

MINUTES
VSWEA BOARD OF DIRECTORS SPECIAL MEETING
WEDNESDAY JANUARY 22ND, 2020
HIGH SCHOOL ENGLISH ROOM, DESERT MARIGOLD SCHOOL
6210 S 28th Street, Phoenix, Arizona

MEMBERS PRESENT:

Clayton Hopkins – President	John Tanner
Gregory Schneider – Secretary	Julie Haines
Jessica Jarrett – Treasurer	John Elling
	April Sauer

MEMBER ABSENT

The President, Secretary and Treasurer were present and a quorum was reached. Member Matthew Walker was absent.

GUESTS

Christie Kriegsfeld - Acting Executive Director.

Members of the public who signed in:

- Laura Heaney
- Juli Curtin
- Harper Rose
- Rob Hart
- Jill Thomas
- Iulia Nichols

OPENING VERSE

Meeting was called to order at 6:33 pm

INTRODUCTIONS

Board Members introduced themselves and review of meeting procedure occurred.

FINANCIAL PLAN

C.H. relates focus of the meeting: to establish as a group the goals for the remainder of this year, how to measure those goals, and how to report out to the community what those goals are.

J.J. – What is the goal? Survive the year? Pay off debts?

J.E. – What would a plan look like to finish out the year without a negative balance? Seems every month we are negative.

J.J. – To just cover expenses, not pay community loans or past due debt, would take approximately \$17k/month.

C.H. – Cash and income are two different things. J.J. talking about cash?

J.J. – If we want cash flow to be in the black, yes.

APPROVED AT 3/4/2020 SPECIAL MEETING

C.H. – Biggest expenditure is payroll and related expenses (~75%). Second biggest expenditure are occupancy costs (~15%). Third biggest expenditure is contracted service (~10%). Best opportunity to have the greatest impact is to look at payroll. How to manage?

- lay people off
- reduce it by number of hours worked
- reduce it by with pay cuts

From hourly employee standpoint, need to make sure hours scheduled are the hours actually worked.

From benefits standpoint, we need to make sure people who have benefits are getting them done correctly.

Largest contracted expenses are on special education. We spend approximately 140% of what we actually get reimbursed for special education contractors?

J.J. – We are trying to find what that number is precisely, but we are definitely spending more than we are getting reimbursed for. There is a possibility to ask for more money from the state, but you only get to do it once per school year, and have to justify it with exceptional, unexpected cases.

J.J. – As an example of unexpected expenses, IEE meetings cost between \$8,000 – \$12,000 per meeting due to the outside specialist fees, which DMS must pay and are not reimbursed by the state.

C.H. – Now let's talk about revenue. We will be owed some withheld funds from the state?

J.J. – We should get \$24,000 if the state decides to pay it, which apparently is optional.

C.H. – What else?

J.J. –

- We have ~\$7,000/month from private care.
- We have also been collecting some of the past due amounts.
- Aftercare will be auto-charged starting January 27.
- For additional salaries and classroom funds, we get \$8,800/month from the state for 301.

C.H. – I have also been focusing on trying to collect significantly past due amounts. Getting predictable pushback: “Can you prove my kid went those days? I tried to work this out with the school in the past, but no one got back to me, etc.”

J.J. – We have record of the sign out sheets still and can provide that record for them as needed. Have you been recording your collection efforts in QuickBooks? I also have all record my communications with them going back to last May.

C.H. – Back to goals.

- What kind of communication about goals to the community do we want to have?
 - cash on hand
 - progress on paying past due expenses
 - progress on collecting past due
 - from revenue – new revenue, projected revenue, donations, tax credits

APPROVED AT 3/4/2020 SPECIAL MEETING

- present the above information in infographic form
- Board in general agreement communication about these amounts would be good to go out to the community on a monthly basis.
- C.H. will build template and circulate for board review.

A.S. – Need to be careful about language in pursuing past due payments, sometimes result of honest mistake.

C.K. – 100th day attendance was a vast improvement, should translate to increased funds from the state. We can definitely incorporate this into a short summary of attendance per month, absences, tardies, and it will be very easy to do.

TOWN HALL

C.K. – Not ready to set a date yet. Scope would be providing more transparency to the community beyond the board meetings. Could be productive to have a few board members present at the town hall, along with LDC and C.K. in the spring. Format would be as a modified Q&A – if possible, send questions in advance so that everyone can prepare to give thorough and accurate answers. Tentatively shooting for the end of February.

G.S. & A.S. share feedback from community on format.

TRANSITION

History and current state of DMS Leadership/Management Transition.

C.H. invites Juli Curtin into a speaking role for the meeting to give her historical perspective.

C.H. – Gives his perspective on history. C.K. initially contracted to handle various HR issues. Once those issues resolved, good opportunity to put a plan of management in place that would support and respond to the needs of all the stakeholders (students, staff, community). During that process we established a Transitional Work Planning Committee (C.H., Heather Huentelman). These committees were charged with going to the stakeholders to collect information about each one's perspective. We provided all of that information to the staff committee – the Transition Planning Committee. Board highlighted the priorities. The TPC then worked on a management structure based on all of the information collected from the board.

First result of TPC is the Leadership Development Council (LDC). That addressed two priorities: (1) curriculum – needed to be consistent with Waldorf education and state standards; and (2) need for teachers to be more involved in the setting of the curriculum as a team, with a better communication flow.

C.K. – A few additional details: Board work group met with all the stakeholders. The TPC was created to help with communication frustration. Staff did not feel it had a voice in prior administration. Faculty created criteria in which faculty could serve on the TPC, which would include representation from every realm to ensure each had a voice in the organizational structure of the school and the direction. Major consensus among the realms was that they wanted more direct responsibility for the curriculum; making sure faculty and staff meeting

APPROVED AT 3/4/2020 SPECIAL MEETING

benchmarks for high quality teachers; wanted to be involved in hiring process to make sure new hires would fit with the rest of the faculty team and could be focused on ensuring every educational decision is in the best interest of the child. The TPC then recommended the creation of the LDC. The LDC members were voted on by their peer faculty members, as those who would lead the school in ensuring the school provides a quality Waldorf education to every student consistent with state standards.

C.H. – This whole process was part of creating a new management structure for the school. Other goals are fundraising and development, financial management, and organizational management or operations (i.e., someone who “helps the trains run on time”). The question is, what is the next step in this process to address these priorities when we started the transition?

C.K. – From her perspective, major organizational change takes time, especially when you do so from top to bottom as DMS has attempted to do here. The LDC is solidifying in terms of time and structure, performance evaluations, professional development, etc. Takes time to determine if right faculty and staff as in place, to give people time to improve, etc.

C.H. – Agree change takes time. The LDC is doing its work and they are making great progress. But on the other side of the organization, we have a gap on financial management, business development, community outreach, and operational needs.

Guest Juli Curtin: Has anyone crunched the numbers on the savings available if hourly employees only work the budgeted amount of time?

C.H. – We have an estimate, but it is difficult to manage punching out late.

C.K. – We have a new payroll system in place. We have no policies in place to hold people accountable who working hours outside of those they are scheduled.

C.H. – What we have going now is not sustainable and is not scalable. Our goal should be to get out of this bad situation. Financial management is critical to that.

Guest Juli Curtin: What is your goal with respect to getting through the end of this school year? And what is your goal moving into the next school year? And for the Executive Director position in particular?

C.H. – We have essentially two administrative staff – C.K. as Acting Executive Director, and Tami. But we have all kinds of other tasks to accomplish – HR, financial management, etc. How are we going to do that? There’s not one person who holds the skill set for all those things.

C.K. – Setting aside the finances, from my perspective, as far as rounding out the organization, this organization currently right now needs: (1) someone to act as executive director/headmaster to do operations, compliance, to be contact person for the charter board; (2) someone to go out and market, develop, bring in new students, etc.; (3) someone to lead the faculty on curriculum, etc. Needs to be collaborative.

APPROVED AT 3/4/2020 SPECIAL MEETING

A.S. – Agree we need someone in fundraising and development, but we have many competing priorities – so where to start?

C.H. – Fundraising is very important, and it is a skill. But we need to invest in someone who can do it well, and given the immediate needs of the school, this should not be the first priority.

J.J. – We are talking about goals, and positions that need to be filled, and what the future is. But are we ignoring the position we are in now? We aren't going to bring in \$17,000/month starting tomorrow. The state isn't going to start paying us more money. We are \$17,000/month in the red, not even paying our debts. Salary portion of payroll is \$125,000 alone. Even if we got rid of every hourly person, we still wouldn't have enough money. So how do we get through June?

Discussion ensues.

C.H. – I think plan should be that I will work with J.J. on further evaluation and an analysis on specific action items and report back to the board so we can make decisions.

J.E. – Were we \$17k/month short when we budgeted for this year?

C.H. – We had unanticipated expenditures in the past year that caused us to burn through reserves that we had. State revenue is down significantly more than anyone anticipated.

J.J. – State alone is shorting us \$13k/month based on poor attendance.

Additional discussion ensues regarding potential cost cutting measures.

G.S. – What if we set a target fundraising goal for each board member to cover that would cover this year's financial deficit?

Discussion ensues.

J.J. – The LDC to continuing to work on cost-cutting measures. We should come up with something sooner so the LDC can make decisions sooner rather than later. Before the next board meeting.

C.H. – When is the LDC looking to act?

J.T. – Immediately.

C.H. – Is Monday too late?

J.T. – Take 10 days if you need, but it can't be a month long delay.

C.H. – We'll will have it Monday to provide further evaluation and an analysis of potential cost savings outside of payroll.

APPROVED AT 3/4/2020 SPECIAL MEETING

ANNOUNCEMENTS

Next board meeting February 19, 2020.

MOTION - to adjourn meeting – J.J. - 2nd – J.T. no discussion, VOTE: 7/0/0

CLOSING VERSE

Meeting was adjourned at 9:00 pm

Prepared by G.S. on 01/22/2020 and revised on 1/31/2020 with suggested edits from J.J. incorporated herein.