Committee to Determine Operating Costs and Financial Efficiency
Minutes August 30, 2010 by Ruben Flores

Chuck Warner, Chair
Nancy Hays
Chris Jones
Erica Dvorske
Ruben Flores

MEETING CONVENED AT 7:00 pm

MINUTES: Discussion raised by the committee on August 30, 2010:

1.
Chuck Warner asked if the Finances subcommittee felt the need to remove from our docket any particuloar items we have discussed so far but that might be better served by another of the task force subcommittees.

Erika commented that she does not believe that we are overlapping with other subcommittees, although other subcommittees may have discussed the question of how to define "efficiency."

Nancy believed that we do overlap with other committees on questions of quality versus cost, although arriving at precise numerical numbers for measuring the range of potential outcomes is difficlut.

The subcommittee took no action in reponse to Warner's question and did not transfer any discussion items to other subcommittees.

2.
At the August 16, 2010 task force meeting the subcommittee agreed that our immediate priority is the need for a budget tutorial at the August 30, 2010 task force meeting on how District 497 determines its annual operating costs. The points of focus were identified to be:

Actual operating expenses by district and school
Sources of funding by federal/state/local level
Formulas for determining costs associated with high risk, high-need, and ELL students.

Accordingly, the remained of our 1.5 hour session was devoted to a presentation of district elementary school finances by USD 497 finance director Frank harwood. The conversation began with Chuch Warner's open statement to Harwood to describe the overall financial picture of the elementary schools, by school and grade level.

Erika commented that the subcommittee was in need of a more descriptive summary of district costs than that which had been summarized by a chart that had been published in the Lawrence Journal Wolrd earlier in the summer. Erika comment was not critical, simply that the subcommittee was in need of a deeper level of complexity than that which is possible in the newspaper.

3.
Frank Harwood's presentation ensued:

My spreadsheet covers costs by elementary school and by type of expenditure, with per school expenses charted first and per pupil expenses charted second. USD 497 lists operating expenses in the first section and per pupil in the second in order to allow comparisons across schools by programs. For example, schools with ELL programs can be compared against one another since ELL program expenses are detailed separately from operating expenses.

Question: Erika asked whether it is hard to provide a financial assessment across schools when some schools have all-day kndergarten while others do not? Harwood's response: in cases like these, expenses are charted on a per pupil basis because of their presence in a program rather than by the level of usage of the program.

Harwood turned next to an explanation of the yellow, green, and blue categories on the financial spreadsheet that he provided to the committee by email on September 2. Yellow denotes savings that would accrue because of closures, blue denotes savings due to closure but subject to adjustment depending on the intensity of building use, and green denotes expenses that travel with students even as students are transferred across schools.

Committee asked whether a district goal exists for the ideal teacher/student ratio and dollars spent/student ratio? Harwood replied that USD 497 does not have an optimal range for these rations, although a "target goal" is 24/1. Higher grades can support a higher student/teacher ratio, Harwood continued, because the larger premium on reading and mathematics instruction in the lower grades translates into more teacher contact with students. Older pupils exhibit more independnece and can support a higher student/teacher ratio.

Ruben asked whether the number of state dollars allocated to USD 497 for Title 1 funds would be reduced if a particular elementary school were to be closed. For example, would special education funds be reduced if Hillcrest of Sunflower were to closed? Harwood replied that no reduction would take place.

If two schools were closed and replaced by a third, new school, would there be a change in funding? Harwood responded that funding levels for the new school would depend on the program mix within the new school.

Erika question: does anyone in professional educational circles talk about what constitutes an adequate funding level across the state? Is there a benchmark that we use to organize our work? Harwood replied that the range of what is considered adequate is very wide and the idea of what is adequate depends by whom is consulted.

Harwood then reviewe some of the major components of the USD 497 fiscal budget. They include the General Fund, Special Education, Contingency, and Capital Outlays.

Question by the subcommittee: Is there any "magical number" spent any one category of expenditures that correlated to good economic performace?

Question by the subcommittee: Does cost efficiency necessarily translate into better service delivery?

To both of these questions, Harwood suggested that investments in teacher resources are probably the best measures of increased student performance. That is, student and school performance increases most when districts invest in the quality and number of teachers.

Question from Erika: What precisely are we driving at when we speak of "efficiency?" For example, what did it cost to build Langston Hughes Elementary? It seems like efficiency must be more than a function of current expenses, no? In addition, she asks if it is more expensive to run a large building or a small building, for example, one with 58,000 in utliity costs versus one with 37,000 in utility costs per year. Harwood responds that the question of efficiency is a moving one, depending on what you want to measure. But older buildings spend more on capital expenses while newer ones spend more on building costs.

4.
The subcommittee then joined the task force in full for a discussion by Mike Neal of the agenda for the next meeting (to be held 20 Septmebr 2010). Included then will be a report to the full task force by each subcommittee that will include an order of prioriteized questions for consideration by the task force. We should also decide as a task force who and how to best report our information to the larger group. Last, we shoudld determine a timeline by which we wish to have answers to our various question.

Erika commented: we should attmept to look hilistically at all costs associated with educating all district elemntary children, by sources of revenue, in order to determine a benchmark threshold from which to start thinking about possible scenarios

The subcommittee as a whole added the following comments: we should consider class size, school size, facility factorrs, capacity of each school, transportion costs, and walking routes as part of any consdieration of "best practices." Only be considering these other factors can we hope to prioritze our lists.

Jessica Beeson comments that the task force is in need of an umbrella theme aound which each subcommittee can focus its efforts.

The Facilities subcommittee reported that two primary considerations thus far have been the question of how to compare newer schools versus older schools, and the question of whetherr to use a medium-sized school as the ebenchmark for determinng the optimal class size for the district

Mike Neal reports that the Septmebr 20 metting will include 10-minuted presentations by wach group

A comment from the task force: can we compare USD 497's instructional plan for the elemtnary schools to a best practices model, including one that considers financial constraints?

5.
The subcommittees then resumed their individual delibrations.

Nancy Hays asked: when did the 3-section school become a norm for considering optimal school size? Much of the discussion of the 3-section school took place, as she reclaled, during the failed 2002 bond measure. The reponse by Rick Doll was that the 3-section school best matches the services that any one single couselor or coach can provide to a school. With higher sections, more personnel are required but the services of additioanl staff are not used to capacity. With smalleer sectons, agsin, the services of the staff are not used to capacity. Fank harwood adds that it is the "1.5" schools that are not easy to accept fianncially. At that service need – that is, a school populaiton that requires one and a half FTEs – the district is forced to hire two people.

If 6^{th} graders are movedd to the middle schools, then it is common to use a 21-section school as a good measure of how to achieve maximum efficeincy in the use of staff resoruces.

Rick Doll added at this point in response to a subcommittee question on the district's rtransfer policy that USD 497 is becoming much more restrictive in allowing transfers among schools. "They cause ratios that are financially unsupportable," he adds. Class sizes get too big and we are forced to add personnel.

A special needs teacher is considered at full utilization at a ration of 21-24/1. At 25/1, special ed teachers then must redistribute their loads to help one another.

Chuck Warner asks Harwood and Doll about city birth rates: "at this point, is this something that we need to build into our poejctions?" Harwood says no.

The final comment of the night concerned a question about portables at elementary schools. Frank Harwood responded that currently, 6 elemntary schools use portable classroom facilities. The problem of insufficient buidloing space is compunded by the fact that portables are not easy to sell or donate.

MEETING ADJOURNED 8:30 pm