: 10,177
 2. MACHS cadets: 294 (2.9% share)
 3. Latest statistics show one in three students attend a charter school in Philadelphia.

C. Market Positioning:

MACHS operates in the K-12 school segments. This operational model requires different expertise/focus at the elementary, middle and high school segments, respectively. Within each segment, MACHS is striving to be:

- Elementary (Grades 2-5): top thirty percentile in academic achievement within the schools in Philadelphia



- Middle School: top thirty percentile of the market, achievement wise
- High School: achieve top 20 percentile in academic achievement and provide unique post-secondary opportunities unlike any other Philadelphia public high school

D. Competition:

- MACHS market share is broken into three key segments:
- Low end public school- typified by a union dominated administration with little accountability for student success
- Mid-market- Offering students a better alternative to low end public school options.
- High end- focus is on prep for higher education (i.e. prep school) or specialty focus (i.e. arts, etc.)

5. **BUSINESS PLANS- SHORT TERM STRATEGY**

Immediate Strategic Issues:

- Eliminate the financial drain of buildings 41 and 42
 - Approached the landlord to reduce building costs. Application was denied.
 - Shifted gears to increase student enrollment caps to increase student headcount to expand K-2 grade levels.
 - Additional ~200 students to be housed in a refurbished 41 and 42.
 - Potential sublease of 41 & 42 to a new charter school
 - Contingency plan in place if headcount expansion is not successful
 - Building 42 is currently listed for sale by the Binswanger company
- Use the sustainable financial upside of the building utilization to facilitate market level C&B for teachers. Paying teachers at market rates should reduce teacher turnover, and promote incentive based performance rewards.
- Reducing expenses by:
 - Continue to reduce expenses by outsourcing services where possible
 - Initiated a 403(b) to replace PSERS. This will reduce pension contributions by MACHS from 30.3% to 7.5%
Elimination of student amenities such as bus shuttle services (\$85,000/expense)
 - Temporarily eliminating tuition reimbursement with a policy change in 2017-2018 school year
 - Temporarily eliminating perfect attendance bonuses to be reviewed in the 17-18 school year
 - Staging in the replacement of aging text books



- Eliminating unnecessary teaching assistants
- Keeping outside expenses from increasing i.e. health insurance
- Debt refinancing when appropriate
- Sale of building 11

Short term trust areas:

Product/Service Delivered:

- School test scores need to improve. Academic performance exceeding the SDP should be the benchmark for charter renewal in 2017 – 2018. Move to exploit opportunity provided in current charter namely K - 2. Parents routinely ask for this segment to be served. Expansion into this segment will require approval from SDP for the additional ~200 headcount and making buildings 41 and 42 tenable. The SDP will need to approve a charter modification for MACHS.

Corporate Design:

- MACHS management to determine the most suitable method to expand student headcount, either through waiver/expansion of current charter, a new charter (i.e. MACHS 2.0), or some other mode deemed appropriate by the Board of Directors
- Inception of an Education and Scholarship Committee to monitor and edit curriculum

Customer (i.e. the student):

- Specific inroads to be made in student retention between middle and high schools (MACHS currently loses approximately 40%-60% of high performing students in the transition).
- Best practices from the elementary/middle school need to be replicated at the high school.
- Creating a dual credit program at the Community College of Philadelphia

Organization:

- Address the C & B gap that exists between current C & B and market
- Address the high turnover trend if we are to sustain our growth ambitions
- Augment counselor skills sets for mental/health issues over and above today.
- Providing bonus incentives for exceptional teaching and academic achievement

6. BUSINESS PLANS- SCHOOL YEARS COMMENCING 2016 – 2020

A. Maintaining the High school

- High school has 288 cadets enrolled in grades 9 - 12 in the 2016 – 2017 school year.
- High school enrollment is at the highest level to date.
- Promote and create a more comprehensive high school curriculum to include CTE.
- Facilitate greater use of the 21st Century Community Center program.
- Reapply for additional federal grants including a new 21st century cohort



- Insure faculty and staff are fully reporting all incidents, academic and attendance issues to better facilitate more effective programming at MACHS.
- Provide continued innovative educational endeavors through a maritime theme
- Engage/utilize sub-agents and sub-contractors where possible to maintain maximum benefit with minimal cost to the school.
- Continue a good working relationship with the SDP.
- Continue advertising through newspaper articles and journal publications about the activities of MACHS

B) Maintain/Expand the Elementary/Middle School

- Continue with the academic achievement in the middle school
- Current enrolment is 554 serving grades 2 - 12
- Secure approval of ~200 additional students to offset cost of buildings 41 and 42
- Focus on minimizing / reducing building costs through sale or occupancy of 11, 41 and 42.

C) Business Plan: (Bldg. 42 costs to bring to code - \$530,000)

	2017 -2018	2018 - 2019	2019 -2020	2020 - 2021	2021 - 2022
MACHS OVERALL	Charter Renewal Prep	Discussion on new school Building for 2022	Charter Renewal granted Committee for feasibility of new school building	Fit out for new school building	
	Textbook replacement and new curriculum(common core)	Textbook replacement	Textbook replacement	Textbook replacement	Textbook replacement
Elementary / Middle School	Divest Bldg. 11	New window replacement for 107 (3 rd floor) Overhaul elevator 107 approx. 150K	Window replacement (Deck 2)	New windows for 107 Deck 1	New roof on 107
High School	Replace boilers #1 (completed) Caulking and sealing windows and air conditioners. Boiler #2 replacement	Replace Boiler #2 (summer of 2017)	Elevator installation		
		Coat Roof			

D) Opportunities

- Opportunities identified are listed as per importance:
 - Strong demand from parents for K-2 classes as indicated by parent advisory council.
 - Unused real estate to house additional students
 - Higher than peer group results provide a springboard to upgrade school perception and acceptance by parents. Also provides an avenue to exploit for charter headcount cap increase.
 - Allow students to acquire college credits throughout a cadet’s high school education
 - Replaced mobile netbook lab with chromebooks

E) External Factors affecting our strategy

- Macro-trends:



- Demographics of northeast Philadelphia are not getting younger. This could reduce pool of available students over the long term. Risk level: low
- Funding mechanism/support for charter schools are under threat from democrat legislators who are backed by unions. Risk level: high
- Cash flow/ability to receive funding is under threat as it comes through the Philly public school system. Risk level: high
- Government intervention/subsidies to boost employment for failing enterprises making an uneven playing field. Risk level: low
- Hindrance of business plans by internal parties. Risk level: low
- Threat of unionization. Risk level: medium
- PSERS Reimbursement: PSERS is now 30.3% of each salary and will rise to almost 33%. Risk level: medium Change to 403(b) reduces our contribution rate to 7.5%

F) Competition of the Future

- The current competition is expected to continue to be our competition of the future.
- Some charter schools are operating at a deficit. Their long term solvency is in question and may provide an area for expansion.
- SDP Public schools, by contrast, remain a threat because they perceive charter schools as a threat. In this light, they are putting forward a concerted effort to thwart charter school expansion, and in some extremes, existence.
- At least two charter schools are scheduled to close at the end of the 2017 school year. The closure is based on poor academic performance and fiscal mismanagement. Discipline within these schools would be classified as poor. As additional schools receive a provisional approval, opportunities exist to accept serious student learners.

G) Identity Development within our Organization

- We need to define our purpose/goal to our organization in order to internally brand our team. This will be a key element in maintaining both teacher and student retention. MACHS will create a 5 minute promotional video to better expose and promote the quality of our school programs.
- Employ teachers that are able to move the academic bar upward. Replace teachers unable to move scores upward.

H) Boundaries: What Business will we **not** enter into?

- MACHS will not enter the pre-K sector.
- MACHS will not enter the post-secondary sector.



I) Outsourcing/Insourcing Review for Support Functions

- Currently Outsourced: School Psychologist. No intention to in-source at this time.
- Currently Outsourced: Finance and Accounting is outsourced to Foundations Inc. No intention to in-source at this time.
- Currently Outsourced: Human Resources is outsourced to Foundations Inc. No intention to in-source at this time.
- Currently Outsourced: Building Maintenance is outsourced to former SDP Chief of Facilities. No intention to in-source at this time
- Currently Outsourced: Nurse services. No intention to in-source at this time
- Currently Insourced: Guidance Counselor services. No intention to out-source at this time.
 - At this time, we do not believe we should be outsourcing any additional tasks.
 - Annual reviews on cost effective set ups will be done to ensure this premise still holds true. Should it not, then we will reevaluate.

7. ORGANIZATIONAL DEVELOPMENT

Organization Strategy:

- Develop and implement an HR business strategy in order to sustain organic growth of existing schools and support growth ambitions for new grades.
- Develop recruitment competencies for teachers. Recruitment channels need to be strengthened to facilitate expansion ambitions.
- Complete and subsequently implement C&B review for current MACHS staff.
- Training matrixes and matriculation guidelines to be established for newly joined associates of all levels. Dual coverage of tasks is required for vacation planning and overall risk management.
- Talent Development pipeline for proven staff and faculty.
- MACHS has developed an Education and Scholarship Committee
- The education committee proposed the hiring of two maritime teachers, a reading specialist and a math coach for the 2017-2018 school year. Based upon the recalculation of the PDE 363 document, the school will finish the year with significantly less funds than expected and these additional hires must be presented to the board for reconsideration.

Organizational KPI's supporting the strategy:

- Comprehensive C&B study needs to be revised on a biannual basis and subsequently implemented.
- Develop recruitment competencies for specialist teachers/support staff as warranted.



- Reward/recognize key talent to a greater degree than today

Organization Chart:

- The organization chart is attached in Appendix D.

8. MACHS SUPPORT SERVICES

- Both school facilities have a full time counsellor
- Both schools have an on-site nurse (5 hours / day)
- Two former interns are now per diem employees at \$125/day
- Human Resources has been contracted to Foundations, Inc. for cost effectiveness
- Building Maintenance is contracted to the former SDP Chief of Facilities
- Creation of an Alumni Association (2018)
- Inception of a mentoring Program for students entering maritime careers or post-secondary programs
- Employ additional tutors to work in small groups with classroom teachers.
- Reaching out to Temple and Drexel to hire undergraduate and graduate students to work with teachers to prepare students for PSSA and Keystone testing

9. LIMITATIONS/CHARTER CONVENANTS

- MACHS must abide by the terms and conditions of the five year charter.
- MACHS must adhere to all conditions of charter school law
- MACHS must adhere to federal mandated and guidelines.
- MACHS cannot engage in activities outside the charter policies, i.e., alcohol use at any function at the school location.
- MACHS cannot be selective in their acceptance policy
- Web site changes were dictated by the SDP in charter renewal
- Applications needed to be modified during the renewal process
- MACHS cannot request academic transcripts as a condition of approval
- State test scores cannot be a condition of acceptance
- MACHS high school cannot be sold for five years (2019)
- Leases on buildings 41 and 42 expire in 2022
- School management is a constantly changing environment and these changes occur on a weekly and /or monthly basis.

10. KEY PERFORMANCE INDICATORS (KPIs)

The following Key Performance Indicators for MACHS' 2016 – 17 budget:

- Increase retention of 8th grade to high school students from current 50% to 75%
- Add ~200 additional students to MACHS filling out the K - 2 grade sections.



- Refurbish buildings 41 and 42 as appropriate in order to house the additional students
- Standardized test score improvement (scores reflect school-wide performance)
 - Elementary: increase by 10%
 - Middle School: increase by 10%
 - High School: increase by 25%
- Creation of an alumni program
- Complete a C&B study for the market, and implement improvements as warranted.

11. **MAGNITUDE OF INVESTMENTS**

Investments which are a consequence to new projects will be included in project proposals. Preliminary cost estimates for new projects and maintenance CAPEX are included in Appendix E MACHS Project Register/Order of Magnitude list. All capital improvement plans must be implemented at the end of each school year. MACHS will not know the ending fund balance until the end of each school year.

12. **APPENDICES**

- Appendix A: Charter/Public School Peer Group Assignments for Benchmarking Purposes (Assigned by Philadelphia School District)
- Appendix B: Competition Analysis
- Appendix C: MACHS SWOT Analysis
- Appendix D: Organization Chart
- Appendix E: Project Register/Order of Magnitude
- Appendix F: Revenue/Expenses/Expenditures
- Appendix G: SPR Comparison Scores

