

A close-up, profile view of a man with a beard and short hair, wearing a grey suit jacket, white shirt, and dark tie. He is holding a green pen in his mouth and looking down thoughtfully. The background is blurred, showing other people in a professional setting.

sba

January 2018 | Volume 84, Number 1

SCHOOL BUSINESS AFFAIRS

Association of School Business Officials International®

Entrepreneurial Leadership

Do You Have the Hunger?

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Budget Decisions**

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A Focus on Ethics

Charles E. Peterson, Jr., MBA, PRSBA, SFO



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As I began writing my inaugural president's message, I reflected on the many distinguished individuals who have served before me and realized the challenge of meeting the high standards they established.

This reflection brought home how honored, privileged, and humbled I am to begin serving my term as president of ASBO International! Thank you for the confidence you have placed in me. I pledge to do my best.

In accepting this passing of the leadership baton, my first order of business is to congratulate Tony Dragona, who served with honor, purpose, and distinction. Under Tony's leadership, ASBO had a very successful year.

Next, I thank Jay Himes, executive director of the Pennsylvania Association of School Business Officials (PASBO) and all of my PASBO colleagues for their friendship, mentorship, and support in this endeavor.

One of the first responsibilities of the president is choosing a theme. This task was not difficult for me because I knew I wanted our focus to be ethical leadership. However, I found that choosing a logo to illustrate that theme was challenging. I thank Siobhan McMahan and Rachelle Perez of the ASBO staff for their patience and creativity in helping me with this undertaking. I am thrilled with the final version.

Avoiding the Slippery Slope

We are living and working in challenging times. The media is filled with stories of corruption among public and corporate entities, including school districts. The private sector seems to have some get-out-of-jail-free cards for this behavior, but not so in the education sector.

Public education's reaction to unethical practice reminds me of the lyrics of an old Foreigner song, "The Damage Is Done": "Well it's too late, no longer one; don't want you, the damage is done." (Sorry, millennials, you'll have to find that one and listen on your favorite digital medium.) My point is that today's

leaders—in public education especially—must be above reproach.

Ethical transgression is a slippery slope. We need look no further than con-man Bernie Madoff for an example. Madoff's long-time secretary told *Vanity Fair* that Madoff, who conned investors out of billions of dollars, once told her: "Well, you know what happens is, it starts out with you taking a little bit, maybe a few hundred, a few thousand. You get comfortable with that, and before you know it, it snowballs into something big."

Are you striving to build an ethical culture in your school organization? Ethical leaders must not only use the ethical barometer on their own decisions, but also cultivate an ethical climate in their organization, including, but not limited to, setting clear expectations of what is acceptable as they model ethical behavior and decision making.

Looking Forward

I am excited to share with you that one of the keynote speakers at the 2018 Annual Meeting & Expo will be Col. Arthur J. Athens, USMC, (Ret.). Colonel Athens is the director of the U.S. Naval Academy's Vice Admiral James B. Stockdale Center for Ethical Leadership and a member of the academy's senior leadership team. I have had the privilege of hearing Col. Athens on four previous occasions and I cannot wait for the fifth! There is no better way to cap my year as president and to spotlight the theme of ethical leadership.

I welcome your feedback during my year as president. Please feel free to contact me. I am looking forward to an exciting, productive, and successful year.

Charles E. Peterson, Jr., MBA, PRSBA, SFO
President, ASBO International
Chief Financial Officer
Central Susquehanna Intermediate Unit 16
Milton, Pennsylvania

CREATE A CAFR

I learned my district had never prepared a Comprehensive Annual Financial Report (CAFR) before, and I always love to be first—especially in achievements that benefit students.

RECOGNIZE THE VALUE

Preparing the CAFR, especially the statistical and financial sections, helped us understand and analyze trends that would enable us to direct as much money as possible to the campus level.

PAY IT FORWARD

With the help of another district, we were able to receive the COE on our first try. Now we are paying it forward by assisting the other districts in our region to achieve the same.

Martha E. Piekarski, CPA/CFF, RTSBA
Chief Financial Officer
Canutillo Independent School District
El Paso, Texas

GO-GETTER

First-time Certificate of Excellence in Financial Reporting recipient Martha Piekarski shares insider advice on creating a CAFR.

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ENTREPRENEURIAL LEADERSHIP



School business officials are masters at looking at challenges that seem insurmountable and finding a way to succeed. They have a spirit and a tenacity that can move mountains and work wonders. Their leadership is vital to the success of their organizations and they occupy a key seat at the district table.

The focus of this issue of *School Business Affairs*, entrepreneurial leadership, recognizes school business officials' ability to be innovative, take risks, and manage change in a constantly changing environment.

As I visit ASBO International affiliates, attend ASBO conferences and meetings, engage on the Global School Business Network, and speak with members about their trials and triumphs, I see these characteristics personified. Our members have a vision for how things should be and they rally the troops to pursue that vision. Undaunted by obstacles, they adapt, regroup, and learn as they go. Their persistence never ceases to amaze me.

You'll find in the pages of this issue, insight into the entrepreneurial leadership that our members bring to the profession and to their districts. Marvin Dereef Jr., sets the stage by recounting the beginnings of his entrepreneurial spirit, including his stints with recycling and lawn care businesses, and connecting them to his experience as a school business leader in Georgia.

Additional articles look at strategies for improving budget decisions, navigating change, managing benefits, and leading staff.

We also highlight the recipients of the 2017 Pinnacle Awards—four school business officials who used innovation to maximize resources and enhance student achievement—and introduce our 2018 ASBO International Board of Directors—your association leaders for the coming year.

January traditionally is a time of new beginnings, an opportunity for us to change paths. We resolve to break a bad habit or adopt a good habit, accomplish a personal or professional goal, be a better parent/child/spouse/ employer/employee.

Whatever your resolution for 2018, please know that ASBO International is here to support you in the coming year with professional development opportunities, resources, tools, and, most importantly, a network of colleagues who share your determination to make 2018 the best year yet.

— Siobhán McMahon

Colophon: During production of this issue, Siobhán chauffeured her daughters and their mates to football games and movie nights, Pat reluctantly brought out her snow shovels, and Laura binged on the Great British Baking Show.



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Taking Charge of Our Leadership

By John D. Musso, CAE, RSBA

Leverage your ASBO membership to address your leadership development

As I had a moment to read the latest issue of ASBO's leadership newsletter, *School Business Leader*, one of the articles highlights how important it is to be intentional in determining the trajectory of leadership growth. The article reminds leaders, "Growth isn't an accident—we grow on purpose or not at all. If we can't describe the leadership skills we're developing, then it likely isn't happening."

Whether or not we grow as leaders is up to us, but we have to carve out time and practice habits to make it happen. In other words, as the article suggests, we have to take charge of our own progress. A simple way to do this is to identify a leadership behavior to enhance, and plan to improve upon it daily. As the new year rolls in, I can think of no better time than now to take a few intentional steps toward growth.

For a good place to start, use this list of leadership growth areas school business officials should target, and leverage your ASBO International membership to proactively address each area:

1. Expand your professional network. Have you logged onto the Global School Business Network recently? Your online community (at asbointl.org/Network) is populated by thousands of school business professionals who would love to connect with you.

A simple way to ensure you're part of the conversation is to subscribe to the all-member activity feed so that you automatically receive updates as often as you like. By simply posting a question or contributing to a discussion, you'll begin to see the value of engaging with others who are in your shoes, and will likely add valuable connections to your personal network in the process.

2. Continue your education. You don't have to take out a student loan to acquire valuable learning experience in your field. Through ASBO International's professional development events, you can learn via a variety of

sessions and formats on topics school business officials need to know. Plus, attending these events puts you face to face with colleagues who can speak from experience. Blocking out a few days for professional development gives you a chance to press pause and go deeper in specific industry areas.

For instance, learn about cybersecurity, large-scale operations, and negotiation tactics at the Executive Leadership Forum, February 8–10, in Austin, Texas. There's still time this month to register (asbointl.org/Forum), but in case you miss the deadline, you can look forward to two upcoming events:

First, consider attending ASBO International's 2018 Eagle Institute (asbointl.org/EI) to learn historical leadership strategies from Benjamin Franklin and the Continental Congress. With a maximum of only 55 attendees, this is the smallest event we offer, and I've found it exceptionally valuable throughout my career in school business.

Next, the premier event in school business—the Annual Meeting & Expo—will be in Kissimmee, Florida, this fall. If you've never attended, block off your calendar during September 21–24, and make it a priority to attend.

3. Advocate for students. Take your leadership beyond your district and advocate for your students at the state and federal level. Call and write to your elected officials. Tell them which issues are affecting you. Invite an official to tour your school or visit them at their office. Pick one policy or regulatory issue to act on each month. Need help? Use our legislative resources (asbointl.org/Legislative) to boost your advocacy efforts.

Whatever leadership resolutions you have on your list, remember that ASBO International has resources to support you. If you ever need a refresher on the membership tools you have available to you, visit asbointl.org/Benefits. Have a Happy New Year, and continue to lead strong in 2018!

Since its inception, ASBO International has been a member-run, member-driven association governed by a board of directors. The ASBO International Board of Directors is composed of 10 member volunteers who work tirelessly to lead our members, promote our mission, and uphold our professional standards.

We would like to introduce the 2018 ASBO International Board of Directors by including not only their names and faces, but their perspectives on ASBO International and what it means to them and to the members.

PRESIDENT



Charles E. Peterson, Jr., MBA, PRSBA, SFO
Chief Financial Officer
Central Susquehanna Intermediate Unit #16 | Milton, Pennsylvania

One opportunity that I encourage all ASBO International members to take advantage of is to run for a board seat for your state affiliate and ASBO International. Anyone who has served will tell you that the commitment is not as onerous as one might assume and the rewards far exceed the effort.

VICE PRESIDENT



Tom Wohlleber, CSR
Chief Financial Officer
Casa Grande Elementary School District | Casa Grande, Arizona

My membership in ASBO International has impacted my professional career positively by providing meaningful opportunities to develop relationships with and learn from school business officials around the world. My growth and success as a school business official over the past 32 years would not have been possible without the support from ASBO colleagues and the knowledge I have gained from participating in ASBO's professional development offerings.

IMMEDIATE PAST PRESIDENT



Anthony N. Dragona, Ed.D., RSBA
School Business Administrator
Union City Board of Education | Union City, New Jersey

My membership in ASBO International has impacted my professional career positively in a number of ways. My selection as a 2009 Eagle Award recipient allowed me to join a select group of my peers and the Global School Network puts me a few key strokes away from our worldwide membership. ASBO International has provided many significant opportunities to grow professional while interacting with some of the most dedicated professionals of fiscal stewardship.

EXECUTIVE DIRECTOR



John D. Musso, CAE, RSBA
ASBO International | Reston, Virginia

One opportunity that I encourage all ASBO members to take advantage of is the chance to learn from and forge connections with colleagues from around the world. The association provides myriad opportunities, including the Global School Business Network, the Annual Meeting & Expo, the Eagle Institute, the Executive Leadership Forum, and service on the ASBO Board and on ASBO committees.

DIRECTOR THROUGH 2018



Ed Chabal
Chief Financial Officer
Mount Pleasant Community School District | Mount Pleasant, Iowa

What I value the most about ASBO International is the ability to interact with other school business officials from around the country and the world. Even though our situations vary from district to district, we still face many of the same issues. ASBO International gives each of us that opportunity to connect with our peers to share our experiences.

DIRECTOR THROUGH 2018



Claire Hertz, CSBA, SFO
Chief Financial Officer
Beaverton School District | Beaverton, Oregon

What I value most about ASBO International is learning from my peers who make complicated work easier; bringing best practices to schools in my community; collaborating with friends and commiserating over common experiences; and being well-connected and doing my part to advance the profession.

DIRECTOR THROUGH 2019



Michael Johnston
Associate Superintendent, Administrative Services
Clovis Unified School District | Clovis, California

One opportunity that I encourage all ASBO International members to take advantage of is the myriad chances to grow professionally and personally, from attending or presenting at the Annual Meeting & Expo, to serving on a committee, to being active on the Global School Business Network—the opportunities are there for all SBOs to give and receive the support we all need.

DIRECTOR THROUGH 2019



Angela Watts, MBA, CSBA
Assistant Superintendent for Business and Operations
West Valley School District No. 208 | Yakima, Washington

My membership in ASBO International has impacted my professional career positively by providing me opportunities to meet business officials from throughout the U.S. and from other countries around the world. I now have a better perspective on the similarities and differences in school business, including certification, processes, and regulations.

DIRECTOR THROUGH 2020



Marvin Dereef Jr., SFO
Deputy Chief Financial Officer
Fulton County Schools | Atlanta, Georgia

My membership in ASBO International has impacted my professional career positively by providing a means to learn from my peers, give back to the profession, and validate my knowledge by becoming an SFO. And, I have been acknowledged by my school board for helping Fulton County Schools receive ASBO awards for budgeting and accounting.

DIRECTOR THROUGH 2020



Bill Sutter, SFO
Chief Financial Officer
Boulder Valley School District | Boulder, Colorado

What I value the most about ASBO International is its advancement of the camaraderie among school business officials, regardless of background, location, district size, or other ancillary differences. ASBO International supports the school business official's tireless efforts to improve education for the students and communities we serve every day.

Do You Have the Hunger of an Entrepreneur?

Lessons from an entrepreneur—from the recycling business to the school business office.

By Marvin Dereef Jr., SFO



PHOTOS COURTESY OF MARVIN DEREEF, JR.

When you grow up poor, you have a hunger. That hunger will motivate you or starve you. In my case, it helped me discover and develop my entrepreneurial spirit, which I continue to nurture today as a school business official.

The Entrepreneurial Child

As a child, I was considered a thinker—creative and sometimes innovative. My first business venture was

recycling. It was a low-entry job, requiring only a trash bag and youthful energy. I walked around my neighborhood collecting recyclables and ended my route at a hilltop candy store that paid for empty cans and bottles. I used the money to feed my hunger—my hunger for sweets, that is.

In that weekly exercise of entrepreneurship, I learned a few things. First, entrepreneurship takes motivation. My motivation was sweets. Second, entrepreneurship takes supply or “product.” After families and friends

celebrated Friday night football games, I went around the next morning and claimed their empties.

But motivation and supply are not enough if you don't have demand and a buyer for your product. As an eight-year-old, I was fortunate that my buyer was within walking distance. Now, that hill was no cakewalk, but business is not without its challenges.

In my book, you are not a born entrepreneur if you have never had a lemonade stand.

The candy store had a gumball machine, which taught me about odds. The machine had solid-color gumballs and a few mixed-color gumballs. If you got a mixed-color gumball, the machine gave you three more gumballs. I learned to understand the odds and have reasonable expectations. I didn't expect a mixed-color gumball every time. So when I didn't get one, I didn't keep trying for it.

In my book, you are not a born entrepreneur if you have never had a lemonade stand. I remember the summer I ventured into that beverage market. At the time, I didn't have the initial cost of entry, so I secured my first loan to set up my stand . . . from my grandmother. I learned that if you are trying, people are willing to help.

I calculated how much I would need to pay back that loan and my potential profit. I knew that the factors of success depended on location, weather, price, and the temperature of lemonade—not to mention enough supply for the demand. How well did I do? It wasn't about the money but the experience. I will say I covered the loan. You don't want to mess up family credit. As my grandfather would say, you don't want to burn bridges because you never know when you will need to cross them again.

My next adventure was in the house-cleaning industry. Once again, my motivation was sweets. That was my summer of "cleaning for Debbie." On Saturdays, I cleaned my uncle's house. When he paid me, I went straight to the store to spend my earnings on soda and Little Debbie snack cakes. Then, I would return to his house and watch *Fraggle Rock* with my cousins. In retrospect, I learned to know my worth. I cleaned a three-bedroom home from top to bottom for one dollar. The things we do for soda and Little Debbie snack cakes!

My Greatest Lessons

Then, I went into my most profitable childhood enterprise. I also learned my biggest lessons.

Fall is football season and also a season of opportunity for a young entrepreneur in my hometown of Fort



Marvin Dereef Jr., promotes teamwork in his district.

Mill, South Carolina. With a rake and trash bags, my weekend yard care business was born.

After posting a few flyers in my neighborhood, the calls started to come in. I thought I was making real money now; but it was about to get better. My uncle saw me walking up the street one day and taught me my next lesson. He grabbed a rake and started walking with me, so I asked him where we were going. "Where the money is," he responded.

We don't all have the hunger, the desire to produce great work regardless of what that work is.

He took me to a part of the city that I had never visited—where the houses had big yards covered in colorful leaves. Like me, my uncle worked solo, so we each knocked on the front door of a different house. The first homeowner seemed very happy to see me—he even supplied the extra bags I needed. When finished, I told him how much he owed me; he said it was not enough and doubled the amount. My lesson: know your customer and understand your worth. I realized I was in a different market segment.

That was a great weekend, not just because I made so much money but because of the new experience and knowledge gained. When you have so much success, you want to share the experience. That is how I learned that our drive is what differentiates us from one another.

One weekend I convinced a few of my cousins to join me in my yard care business. I figured we could make more money by serving more customers within the same

time span. It took only the first job for me to realize that my cousins didn't have my work ethic. The job actually took longer with them than it did without them—and I had to split the money. They focused more on playing in the leaves than raking them.

We don't all have the hunger, the desire to produce great work regardless of what that work is. My uncle recognized my hunger and talent and risked taking me to his customers. I didn't select my partners wisely and didn't consider how their work might affect my reputation or future business. My cousins and I mutually ended our partnership after the first job.

The Entrepreneurial School Business Official

As a school business official, you pull from your experiences. I learned the following from my childhood entrepreneurial endeavors.

It takes motivation to fulfill your true potential.

My first job as a school business official was a fixed-asset accounting position for Clayton County Public Schools in Jonesboro, Georgia. That position was needed to address the district's noncompliance with Governmental Accounting Standards Board Statement No. 34. After a successful interview, I met with the chief financial officer to discuss expectations.

I was motivated to learn not just my job but every job in the finance department. I had the task of developing the district's first comprehensive annual financial report for which I received an ASBO International Certificate of Excellence. Once word got out about my computer skills, I got to expand my knowledge and experience outside of finance.

After almost four years of professional growth as a school business official, I took the next step by taking a position as chief financial officer in a smaller district in North Carolina. There, I found the motivation that sustains my career. The first thing I did was visit every school in the district; I saw the importance of getting the right resources to the schools to educate our students. I learned that the needs of the schools differ, so the resource strategy must differ as well. I also recognized that there are some fundamental needs all students have.

Keep your costs low to experience the maximum return on investment. Public school isn't about profit; it's about student outcomes. It is important to monitor the resources against the outcomes. Because school districts have limited funds, we must direct resources to where they will produce the most desired results. Given that we use other people's money, they must be able to see the value in their investment, such as excellent schools providing opportunities for their children or increasing their home's value. Above all else,



Dereef is never far removed from the students he serves.

being good stewards of taxpayer dollars is about getting the best value in purchasing decisions.

Know the market or the customers you serve.

You should never be so far removed from the students that your decisions are about the adults. That doesn't mean that your customer is never an adult, but that the outcome of what you do should be student focused.

Recognize the challenges. As a school business official, one of your roles is problem solver. You must be able to foresee the challenges and offer solutions to address them. The budget process produces a series of challenges, as does the year-end close process and every legislative session. The more experience you acquire, the more strategies you compile in your toolbox to address the next challenge you face.

Understand the odds of success. You must be honest with yourself and those you serve about where you stand in meeting the goals of your district. If you know early on that the revenue you projected is not coming in, let your superintendent and school board know. This is good practice for any initiative. Don't invest too much time and too many resources in what will become a failed initiative when you know early enough to mitigate the situation or change course.

Have reasonable expectations. Sometimes, a program or initiative is deemed a failure because the expected outcome was unreasonable. By saying something will increase by 25% when the highest gains by anyone in the state have been 5%, you set yourself up for failure in the eyes of the community. There are goals we can meet, goals that we need to stretch to meet, and goals that are impossible.

Know your worth. You may not hear it often enough, but you play an important role in educating the students of your community. I am fortunate to have a school board and superintendent who have on several occasions expressed appreciation for my work and the work of other school business officials in our district. I appreciate their leadership as well. Appreciation gives you motivation. You must also have a sense of self-worth to keep the hunger alive. Worth isn't about money; it's about motivation.

Be selective in choosing your team. You cannot achieve greatness alone; it's important to select or develop a team that will share your vision for success. A team is like a jigsaw puzzle in that no piece is the same, but they fit together perfectly for the complete picture. However, the wrong hire can put the whole team out of

balance. My experience has taught me not to look for another me but to look for someone with the skill or knowledge that is missing from the team.

Invest in yourself, and then others might too.

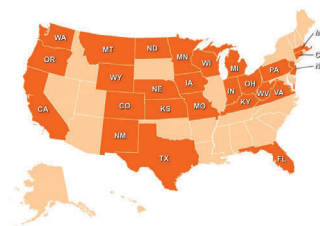
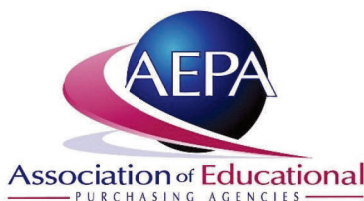
I am a strong believer in personal and professional growth. Life is about learning. I had to make some decisive investments in my education. I also received several scholarships and some family support. Once I set on a career path as a school business official, I recognized how specialized the profession is and needed to validate my capabilities and establish credibility with my peers and school board. When I received the Certified Administrator of School Finance and Operations (SFO) certification, it helped build trust and confidence in my skills. I believe in showing a return on my personal investment in myself.

Feed the Hunger

Business isn't about profit; it's about achieving objectives. We all have a hunger—let yours motivate you.

Marvin Dereef Jr., SFO, is deputy chief financial officer for Fulton County Schools, Atlanta, Georgia, and a member of the ASBO International Board of Directors. Email: dereef@fulton-schools.org; Twitter: @mdereefjr

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Improve System Deficiencies to Make Stronger Budget Decisions

Cycle-based budgeting empowers these district leaders to make informed decisions.

By Bo Yan



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As stewards of taxpayer money, district leaders often take most, if not all, of the blame for not using those tax dollars effectively and efficiently to improve student outcomes. What the public does not always recognize and appreciate, however, is how difficult it is for district leaders to make informed budget decisions and how much they may be hampered by system deficiencies.

Making budget decisions involves looking at both new investments and existing spending from multiple angles. With regard to new

investments, district finance leaders must examine the alignment of proposed new budget items with district priorities, evaluating their potential effectiveness and assessing fiscal soundness and sustainability.

For existing spending, they must recheck alignment and scrutinize effectiveness and costs.

Then, they must compare and synthesize this analysis to select a limited number of new programs to fund and some existing programs to possibly defund.

During the process, district finance leaders are expected to be critical

of their own and one another's work and judgment. And they are expected to be able to justify and explain their decisions to their direct reports and constituents, which is critical for gaining buy-in to implement new programs and discontinue existing programs.

System Deficiencies

Although blaming district leaders for poor budget decisions is easy and convenient—and rightly justified in some situations—the root cause often lies in two system deficiencies that fail to provide the conditions for district leaders to make informed decisions:

- Lack of linked program alignment, budget, and outcome data that provide a complete picture of resource allocation and return on investment.
- An organizational structure and processes that fall short of institutionalizing routine scrutiny of spending using such data.

With a few clicks of a mouse, today's technology allows most districts to ascertain such information as how much money is allocated to instruction, personnel, and infrastructure and how much money goes to elementary, middle, and high schools. Such information provides an important perspective to understand resource use, but it has limited value when making budget decisions that revolve around programs.

To make informed decisions about which new programs to fund and which existing programs to cut, district leaders need to answer the following questions:

- How much money has been invested in which areas (e.g., student behavior, literacy, social-emotional skills), through which programs, and for how many years to improve which student outcomes?
- Does redundancy exist among those programs?
- Are programs that target the same area coherent, complementing and supporting one another, or are they incoherent, competing for time, attention, and resources?
- What is the return on the investments?

Unfortunately, many districts' budget infrastructure—which has developed over the years mainly for compliance purposes—is inadequate for providing such data. The absence of accurate information about spending, its alignment with district priorities, and its effectiveness makes it difficult for district leaders to make an objective assessment of how limited resources have been used, which adjustments are needed, and which new programs should be funded.

Most districts *do* have some data that can be used to inform certain budget decisions. For example, it is not that difficult to compile data on the costs and outcomes of a few intervention programs. In practice, however, districts scarcely use such data to examine cost-effectiveness of existing programs and to make decisions on whether those programs should be continuously funded or which adjustments are necessary to improve program outcome.

The system disincentivizes leaders to be courageous and responsible because doing so often makes them “unsupportive of teachers” or “uncaring about the kids.”

This process deficiency is primarily due to the fact that budget decisions on new programs and initiatives are largely driven and determined by needs assessment. Rarely does the deliberation involve setting program success metrics and time frames for delivering the results, which should be part of the budget decisions.

Without those two critical elements, no system check is in place to make sure that new programs will be reviewed at a certain time for return on investment. And district leaders have no incentive to raise issues over existing spending or to propose cuts, especially when money is available. In fact, the system disincentivizes leaders to be courageous and responsible because doing

so often makes them “unsupportive of teachers” or “uncaring about the kids.”

With these two system deficiencies, we should not be surprised when district leaders rely on passion, perception, or anecdotal stories for budget decisions; the squeaky wheels get the grease (people who cry loudest and most often get their programs funded); wasteful spending gets funded year after year; and across-the-board cuts instead of strategic cuts are implemented when there is a budget crunch.

Our Solution

Two years ago, Jefferson County Schools in Lexington, Kentucky, addressed those two system deficiencies by developing and implementing a new budget process called cycle-based budgeting (CBB) supported by an online tracking system. For any new initiative or program, district personnel must submit a budget request online specifying (a) alignment with district priorities, (b) budget needs and intended use, (c) target measurable outcomes (either academic or nonacademic), and (d) time needed to achieve the target outcomes, which becomes the cycle for the program to be implemented and reviewed.

If a program has no or low return on investment at the end of its cycle, it does not necessarily mean it will be automatically discontinued.

This online system fills the data deficiency and allows us to easily track how the \$48.7 million new investment has been made in which strategies through which programs in the past two years. Figure 1 shows clearly that some strategies in the strategic plan (e.g., “Eliminate achievement, learning, & opportunity gaps” and “Provide equitable access”) received more significant new investment than some other strategies (e.g., “Improve communication” and “Develop leaders”).

In 2017, we also rolled \$20.4 million in existing programs into the cycle-based budgeting model. As a result, we can show how \$69.1 million of the district budget is invested in which strategies to target which areas for improvement.

As Figure 2 illustrates, the \$69.1 million CBB-accounted budget has put more focus on academic-related areas, including academic achievement and college and career readiness, rather than on areas such as physical health and arts.

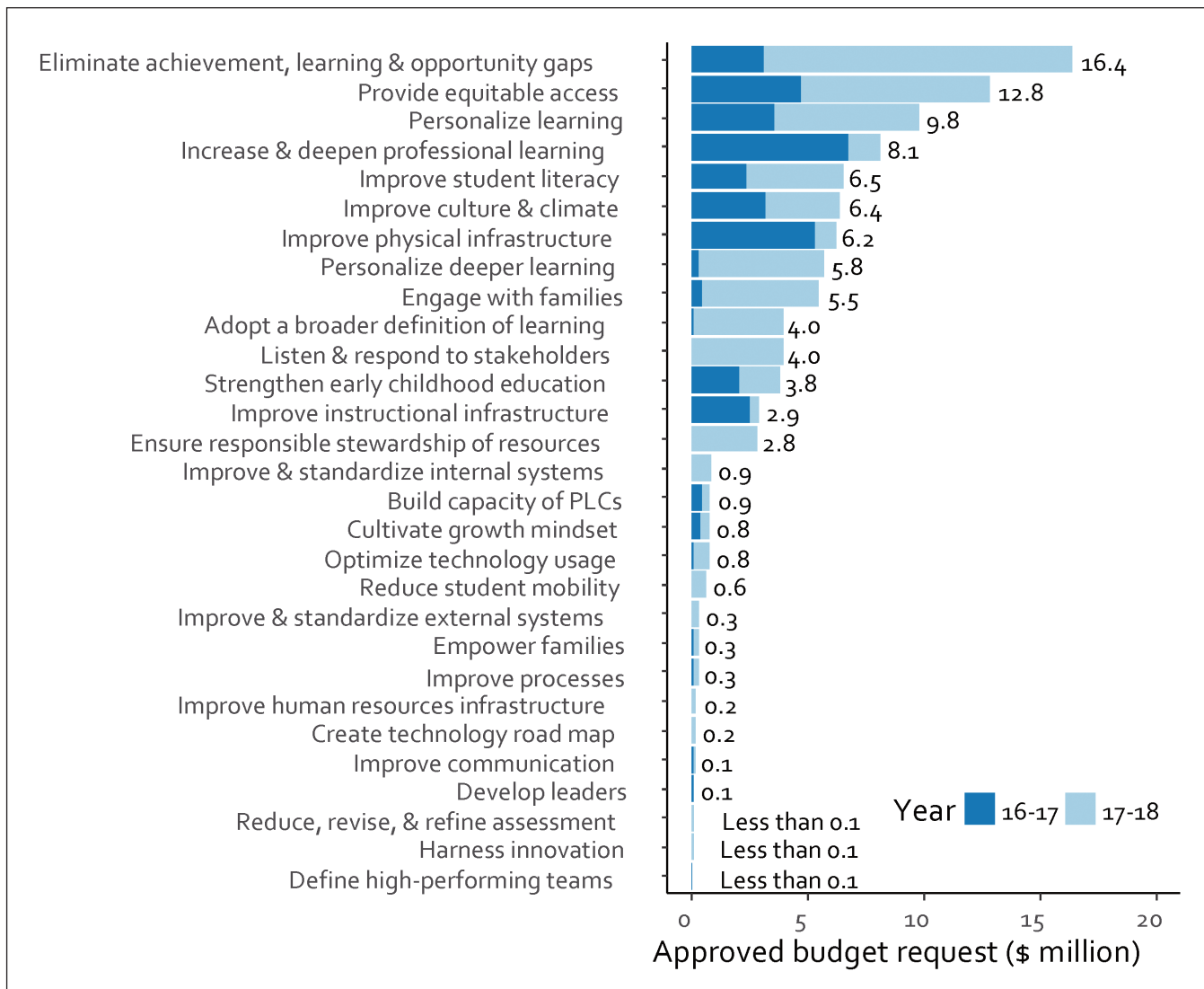


Figure 1. The district’s approved budget request

With the cycle associated with each budget request, we can address the process deficiency by institutionalizing routine return-on-investment review with the CBB-accounted existing programs, based on their cycles and the target measurable outcomes program owners set for themselves.

If a program has no or low return on investment at the end of its cycle, it does not necessarily mean it will be automatically discontinued; CBB ensures that the discussions and debates about what should be done to such programs and how to best spend that budget take place in an open and safe environment and are anchored on tracking evidence rather than perceptions, anecdotal stories, or political influence.

Impact on the District

By addressing the two system deficiencies, we could provide data on how our district has made \$48.7 million in new investments to implement district priorities

during the past two years; district leaders used the data to set funding priorities for the 2018–2019 school year. District leaders not only made informed new-year funding priority decisions, they also could explain those decisions to their direct reports and constituents to gain support and buy-in.

At the same time, we have set expectations for the CBB-accounted spending over success metrics and the time frame for delivering results. District leaders expect to review a certain number of end-of-cycle programs each year (and know what those programs are) and to make funding or adjustment decisions. Program owners realize that money is not unlimited and that district support is not unconditional.

As a result, we have created the conditions to transform spending on programs from entitlement into time-bound conditional commitment. For the 2018–2019 school year, we are scheduled to review 105 programs totaling \$33 million and to make decisions based on

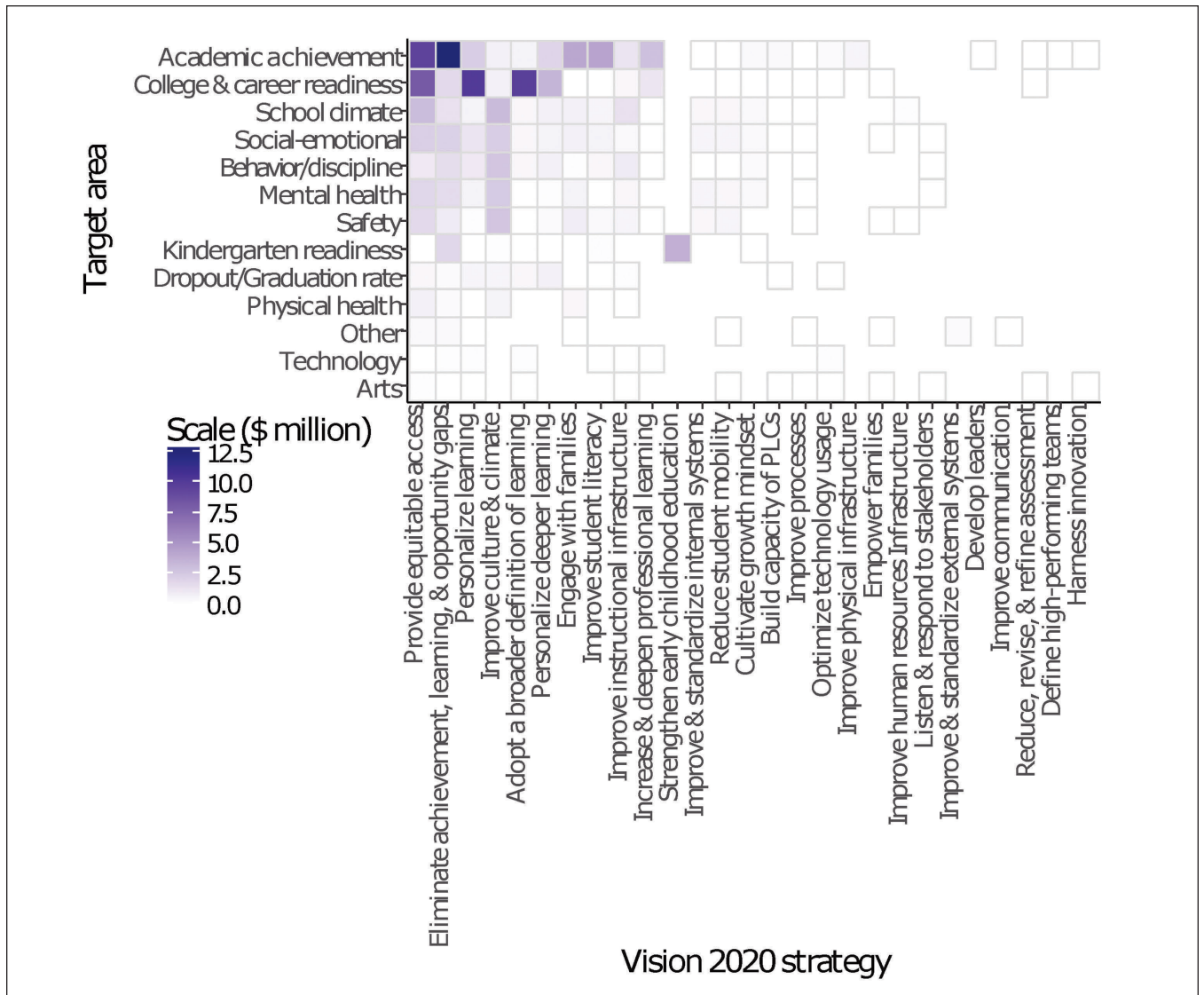


Figure 2. CBB-accounted spending by Vision 2020 strategy and target area. CBB-accounted spending amounts to \$69.1 million (\$48.7 million new and \$20.4 million existing) by Vision 2020 strategy and target area for improvement. Each square corresponds to a Vision 2020 strategy on the x-axis and a target area on the y-axis. The color scale represents the amount of the investment: the darker the color, the larger the amount of the investment. If the intersection of a target area and Vision 2020 strategy is blank, no money has been invested in that strategy for improving the corresponding area.

their return-on-investment data. This opportunity will cause us to adjust some programs. In addition, we can potentially save some money by discontinuing or downsizing some ineffective or low-impact but high-cost programs, which will give the district more resources to meet the unmet needs and fund innovations.

Empowering Fiscal Leadership

Making sound budget decisions is not an easy task. When leaders are the focus of the blame for wrong decisions or indecision, the solution tends to be replacing those leaders with new ones. However, that solution often sends us back to the same situation, only with

different leaders and programs. The fact is that if one leader or a few leaders are making bad decisions or avoiding tough decisions, then the problem is personnel and replacing those leaders is the right path. However, if most leaders are doing the same things, then it is usually a system issue.

By addressing the two system deficiencies through cycle-based budgeting, we have empowered our leaders to make informed and tough decisions, which will lead us to more optimal use of the taxpayer money to improve student learning.

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Mirror, Signal, Maneuver: Navigating Change

Effort must be made to keep “traffic flowing” amidst constant change.

By Matthew Clements-Wheeler



BRENT WONG/STOCK-ADOBÉ.COM

Managing change in the current funding climate is a key skill for school leaders who have to make tough decisions.

Recently, I was talking to our network manager about the importance of letting colleagues know when their computers need to be replaced as part of our network strategy. Colleagues need to know when they can expect their equipment to be upgraded—even if it is not for a few years yet.

I reached for one of the standard leadership analogies: we must mirror, signal, and then maneuver so that people know what is going

on. Our colleagues want the reassurance of knowing that a plan exists and of being able to align their own work as a result.

That conversation led me to reflect on just how apt the mirror, signal, maneuver analogy is for school business leaders. Schools are busy places with many things going on, often at different speeds. The occasional crash occurs, but hopefully we are all heading in pretty much the same direction.

Keeping Traffic Flowing

Like busy road networks, schools don’t work well when unexpected changes arise. For example, at a micro level, the school business

manager suddenly changes the venue of the regular staff meeting without telling anyone. At a macro level, problems occur when the government changes education or examination policy on short notice and without sufficiently understanding the consequences.

For things to work well and for the “traffic” of school life to keep flowing, everyone involved must be aware of what others are doing. We all need to signal our intentions early enough so we don’t surprise the people around us when we change speed or direction.

Just as unexpected braking on a highway has a ripple effect, we too can inadvertently sidetrack our colleagues if we initiate a new activity or make unannounced changes in our schools.

As I suggested to my network manager, we need to mirror, signal, and maneuver:

- **Mirror.** Look around us and think about what else is going on in school before we make a change. Is now the right time? Will this change have an undue effect on our colleagues or would it be wise to wait for a better opportunity? Can we complete the change needed with the resources available?
- **Signal.** Communicate our plan to everyone who needs to know. Do it in terms that they understand. Keep looking around us to check that our intentions have been seen and understood.

- **Maneuver.** Carry out our plan effectively and decisively. Make the changes; alter the direction of travel to reach the new destination with confidence, so that those around us know that we are actually doing what we signaled we were going to do.

Road Work Ahead

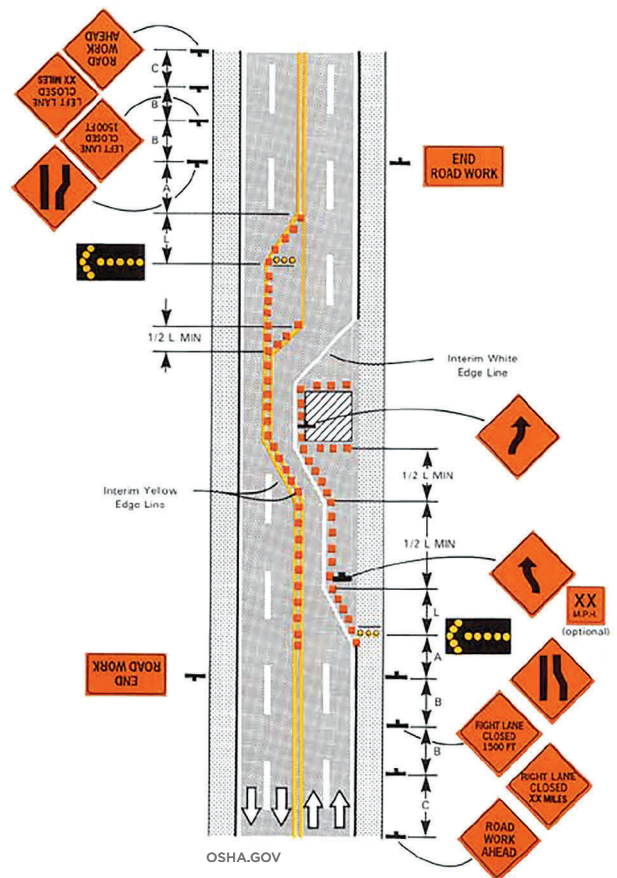
A cursory Google search for appropriate images to support this article pulled up the image at right, which intrigued me. It’s amazing just how much detailed effort goes into planning a road closure on a busy two-lane road.

If we accept my analogy of the typical school and a 6-, 8- or even 12-lane highway, then do we make sure that we put as much effort into communicating our plans with colleagues and with pupils? When we do communicate our plans and signal our intentions properly, do we do it in a way that people can understand rather than by using complex jargon, flowcharts, and acronyms?

Only then will we avoid a crash and keep the (network) traffic flowing.

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Half Road Closure on a Multilane, High-Speed Highway



Students First

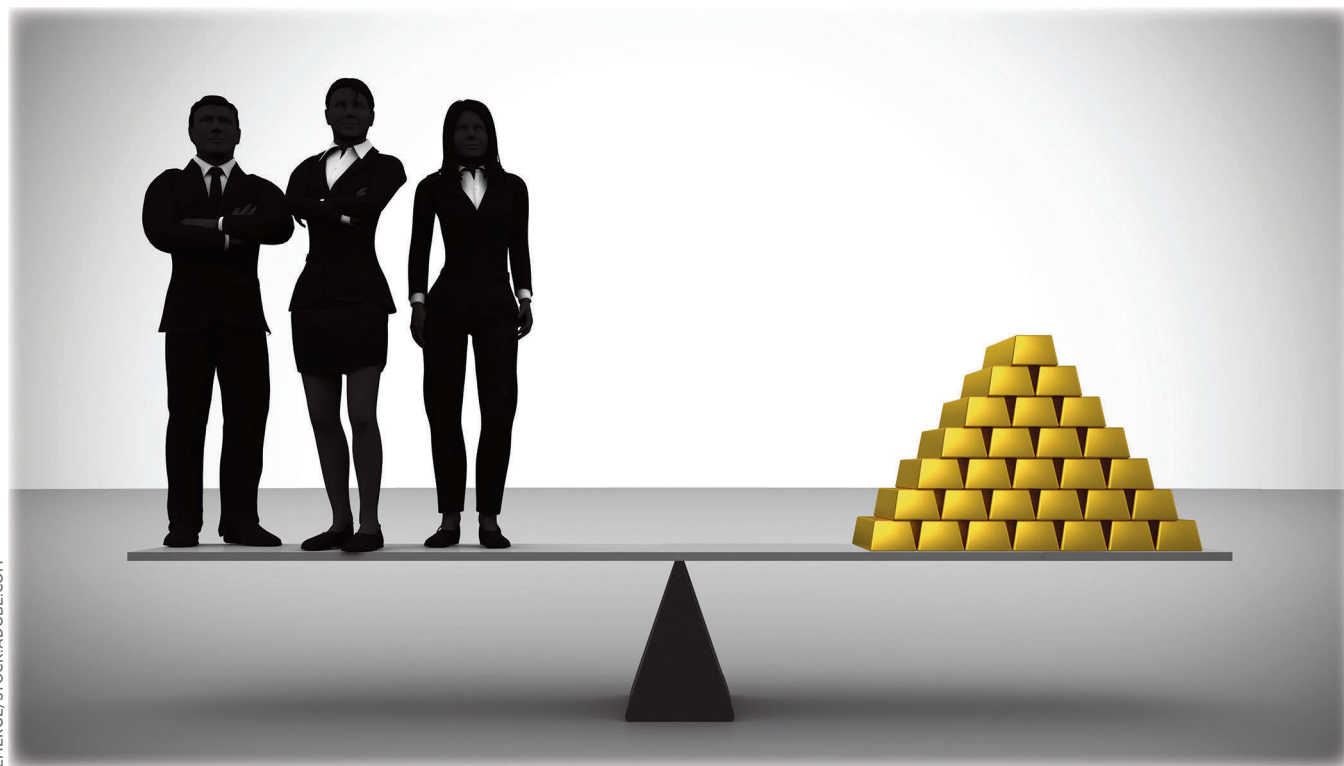
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Best Practices for Health and Welfare Benefits Management

SBOs can achieve a balance between providing benefits and reining in spending.

By Che Yi



Health and welfare benefit plans are both an important employee retention tool and a drain on already strained budgets. As districts seek to attract and retain qualified and skilled employees, pressure to rein in future spending will only mount. Districts can achieve a balance between these competing demands using strategies that are both viable and cost-effective.

A Starting Place for Districts

It's helpful to understand the role benefits play in the organization by answering with the following questions:

- What benefits do current and potential employees value most?
- Do you communicate benefits to employees effectively?
- Are your benefits cost-effective and sustainable?

- In addition, it's important to consider how external pressures shape district benefits. For some districts, external pressures provide an opportunity to address benefits issues. Examples of external pressures include:
 - Complying with the Patient Protection and Affordable Care Act (ACA) to avoid potential taxes and penalties.
 - Responding to an aging workforce or focusing on recruiting new staff.
 - Meeting the financial challenges presented by reduced funding.

Such external pressures can be a valuable catalyst toward change and provide an incentive to engage in planning tools such as benefits forecasting.

Individualized Benefits

One idea for consideration is customizing, or individualizing, benefits. Individualizing benefits provides an opportunity to engage the employee. Private companies often pursue this via private exchanges. While the education market may not fit the traditional private exchange model, many concepts are applicable to a district's benefit design. Do some research to determine whether employees are concerned with their long-term financial future or are focused on the short-term. Similarly, are they risk adverse, or are they willing to take risks to gain financially?

To illustrate, consider a hypothetical plan design. The key features of the health plan are:

- Single plan design to simplify administration.
- Deductible and coinsurance for a qualified High-Deductible Health Plan (HDHP) eligible for use with a Health Savings Account (HSA).

The plan results in lower cost and an opportunity for low payroll contributions. Individuals can elect how they want to manage their out-of-pocket expense exposure. In essence, the individual will fund this risk by one of the following:

- Saving money in an HSA.
- Insuring financial exposure by purchasing other policies such as HSA-compatible gap insurance, hospital indemnity, critical illness, accident, and disability.
- Going without and self-fund exposure.

The district could also look at offering employer-paid HSA-compatible group supplemental insurance or developing tools that support these decisions. For example, a saver may want to have financial calculators to model deductions and cash flow. People who decide to go without out-of-pocket protection, perhaps because they are young and in good health, may find value in having access to wearable technology (Fitbit and the like), or apps to help support their healthy lifestyle.

Discussion item: How does your district define "choice" as it relates to benefits? How effective is it to address individual needs?

Beyond Composite and Limited Tier Rate Structures

In addition to the plan design, the district might also provide for greater individualization of the costs.

To illustrate, let's assume that we currently have a two-tier rate structure contribution for the major medical plan: Single and Family. This can create some challenges:

- An employee and spouse may feel that they are unjustly paying higher rates if they don't have children.

- Spouses may choose not to participate in their employer's plan because they are already paying for the family via the district plan.

Migrating to a per-member or per-unit cost and contribution where there is an incremental price for each individual may provide employees with an opportunity to customize their election. Depending on the contributions, this approach may motivate working spouses to elect their employer's coverage. Smaller families will also feel there is equity to pay for a single child.

This does create complexity. Expanding to a per-unit basis introduces a number of deduction scenarios, making payroll more difficult. Also, some insurance companies may have concerns migrating from a composite or limited tier structure to an expanded structure.

Discussion item: What is your current employee contribution structure? What are the pros and cons of the structure?

Increasing financial literacy can help employees improve their financial management skills, plan to manage debt, and hopefully alleviate stress.

Improving Employee Financial Literacy

In January and February 2017, the Society for Human Resource Management (SHRM) conducted its annual survey of U.S. employers to gather information on more than 300 employee benefits. According to that survey, more organizations are offering financial advice than they did in 2016. Nearly one-half (49%) provided some type of financial advice, whether it was online, one-on-one, or in a group or classroom format.

The SHRM survey results may highlight an ongoing lack of key financial knowledge. This is not new. Studies have shown that only about one-third of people over age 50 could answer questions related to compound interest, inflation, and stock risk.

Increasing financial literacy can help employees improve their financial management skills, plan to manage debt, and hopefully alleviate stress.

Discussion item: Has your district identified a need to increase financial literacy?

Improving Benefits Education

Most of the districts we work with believe that educating the workforce on the benefits program will increase the value employees place on the program. The potential benefits of the education could include:

- Increased appreciation of the benefits.

- More efficient utilization of the plan and increased consumer behavior, which could lead to lower costs.
- Less time spent on dispute resolution, complaints, and administrative hassles due to the lack of understanding of the plan or benefits.

From a longer-term planning perspective, education may allow the district to more easily make changes and modifications. With better understanding, employees may be receptive to changes, as they will have a clearer picture of the pros and cons of a decision.

One example of an education opportunity is the HSA. Many employers are increasing deductibles and out-of-pocket costs for employees. If the trend continues, employees will be faced with increasing financial exposure.

One of the options to mitigate this exposure is to promote savings. Some employees may not be aware that medical expenses are eligible to be reimbursed for claims by the employee, his or her spouse, and tax-qualified dependents, incurred after HSA has been established.

Discussion item: What is your approach to employee education on benefits? How effective is this approach?

Pharmacy Plan Designs

Managing prescription drug costs can be a key factor in overall plan management. Rising pharmacy costs, specifically specialty drug costs, will impact more employers in coming years.

Discussion item: What has your district done to manage its drug expense?

Reference-Based Pricing

Many employers with a self-funded plan are exploring alternative provider reimbursement methods. One method that is gaining momentum is reference-based pricing (RBP).

RBP limits healthcare costs on certain procedures by using a competitive pricing “reference,” usually whatever the Medicare reimbursement is for the given procedure. Nationwide databases identify the Medicare reimbursements hospitals accept and other databases show many hospitals and doctors accepting some amount over Medicare.

For example, the databases may show that doctors accept an amount that is 50% greater than Medicare. Setting payment for a procedure at 150% of Medicare instead of settling for a negotiated “reduction” of a bill can result in large savings for the self-insured company.

Pros of RBP:

- Adds transparency to the health plan and healthcare pricing.
- Provides cost-savings for the employer.
- Avoids traditional network negotiations.

Resources and References

- “How to Pay for Health Care,” by Michael E. Porter and Robert S. Kaplan, *Harvard Business Review*, July–August 2016, available at <https://hbr.org/2016/07/how-to-pay-for-health-care>
- “The Importance of Financial Literacy,” by Annamaria Lusardi, *NBER Reporter: Research Summary 2*, available at www.ftc.gov/sites/default/files/documents/public_events/consumer-information-mortgage-market/lusardi_annamaria_presentation_ftc.pdf
- Kaiser Family Foundation 2016 Employer Health Benefits Survey, available at www.kff.org/report-section/ehbs-2016-summary-of-findings
- “Reference Based Pricing,” by Advanced Medical Pricing Solutions, available at <http://advancedpricing.com/solutions/reference-based-reimbursement>
- Society for Human Resource Management (SHRM) 2017 Employee Benefits Survey, available at www.shrm.org/hr-today/trends-and-forecasting/research-and-surveys/Documents/2017%20Employee%20Benefits%20Report.pdf

Cons of RBP:

- May not be available in all markets.
- Employees can be liable for “balance billing,” covering any portion above the fixed payment.
- High level of employer and employee education is necessary.

Under the bundled payments system, reimbursements for multiple providers are bundled into a single payment that covers all services involved in a patient’s care.

Bundled Payments

Bundled payments reimburse healthcare providers on the basis of expected costs for clinically defined episodes of care. Bundled payments have been around since 2008, but were popularized when provisions for these payments through Medicare were included in the ACA.

Under the bundled payments system, reimbursements for multiple providers are bundled into a single payment that covers all services involved in a patient’s care. This reimbursement method will align incentives for providers, hospitals, post-acute care, physicians, and other practitioners, allowing them to work together.

According to the *Harvard Business Review* article, “How to Pay for Health Care,” the goal of bundled payments is to improve population health, boost the patient care experience, and reduce cost in comparison to fee-for-service.

Pros of bundled payments:

- Payers benefit from the increased competition among providers, using a simplified method to evaluate the service through a single lump sum cost.
- Bundles may encourage hospitals to work more closely with rehab centers.

Cons of bundled payments:

- It can be complicated to define and track the type of care that should be included in the bundled payments for which a given provider is at risk.
- Bundles may encourage specialists' tendency to see patients not as whole individuals, but as single-disease problems or procedures, and to diminish their sense of responsibility for costs of illnesses not included in their particular bundled payment.
- Bundled payments may make it harder for population-based payment methods like Accountable Care Organizations (ACOs) to be successful. To be financially viable, ACOs must generate savings from existing services. If independent specialty providers capture the elective procedures for which savings are easiest to generate through bundled payments, it could be harder for ACOs to find those savings within their own service mix.

Discussion item: Does your plan utilize these reimbursement methods? How can members, and the plan, get information to access potential savings?

Use of Telehealth and E-health

Many employers are promoting telehealth and e-health services as a way to save money and increase convenience.

The Kaiser Family Foundation 2016 Employer Benefits Survey reveals that 39% of employers cover these services, and 33% of these firms have a financial incentive to promote the service.

Districts could benefit from this service through:

- Treatment for some conditions at lower costs than an office visit.
- Convenience of telephonic consultation, which could save time away from work.
- Alternative to after-hours urgent care, which is beneficial for busy working parents.

Discussion item: What alternatives does your plan offer that could save employees time and money? How has your plan communicated these features?

Emerging Technology

Technology will continue to impact the benefits landscape. More districts are implementing benefits administration systems. For example, there is growing interest in Human Resource Information Systems (HRISs).

The organizations that work with your district will also have increasing technology capabilities. There will

be greater access to health records, claims data, and other personal information. This technology can open up great opportunity. Districts and their employees can benefit from having organized access to health information, care coordination and health improvement can be deployed with the help of the data, and pricing information can support transparency and consumerism.

However, it is important to remember that data security must be maintained. In light of staff turnover and change in staff with access to sensitive data, it is important to integrate staff and operational teams to ensure compliance.

Discussion item: Do you use or could you benefit from an HRIS system? When was the last time your organization evaluated HIPAA compliance? What is your organization doing about data security?

In light of staff turnover and change in staff with access to sensitive data, it is important to integrate staff and operational teams to ensure compliance.

Next Steps

Given the variety of options available, it can be difficult to know just what to do next. Best practices for your particular district can start with the following foundational steps:

1. Prioritize your district's objectives. Your success is determined by your ability to prioritize what the district has to accomplish.
2. Develop a multi-year plan. Evaluate your environment, explore options, and make good decisions so that you can move forward.
3. Finally, invite others to participate. Medical benefits challenges will continue to emerge. The more you can include your colleagues and other stakeholders in the dialogue, the better off you will be in the long run.

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American Fidelity Administrative Services does not provide tax or legal advice. They encourage you to contact your tax or legal counsel about how requirements apply to your specific plans or situation.

Additional Resources

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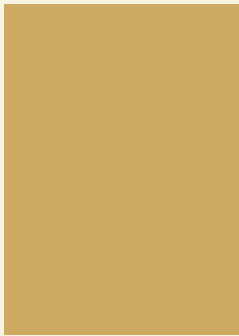
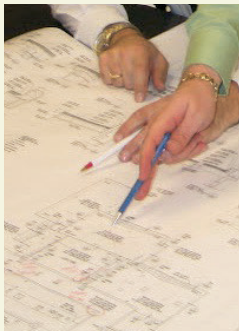
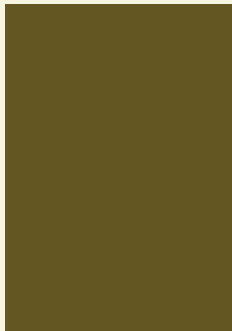
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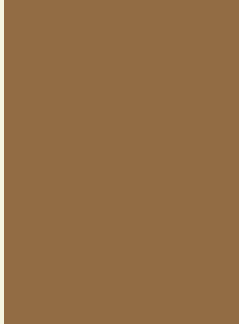


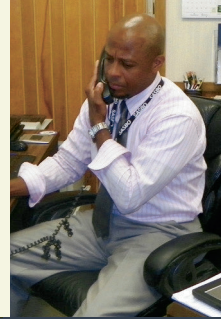
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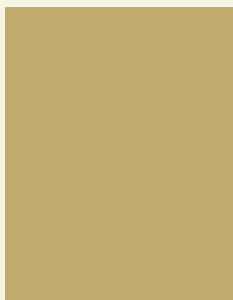
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Human Resources? Oh, You Mean People!

Great leadership begins and ends with people.

By Brian N. Moore, MBA



The captain stands on the bridge of this marvel of modern nautical technology—800 feet of solid steel carrying hundreds of thousands of barrels of oil.

Sitting comfortably in his soft leather chair, the captain enjoys the spectacular view from high atop his vessel. He turns to give a rudder command to the helmsman. But alas, no one is at the wheel—no one is in sight.

Confused yet always at the ready, our highly skilled captain leaps from his seat and dashes over to take the wheel.

He decides to stop the ship to find his missing crew. He pulls the brass handle to signal the engine room to shut down. Yet again, no answer! Where are they all? He runs down the steep ladders to the engine room deep

in the bowels of the ship. Empty! He finds the engine controls and quickly pulls the levers.

Back on deck, he realizes he’s alone. Confused and concerned, panic starts to set in and his breathing increases. His heart rate skyrockets and he thinks out loud, “I can’t do this all alone!”

Then with a start, he wakes in his bunk. Looking around, he realizes with a quick sense of relief that it was just a dream—a nightmare. As he calms down, a thought crosses his mind: What if he *had* been alone? How could anyone lead with no one to follow?

Working With and For

Huge nightmare, right? It is the equivalent of our high school teenage horror of showing up for school in our

undies or, even worse, absolutely naked! I heard you laugh, friendly neighborhood reader, but alas, for any true leaders out there, the thought of having no one to lead is just that scary! It is a waste of not only your potential but also the potential of many others whom you could help if you could only work for them!

I will wait while you reread the last sentence. Did you catch it? A few of you scanned the sentence and it read something like “if you could only work with them” or, worse yet, “if they could only work for you.”

Um, Brian, how can I lead if you just said that I work “for someone”? Buckle up my friends and colleagues, and let’s go for a ride through the real journey to becoming an effective leader. That journey begins and ends with people—not human capital or human resources but real live human beings.

The Human in Human Capital

Back in 1897, economist Irving Fisher introduced a new concept as he analyzed the operation of a business; he used “human capital” as a way to quantify the efforts of employees as a resource in the same way that he looked at inputs from supply as ways to calculate physical capital. He is quoted as saying that it would remove “sentimentalism” from the proper calculation of productivity.

For generations, we have seen business go back and forth with human capital, human resources, and other interactive trends like human performance indicators and skill set analyses. But if you are a true leader, I bet you pride yourself on leading real people. If you aspire to being a great leader (if you aspire for goodness, you are aiming way too low), that starts with how you best serve those real people whom you have the privilege to lead.

Be their coach, their cheerleader, their publicist, and their talent agent. They should know that you support them, and not just when they are superstars or your department is on top. In fact, it counts less then. You have to support them when they make human errors, as people do. You must be there to advocate for them and to try to protect them, because loyalty is the strongest sign of a good leader.

That doesn’t mean trying to hide mistakes or assign blame elsewhere. It means that we take the blame when it’s ours and learn from mistakes. Our kids made mistakes all the time; we stood by them. You should protect and nurture your team in the same way.

Being a human leader also means dispelling the old jack-of-all-trades myth—which means you aren’t really good at anything! When I was a director of facilities, I told my staff that I was in no way, shape, or form an expert or even a jack-of-any-trades in facilities. I was there to make sure that they got the tools and the training to do their jobs and to do them well. Then, I stood back and let them work. It was amazing how that



PHOTO COURTESY OF BRIAN MOORE

Brian Moore (center) and Red Clay School District Teacher Alexis Tiberi record a podcast about an online safety program for kids that they created.

mindset helped me gain traction and buy-in when I tried to grow our shop.

Being a great leader also means being humble and checking your ego at the door. During one of my first weeks as the director of facilities, we had a construction meeting scheduled to discuss the heating plant for an elementary school we were building. I know nothing about boilers beyond the fact that they boil. However, we had the best boiler guy on the East Coast working for us.

For generations, we have seen business go back and forth with human capital, human resources, and other interactive trends like human performance indicators and skill set analyses.

He was shocked when he and I walked into the room and I was asked what I wanted installed. All I did was point to him and say “I will write the check, but Bruce [the amazing boiler guy] is the customer. He can tell you what he needs and that is what you install.”

Well, soon that word got around. One day I noticed our roofer, another amazingly talented guy, struggling to get some stuff onto a school roof. I took off my jacket and grabbed the bucket to help him. A few years later he introduced me to his wife as the highest paid roofer’s apprentice he ever worked with! Other folks may have been embarrassed, but I was thrilled that he thought of me that way and was comfortable enough to say it. He knew that my role was to support him!

What was the end result? Huge success. We exceeded every metric that the business office put out. Our quality was great and our morale numbers were off the chart. Now, dear reader and friend, those results had *nothing* to do with me! The team did it all; all I did was watch and give them the credit they deserved. Yes, they made me look good, but outside opinions didn't mean a thing to me.

Giving Credit

The last thing I will tell you is to lead for your people by honestly wanting to serve them. Sure, it's nice when the board and superintendent give you kudos. What is even better is when you turn around and give that credit to the folks who did the work.

I have been out of that role for some time now, but I can still tell you about our highlights. I can still quote our stats as a team. The best part of the story is that I still get Christmas cards from those guys all these years later. And when I bump into them at the mall, they share a funny story or ask me if I remember helping them with one thing or another.

In case you cannot read between the lines, I genuinely love my team, so my success honestly was driven by watching how high they could go.

Ask any parents what they think about when they think of their kids. Great parents don't say, "Well, we remember what great parents we were." Great parents tell you about their children's successes: their first steps, their first word, and even their first date. Being good parents is all about the kids that you parent!

Want to be a great leader? Think like a great parent. Coach your team, cheer for your team from the sidelines, get them the tools and training they need. Then, get out of their way. Like your kids, they will exceed your every expectation.

So why was the captain's dream such a nightmare? Great leaders feel fulfilled only when they are working for a great team with great people. It doesn't matter how grand the ship is if no people are on board to navigate it. Now, forget all that human performance stuff and go out there and make your people look great!

Brian N. Moore, MBA, served 15 years as the director of public safety as well as the manager of school facilities for a school district in Delaware. He is currently the program manager for school climate with the Delaware Department of Education and is the author of *Practical Incident Management in K-12 Schools: How Leaders Prepare for, Respond to, and Recover from Challenges* (Lanham, MD: Rowman & Littlefield, 2017). Email: Brian.Moore@doe.k12.de.us



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Finding the Sweet Spot: Strategies for Year-End Balance

How do Virginia school divisions find that balance between deficit and surplus?

By Jesse Hughes, Ph.D., and Deborah White, CPA, SFO



During each August and September in Virginia, local news stories and peer discussions address the fact that a few of the state's 132 school divisions ran a deficit the previous year. Invariably, the often-inexperienced finance directors or superintendents in those school divisions are terminated with possible criminal malfeasance charges hanging over their heads.

However, almost equally important politically are the school divisions that underspend their local funding by more than 7%, leaving their governing boards to wonder why they did not use all of the funds raised for them.

Even if a school division hits the "sweet spot" of having a surplus without "turning back" too much of the local government funds,

discussions between the local government and the school board can be difficult: will the local government reappropriate those "turned back" funds in the new year and how can those funds be used?

To develop best practices for Virginia school divisions, we surveyed school finance officers in the commonwealth and presented the results at the October 2017 meeting of the Virginia Association of School Business Officials. We believe the findings can be helpful to school business officials outside Virginia as well.

Funding in Virginia

Most public schools in the United States are independent from local government funding and have their own taxing and debt issuance authority. However, some states, including Virginia, do not

give school divisions either of those authorities, nor do they allow them (with some exceptions) to carry fund balance reserves.

Virginia allocates public school funding to the local governments on the basis of a standard of quality (SOQ) formula and a local composite index (LCI), requiring the local governments to supplement those funds at a minimum level (based on the same SOQ formula and LCI).

According to a 2017 study by the Virginia Education Association, all local governments exceed the state's "required local effort" (RLE) at a fiscal year 2016 state average of 110%, because the SOQ requirements do not provide a satisfactory level of education service for local community demand.

The local governments appropriate all funds for their public schools either in a lump-sum or a by-state category. The lack of fund balance reserves and school division control over funding creates many of the year-end balance issues for Virginia school divisions. The survey results summarized below show how school divisions are trying to handle these issues individually.

Background of Respondents

The 50 survey respondents represented the state well (38% response rate). The respondents were located throughout Virginia, from large cities to rural counties. The March 31, 2017, average daily membership

ranged from 756 to 179,901, and the divisions' LCI ranged from 0.23 to 0.8, with an average of 0.38.

Most (62%) of the divisions received funding in a lump sum by local government. The remainder (38%) were funded in eight categories (Section 22.1-115, *Code of Virginia*): (a) instruction; (b) administration, attendance, and health; (c) pupil transportation; (d) operation and maintenance; (e) school food services and other noninstructional operations; (f) facilities; (g) debt and fund transfers; and (h) contingency reserves.

As a result, the local government must give permission before funds can be transferred from one category to another if a need exists. That situation can cause unexpected category deficits at year end and requires the school business office (SBO) to use extra diligence to manage.

Fifteen divisions returned less than 3% of their appropriated funds at the end of the year; 21 returned no funds. The local governments of the respondents provided the SBOs with

funds above the SOQ ranging from 6% to 187% and averaging 95%.

Encumbrance Practices

Where allowed, experienced Virginia SBOs have found that one possible way to control end-of-year fund balances is to use encumbrances strategically; 30% of the respondents were prepared to shift an encumbrance to a new year's expense if the current year's fund balance could not afford the encumbered expense. However, only 40% of local governments allow the SBOs to automatically roll their encumbrances into the new year, with the majority (62%) of the local governments holding enough money in the schools' fund balances at year end to cover the encumbrance rollover.

(Only half of the SBOs felt they had the same rights as the local government in the annual appropriations resolution.)

In a similar vein, half of the SBOs typically consider purchase orders or contracts for specific goods and

services as appropriate encumbrances at year end. For those SBOs who do encumber at year end, 76% send that information to the local government for inclusion in the footnotes of its comprehensive annual financial report, as required by paragraph 24 of Governmental Accounting Standards Board Statement No. 54. (See Figure 1 for more on encumbrance practices.)

Fund Balance Agreements

The Code of Virginia (Section 22.1-100) requires unexpended local funds to be returned to the local government at year end. However, the Virginia Appropriations Act allows state and textbook funds to be reappropriated for the local school division and *encourages* local governments to reappropriate local funds as well.

The 50 respondents reported that their local governments allowed the school division to maintain a balance in the following funds:

- School nutrition (90%)

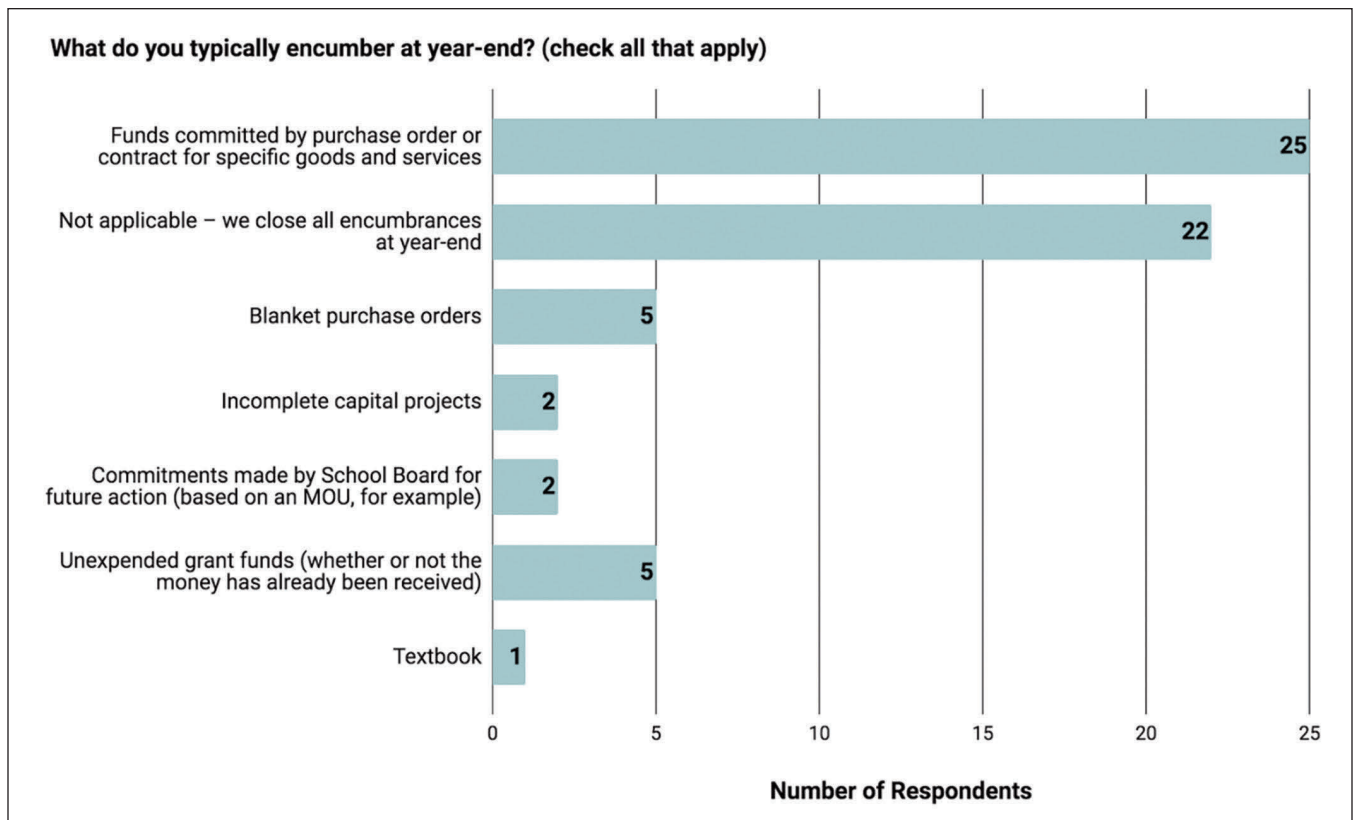


Figure 1. Encumbrance Practices in Responding Virginia Divisions

- Textbook (52%)
- Grant (34%)
- Self-insurance (32%)
- School operating (22%)
- Enterprise or special revenue (14%)
- Debt service (12%)
- Capital funds (14%)

Only 6% of the divisions responding had a formal agreement to automatically reappropriate the funds in the new year (another 12% did not know). The 82% with no formal agreement reported the following interaction with the local government:

- The funds are no longer available to the school division (38%) or the school division can seek reappropriation for extenuating circumstances (22%).
- The school division expects the full amount to be reappropriated with a standard request to the governing board
 - BUT this arrangement could change if governing boards change (16%).
 - AND don't expect this to change (14%).
- The school division retains all local transfer of funds as budgeted each year (14%).
- Other arrangements (12%).

Budget-Monitoring Practices

The respondents have the following controls to ensure a sufficient fund balance at the end of each year:

- A position control system to ensure that no unbudgeted positions are unintentionally filled (50%)
- Spreadsheets or a budget system that allows them to project the personnel (82%) or key nonpersonnel (78%) budget surpluses or overuse throughout the year
- Financial system warnings when a line item or department has gone over budget (70%)
- Regular budget transfers to clear over-budget situations at the line item (34%) or department level (30%)

- Use of special year-end spreadsheets beginning in May or June to monitor fund balance/year-end spending (52%)

The SBOs seek budget supplements (appropriations from the local government) as follows:

- For need at year end; otherwise, no budget supplements appropriated (28%)
- For increases in revenue only (federal, state, local) (46%)
- For an increase or decrease in enrollment, state revenue, and/or federal awards (22%)

SBOs actively monitor budgeted to actual revenue and expenses and prepare projections for their year-end values at the following frequencies:

- Monthly (22%)
- Quarterly (8%)
- Monthly or quarterly (starting with the end of the second quarter) (24%)
- Monthly (starting with the end of the third quarter) (6%)
- Monthly (starting in May or June) (6%)

The responding SBOs stop all purchasing (encumbrances, contracts) except for emergencies by

- May 15 (32%)
- May 31 (8%)
- June 15 (36%)
- Other (22%)

The school board receives a financial report (at least budget to actuals):

- Monthly (96%)
- Quarterly only (4%)

The local government receives a financial report (at least budgeted to actuals at the appropriated level):

- Quarterly (12%)
- Annually only (50%)
- Monthly (26%)
- Not identified (12%)

Best Practices Conclusions

Based on the best practices of the 50 Virginia SBOs who responded, school divisions should have

conversations with their local governments on the following issues:

- Lump-sum funding should be permitted (versus categorical funding).
- Schools should have the same rights on appropriations as the local government.
- Procedures should be put in place that will permit the SBOs to automatically roll over all funds encumbered at the end of the year.
- Local governments should hold enough money in the fund balance at year end to cover the SBO encumbrance rollover.
- Local governments should provide 50% or more funds for local expenditures than the required local effort computed by the state.

In addition, the SBOs should consider taking the following actions within their operations:

- Do not stop purchasing actions before May 15 unless no funds are left.
- To gain tighter control over year-end balances, implement more of the budget-monitoring practices employed by the respondents.
- Continue to prepare a monthly financial budget versus actual statement for the school board and make a copy available to the local government as often as it requests.
- If budget supplements from the local government are not requested when revenue increases or decreases, then a school division must develop another way to match expenditures to the projected revenue.

These best practices should provide food for thought for all school divisions.

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Deborah White, CPA, SFO, is director of finance, Goochland County Public Schools, Goochland, Virginia. Email: dwhite@glnd.k12.va.us

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PINNACLE OF EXCELLENCE AWARD RECIPIENT



Clark J. Godshall, Ed.D., RSBA

District Superintendent
Orleans–Niagara BOCES
Medina, New York

Adult and Veteran Educational Outreach

What began as elementary school students' desire to help local homeless and disabled veterans blossomed into a collaboration among education providers, community-based organizations, veterans' agencies, and the public to bring awareness to and help the vast number of local veterans in need of food, shelter, skills, and support.

Clark Godshall championed the development and implementation of several initiatives to reach out to adults and veterans, including Literacy Zone, a continuing education adult literacy program that welcomes veterans and their families to participate in activities to increase literacy levels, obtain a GED, learn computer skills, and improve job-readiness skills.

The Literacy Zone, located in a severely impoverished neighborhood with high rates of illiteracy and unemployment, is a welcome center where families can obtain education services and referrals to supportive agencies all at one place. A luncheon for veterans and their families—prepared by adult male students in a Literacy Zone cooking class—provided an opportunity for the community to express their support and gratitude for the veterans' service.

Godshall explains, "Many times our adult student population concentrates on their own needs exclusively. This project afforded these students the opportunity to give back to other adults who have served their country and have met with hard times." He adds, "This program encompasses 'lifelong learning' at its best."

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Since 1993, ASBO International and Virco, Inc., have honored four school business officials each year for their creativity and innovation in the profession. From a continuing education program for veterans, to a strategy for better forecasting of healthcare costs, to innovative learning spaces for students, to a new way to finance technology, this year's recipients have all made a positive impact on the profession and on the students they serve.

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PINNACLE OF ACHIEVEMENT AWARD RECIPIENTS



Michael G. Frank, CPA, MBA, SDA

Assistant Superintendent for Business
New Hyde Park–Garden City Park
UFSD
New Hyde Park, New York

Bringing Predictability for Healthcare Costs to the Budget Process

New Hyde Park–Garden City Park Schools ends its fiscal year on June 30, but its main healthcare provider provides premium updates on a calendar year basis, making budgeting for healthcare costs difficult.

To bring predictability to the budget process, Michael Frank worked with his team to develop a budget process whereby for the first six months of the calendar year, the district shares the cost of insurance with the employee, based on a percentage split; for the last six months, the district pays its percentage contribution based on a “presumed rate.” When the actual rate is established, the employee pays the difference. The result is true budget savings on health insurance and reallocation of “surplus” to programs that promote student achievement.

“Funding has been used for textbooks, support for students with special needs, new equipment, and STEAM initiatives,” Frank says. “Had the budget not freed up these surpluses to reallocate to other areas, then the tools provided to aid in student achievement would be lacking and student achievement would suffer.”



Paul G. Harrell, CPA

Deputy Superintendent for Finance and Operations
North Kansas City Schools
Kansas City, Missouri

Partnership for Creation of an Innovative Learning Space

Innovation Campus is a flexible, open, shared environment that houses North Kansas City Schools’ gifted education program. Opened in 2016, it is the first space dedicated specifically to gifted students’ learning.

Under the guidance of Paul Harrell, the campus grew from a partnership between the city of Gladstone, the school district, and Northwest Missouri State University. The city financed and built the campus, and the district rents the needed space.

The majority of the furniture is movable and there are few walls, so students can easily find an area to huddle for cooperative project planning or spread their work out. The new environment is technology-rich, giving students opportunities to pursue their interests in areas such as STEAM, animation, robotics, and 3-D printing.

“While the gifted center at the Innovation Campus serves a small portion of the district’s student population, its benefits have started to expand districtwide,” Harrell says. As administrators and teachers from other schools visit the site, they look for ways to incorporate elements into their own classrooms.



Brian Tomamichel

Chief Financial Officer
Mt. Vernon Community School Corporation
Fortville, Indiana

Financing 21st Century Technology with the Help of Rebates

Purchasing almost 4,000 devices as part of a 1:1 initiative and updating Mt. Vernon Community School Corporation’s infrastructure on a short timeline required a \$2.5 million investment.

Undaunted by the challenge, Brian Tomamichel spearheaded a strategy that entailed taking out a four-year \$2.5 million loan from a local bank and offsetting most of the interest through a credit card 1% cash-back rebate program.

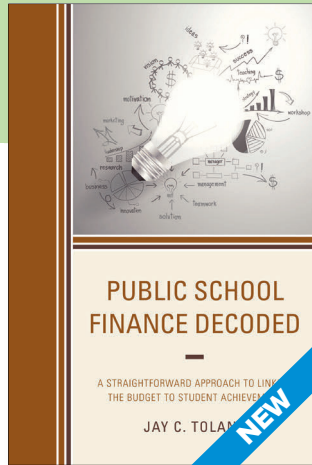
The district worked with the bank, credit card company, and vendors to set up a process whereby the district could make large purchases with its credit card—such as \$1.8 million worth of technology equipment—and take advantage of the rebate. Between 2015 and 2016, the district received almost \$71,000 in cash back from the program, which has helped the district further expand the technology program.

“We are now truly seeing our curriculum integrated digitally throughout our entire district,” Tomamichel says, “and any child who steps foot onto our campus will be utilizing technology in their classroom at some point during the day regardless of their age.”

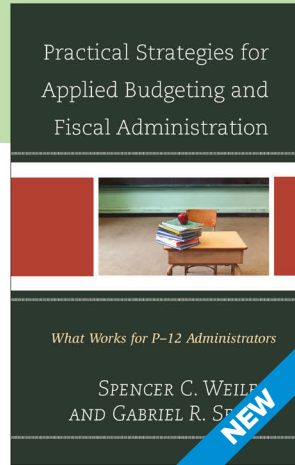
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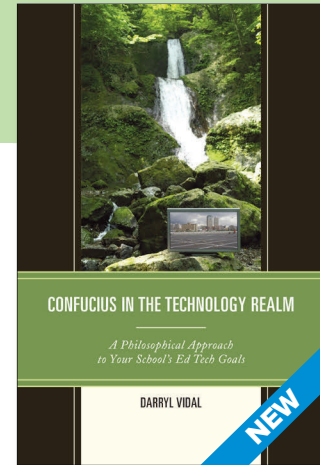
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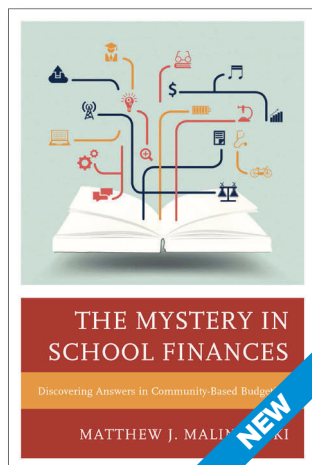
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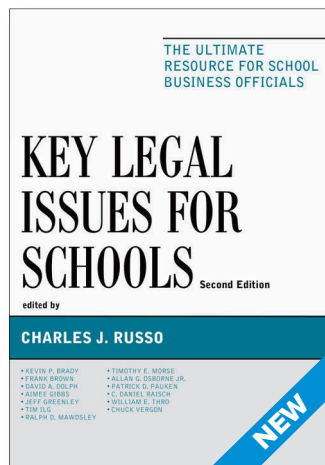
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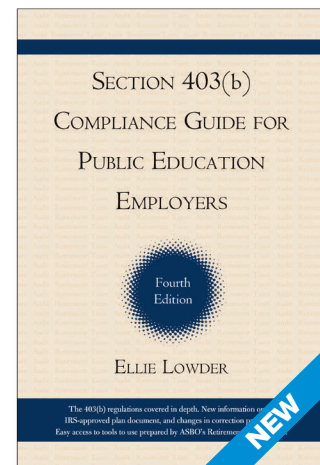
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Solar on the Roof: Putting Money Back into Academics

By Eric Domescik

Solar arrays are saving money and contributing to students' education.

Although classrooms serve as the epicenter of education, students, faculty, staff, and school business officials at the Lovett School in Atlanta, Georgia, are gaining a firsthand lesson about the science and economics of solar panels.

Lovett recently installed two photovoltaic rooftop solar arrays on its campus, saving the school thousands of dollars in energy costs each year and providing learning opportunities for students.

The first array was donated and installed by an Atlanta-based solar power company in 2015 and generates about 14,000 kilowatt-hours annually. Lovett purchased a second array in 2016 through its sustainability fund. The 200-panel array produces 76,800 kilowatt-hours of power annually. Together, the arrays, along with the LED lights around campus, help the school decrease monthly power bills by thousands of dollars, according to Sandra Switzer, the school's director for sustainable education.

The Lovett School is one of Atlanta's oldest and most prestigious private schools. It was founded in 1926 and today enrolls 1,679 students in grades K–12 on a 100-acre campus.

"The Lovett community has prioritized sustainability efforts for many years, and we are thrilled with the performance of the arrays and how they contribute to our efforts and enhance our community," says Billy Peebles, head of school at Lovett.

"The arrays are also just a part of our larger sustainability plan. We take numerous steps and have many innovative programs that teach our children the value of caring for our environment, while helping the school save money and be more self-sufficient," Peebles adds.

Beyond Cost Savings

Since Lovett's first panels were installed in 2015, the arrays have saved the school about \$8,000 in electricity costs, but their benefits extend beyond those savings. The arrays produce live and historic data, which are curated and available via an online dashboard the school can access and share with students. The data can be incorporated into the school's curriculum to teach students math and science concepts.

As an added bonus, the arrays benefit the surrounding community by reducing Lovett's impact on the environment. Lovett estimates that it will cut its carbon dioxide emissions by 46.8 metric tons every year for the next 20 to 25 years. To illustrate, it's as if the school planted 38 acres of trees every year for 25 years or took 10 cars off the road for the next quarter century, saving more than 5,264 gallons of gasoline.

Many government organizations and foundations around the country have advocated for schools to invest in solar power both to benefit the environment and to save money.

Along with its solar arrays and LED lights, the school has numerous other money-saving and energy-saving programs in place. Lovett is part of a Green Schools purchasing consortium, a national program consisting of 28 schools that have agreed to purchase more than 25 million kilowatt-hours of renewable electricity via Renewable Energy Certificates. The school also maintains four charging stations for electric vehicles.



Figure 1. Solar rooftop arrays installed on The Lovett School in Atlanta, Georgia.

Going Solar

Lovett is not the only school benefiting financially and academically from solar power. A 2014 report by the Solar Foundation and the Solar Energy Industries Association found that 450 individual school districts could each save more than \$1 million over 30 years by installing solar photovoltaic systems (www.thesolarfoundation.org/wp-content/uploads/2016/10/SOLAR-SCHOOLS-REPORT-FINAL.pdf).

At the time, the study counted 3,752 K–12 schools in the United States with solar installations. Combined, those installations offset \$77.8 million per year in utility bills, an average of approximately \$21,000 per year per school. The value equates to 155,000 tablet

computers or 2,200 new teachers' salaries yearly.

Many government organizations and foundations around the country have advocated for schools to invest in solar power both to benefit the environment and to save money. According to the Solar Energy Industries Association, the adoption of solar power in the United States and globally is at an all-time high from a combination of tax benefits, technology improvements, and declining costs. Solar has had an average annual growth rate of 68% over the past 10 years and is second only to natural gas for all new capacity.

In 2016, solar accounted for 39% of all new electricity-generating capacity, topping all other technologies for the first time. In addition, solar prices dropped 55% over the

past five years, and 19% over the past year. More than 1.5 million solar installations are in the United States, and that number is expected to grow to 4 million by 2022 (www.seia.org/solar-industry-data).

A Huge Win

Looking to the future, Lovett has drafted a long-term plan that includes more solar arrays. The school has envisioned a canopy over the stands of the stadium as well as arrays on the roof of its Glover Gym. Those and further changes could take Lovett completely off the power grid, a move that Switzer says would be a “huge win” for the school.

Eric Domescik is president of Renewvia, a solar power company based in Atlanta, Georgia. Email: eric@renewvia.com

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Student Dress Code and Uniform Policies

By Charles J. Russo, J.D., Ed.D.

Student dress codes continue to be challenged in U.S. courts.

Amid ongoing concerns about whether to devise or revise dress policies, district leaders should be interested in recent data from the National Center for Educational Statistics (2016), that indicates that the percentage of schools that have strict dress codes rose from 47.4% in 1999-2000 to 56.9% in 2009-2010, peaking at 58.5% in 2013-2014.

Moreover, while 11.8% of schools had policies requiring students to wear uniforms in 1999-2000, this number rose to 18.9% in 2009-2010 and 20.4% in 2013-2014.

In light of ongoing controversies over student dress, it's helpful for school district leaders to review litigation that pertains to school dress codes and uniform policies as they consider devising or revising their policies.

The *Tinker* Decision

As social perspectives on student dress evolve, an older case reveals how attitudes about student dress have changed.

In 1923, the Supreme Court of Arkansas upheld a board policy against “[t]he wearing of transparent hosiery, low-necked dresses, or any style of clothing tending toward immodesty in dress, or the use of face paint or cosmetics” (*Pugsley v. Sellmeyer* 1923, p. 538).

More recently, *Tinker v. Des Moines Independent Community School District* (1969), litigated during the social upheaval of the 1960s, is a bellwether of student free speech and expressive rights. In *Tinker* the Supreme Court invalidated a policy designed to prohibit students from wearing black armbands to school in protest of American activity in Vietnam.

The Supreme Court sought a middle ground to balance the rights of students to dress as they wished against the needs of

educators to preserve order and discipline. According to the Court, “where there is no finding and no showing that engaging in the forbidden conduct [by wearing black arm bands] would ‘materially and substantially interfere with the requirements of appropriate discipline in the operation of the school,’ the prohibition cannot be sustained” (p. 509). Ruling in favor of the students, the Court created a tidal wave of litigation on dress that continued unabatedly for almost 50 years.

Student Dress and Disruption

Generally, courts uphold student dress code policies if they are narrowly drawn, are rationally related to legitimate pedagogical concerns in support of schools’ educational missions, and are neither vague nor over-broad.

It’s helpful for school district leaders to review litigation that pertains to school dress codes and uniform policies.

Perhaps the best-known issue involving school policies designed to avoid disruptions concern depictions of the Confederate Flag on clothing and other items. The Fourth (*Hardwick ex rel. Hardwick v. Heyward* 2013), Fifth (*A.M. ex rel. McAllum v. Cash* 2009), Sixth (*Defoe ex rel. Defoe v. Spiva* 2010, 2011a, b), Eighth (*B.W.A. v. Farmington R-7 School District* 2009), Tenth (*West v. Derby Unified School District No. 260* 2000a, b), and Eleventh Circuits (*Scott v. School Board of Alachua County* 2003a, b) agreed educators can discipline students for violating board policies by wearing or carrying symbolic representations of the Confederate flag.

On the other hand, the Sixth Circuit found that educators in Kentucky who suspended students for violating the school's dress policy by wearing t-shirts depicting Confederate flags as a display of their Southern heritage, violated the students' First Amendment right to free speech (*Castorina ex rel. Rewt v. Madison County School Board* 2001).

Another issue garnering judicial attention is student dress expressing attitudes about lesbian, gay, bisexual, and transgender (LGBT) issues. The Seventh Circuit held that a school board in Illinois could not prevent students from wearing t-shirts with the message "Be Happy, Not Gay" (*Nuxoll ex rel. Nuxoll v. Indian Prairie School District #204* 2008). Also, a federal trial court in Tennessee decided that educators could not prevent a high school student from wearing a t-shirt displaying the message "Some People Are Gay. Get Over It." (*Young v. Giles County Board of Education* 2015).

On the other hand, a federal trial court in Ohio allowed a student to wear a t-shirt critical of LGBT lifestyles, abortion, and Islam (*Nixon v. Northern Local School District Board of Education* 2005). And, the federal trial court in Minnesota permitted a student to wear a sweatshirt displaying the message "Straight Pride" to school (*Chambers v. Babbitt* 2001). Interestingly, in all four of these cases the courts relied on largely same rationale, refusing to regard the messages on the clothing as disruptive.

Student Dress and Religion

In the first of six cases involving religion, the Ninth Circuit affirmed that educators in California did not violate a student's rights to freedom of speech and religion by preventing him from wearing a t-shirt critical of gays (*Harper ex rel. Harper v. Poway Unified School District*, *Harper* 2004, 2006a, 2006b). The court upheld the actions of educators because the student's message

NEWS FROM THE HILL

After trying to reform the healthcare system, overhaul the tax code, and pass a federal spending package to avoid a shutdown, the 115th Congress wrapped up its first session with no shortage of political drama.

ASBO International and others advocated for schools and students on a variety of issues, from preserving Medicaid funding to fighting for a federal tax system and spending bill that supports public education. With all that has happened in K-12 politics the past year, it begs the question, what can school business officials expect for 2018?

While nothing is certain, experts say there are several education priorities that Congress and the Trump Administration will focus on this and next year. These priorities stem from initiatives laid out in prior presidential executive orders, memos, and the President's Fiscal Year (FY) 2018 Budget, as well as proposals from the Department of Education (ED). They include:

- Expanding school choice
- Protecting vulnerable learners
- Simplifying student loan repayment options
- Cutting duplicative or inefficient programs
- Funding evidence of effective innovation
- Expanding apprenticeships
- Increasing access to STEM education
- Identifying supplemental priorities for discretionary grant programs.

ASBO International has been and will continue to advocate on these issues. In general, we've urged Congress to increase federal investment in education to benefit all students, as opposed to investing in voucher programs that benefit only a select few. We've also strongly advocated for more Title I and IDEA funding for historically disadvantaged students and for special education.

While ASBO is often supportive of streamlining or eliminating duplicative or inefficient programs, we are holding Congress accountable to ensure that their proposed cuts make sense and aren't simply a means to reduce the deficit, disinvest in education, and undermine public schools.

Although ASBO primarily focuses on K-12 advocacy issues, we are asking Congress to preserve higher education student loan repayment and forgiveness programs that teachers and other public servants rely on.

Congress is currently considering ending the Public Student Loan Forgiveness (PSLF) program, which helps attract teachers to the profession. PSLF allows enrollees an affordable means to pay off student debt and eventually be forgiven for loans as an exchange for serving in lower-paying, high-need public professions. Without PSLF, school districts may find it even harder to recruit new teachers if graduates gravitate to higher-paying professions in the corporate sector instead. For more information about ASBO International's advocacy initiatives and what to expect in 2018, join the Legislative Affairs Community on ASBO's Global School Business Network, at asbointl.org/Network.



was inconsistent with the school's basic educational mission of teaching tolerance and civic responsibility. The Supreme Court (*Harper* 2007a) vacated the Ninth Circuit's judgment and a federal trial court rejected a request from the plaintiff's sisters to reconsider the t-shirt ban (*Harper* 2007b).

The Sixth Circuit affirmed that educators in Ohio did act reasonably in prohibiting a student from wearing t-shirts associated with a rock musician, including one mocking Jesus (*Boroff v. Van Wert City Board of Education* 2000, 2001). Employing a rationale similar to *Harper*, the court agreed that the shirts promoted values contrary to the school's educational mission.

Courts continue to strike down uniform policies that are not carefully crafted.

In New Jersey, an atheist mother failed in challenging her school board's dress code policy that granted exemptions to students based on their sincerely held religious beliefs. The Third Circuit upheld the policy as rationally designed to advance the board's legitimate interest in accommodating the right of students to the free exercise of religion without undermining the pedagogical goals of the uniform policy (*Wilkins v. Penns Grove-Carneys Point* 2005).

On the other hand, the Ninth Circuit upheld a mandatory dress code policy in Nevada under which officials refused to make allowances for students wishing to wear religious items (*Jacobs v. Clark County School District* 2008). The court explained that the policy did not violate the students' religious or speech rights because requiring them to wear clothing devoid of messages other than occasional displays of the school logo was a viewpoint-neutral

rule justified because of health and safety concerns.

In South Dakota, the federal trial court rejected a student's allegations that officials violated his right to free speech by requiring him to wear a cap and gown over his Native American dress (*Bear v. Fleming* 2010). The court dismissed the student's claim that officials violated his rights because insofar as the ceremony was a school-sponsored event, they had the legitimate interest in preserving class unity while honoring its graduates.

Similarly, a federal trial court in Oklahoma dismissed the free speech claims of a student who participated in Native American religious ceremonies and wished to wear an eagle feather in her graduation cap to highlight her beliefs (*Griffith v. Caney Valley Public Schools* 2016). The court determined that insofar as the neutral, generally applicable policy was rationally related to such legitimate pedagogical concerns as promoting unity, discipline, and respect for authority in a school-sponsored activity, the student's claim lacked merit.

When students wore rosaries to school as necklaces, a federal trial court in Texas reasoned that educators violated their First Amendment right to free speech by asking them to remove them because they are a form of religious expression (*Chalifoux v. New Caney Independent School District* 1997). The court rejected the underlying policy prohibiting gang-related apparel as unconstitutionally vague because officials could not demonstrate how wearing rosaries would have caused actual or anticipated disruptions.

Student Uniform Policies

Courts continue to strike down uniform policies that are not carefully crafted. For example, the Ninth Circuit invalidated a policy in Nevada as not being content-neutral because it required students to wear uniforms displaying the school logo, thereby

transforming the clothing into a form of compelled speech, yet exempted students who wore uniforms of nationally recognized youth organizations (*Frudden v. Pilling* 2014).

Education leaders should seek parental input because their support can help to make or break policies.

The federal trial court in New Jersey upheld the rights of fifth graders to wear buttons featuring a picture of members of the Hitler Youth in protest against their board's mandatory uniform policy (*DePinto v. Bayonne Board of Education* 2007). The court declared that officials could not forbid the students from wearing the buttons without evidence that doing so would have materially and substantially disrupted the school's work and discipline.

Recommendations

As educational leaders grapple with finding the appropriate balance when regulating student dress as self-expression to keep the focus on learning, the following points should be helpful.

As an initial matter, education leaders should seek parental input because their support can help to make or break policies. While not wishing to grant parents the final say, before proceeding leaders should consider polling parents to measure whether they support dress code or uniform policies and act accordingly.

Second, education leaders should create policy-writing teams. Teams should include building and district level administrators such as the SBO, a teacher, a board member, the board's attorney, a parent, and perhaps a secondary school student.

Third, policies must be specific. They should avoid vagueness and

over-breadth by clearly and succinctly describing what students may or may not wear.

If, for instance, policies prohibit students from wearing flip-flops or having bare midriffs, they should say so unambiguously. If policies ban political expression on clothes, backpacks, and the like, they should explain that students can only wear items displaying the school's colors and/or the names of school sports teams. Of course, policies can grant exceptions for special events such as sporting events or plays.

Fourth, policies should mandate professional development sessions for staff to help them understand and enforce rules consistently. If staff members do not enforce rules consistently, policies are ineffective at best and leave the district open to charges of favoritism, leading to conflict.

Of course, policies can grant exceptions for special events such as sporting events or plays.

Fifth, policies should be included in faculty and student handbooks, in messages sent home to parents, and on district websites.

Sixth, policies should include sanctions and rewards. Policies should address multiple offenses with graduated punishments increased at successive levels from verbal warnings, to turning offensive shirts inside out, to being sent home, to meetings with parents. Policies may also reward students and entire classes for not having violated rules by, for instance, granting them a dress down day.

Seventh, policies should help parents who cannot afford to purchase clothing as part of dress codes or uniform policies. Many schools have established uniform/clothing exchanges, especially for young children who rapidly outgrow items,

while providing vouchers to obtain free or reduced-priced clothing at local stores.

Eighth, education leaders should update their dress code/uniform policies annually, preferably during summer retreats so team members do not act in the "heat of the moment." These reviews should help to ensure that policies are consistent with current case law, statutes, and regulations as well as best educational practices.

Conclusion

Given the rate at which student fashions change, conflict is almost built-into school dress code and uniform policies. Still, by devising good policies, education leaders can help to avoid unnecessary litigation while focusing on educating students.

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Principals, Short Weeks, and Social-Emotional Learning

All About the Principals

The Wallace Foundation Report “Building Principal Pipelines: A Job That Urban Districts Can Do” offers a set of considerations for districts interested in building principal pipelines, focusing on

- Appropriate standards for principals.
- High-quality preservice training.
- Rigorous hiring procedures that match professionals with schools.
- Closely aligned on-the-job performance evaluation and support.

Download the report at www.wallace-foundation.org/knowledge-center/Pages/Perspective-Building-Principal-Pipelines-Update.aspx

The National Center for Education Statistics reports that during the 2015–2016 school year:

- There were an estimated 90,400 public school principals of K–12 schools in the United States.
- Overall, 54% of public school principals were female. Relatively more primary school principals were female (68%) than were middle, high, or combined school principals (40%, 33%, and 42%, respectively).
- Among public schools, a majority of principals held a master’s degree (61%) as their highest degree, compared to a bachelor’s degree or less (2%), an education specialist/professional diploma (27%) or a doctorate/first professional degree (10%).
- The average annual salary of public school principals was \$95,700. Public school principals in high schools earned more (\$101,200) than their peers in middle schools (\$98,000), primary schools (\$94,600), and combined schools (\$86,500).

- Public school principals had an average of 6.6 years of experience as a principal and an average of 4 years as a principal of their current school.

Download the report at <https://nces.ed.gov/pubs2017/2017070.pdf>.

Considering a Four-Day Week?

The move to a four-day school week started as a cost-saving measure for small, rural school districts and has spread across the country. How easy is it to do and is it worth the effort?

The Center on Reinventing Public Education offers *A User’s Guide to the Four-Day School Week: How to Assess District Readiness and Evaluate Results*, by Georgia Heyward. The guide helps districts understand the benefits and drawbacks of the four-day school week and provides a set of questions and tools to help districts assess their readiness.

Get the guide at www.crpe.org/sites/default/files/crpe-users-guide-to-four-day-school-week.pdf

Social-Emotional Learning

A new research brief from Penn State University and the Robert Wood Johnson Foundation shows that adolescence is a critical period to invest in young people’s social-emotional development.

Research has shown that social emotional learning programs in middle and high schools can improve student outcomes, including academic success, physical and mental health, and healthy relationships with adults and peers.

Read the full brief, “Promoting Social and Emotional Learning in the Middle and High School Years,” at www.rwjf.org/en/library/research/2017/10/social-emotional-learning-in-the-middle-and-high-school.html

Spotlight on Kim Aguiar



“What motivated me to become a school business official stems from my unwavering commitment to public education,” say Kimberly (Kim) Aguiar, assistant business manager for Bristol Warren Regional School District (BWRSD) in Bristol Warren, Rhode Island. “It is

my firm belief that a free quality public education for all—regardless of race, religion, gender, or socioeconomic status—is the greatest opportunity afforded to us by our democracy. In many cases it is the singular pathway out of adversity and on to upward mobility, bettering individuals and the whole of society.”

Being relatively new to the field, Kim’s biggest challenge has been transitioning out of a support position and into a leadership role. She overcame this by embracing authentic leadership and the culture of collaboration among district staff and administrators. Kim has found ASBO’s Global School Business Network to be a rich resource that she frequently accesses when faced with challenging situations. She is consistently amazed at the support and responsiveness of other members and the fact that there is no shortage of peers willing to answer questions and share their experiences.

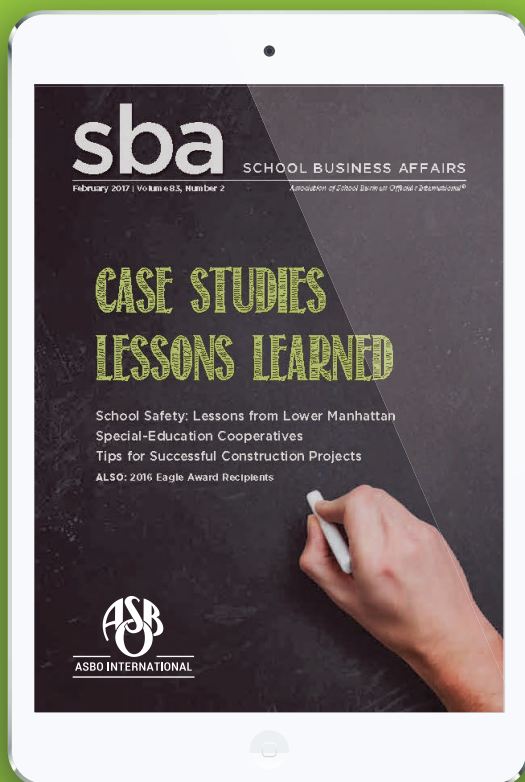
In addition, Kim knows that ongoing learning and continuous improvement are conduits to preserving the viability and vitality of the school business profession.

“ASBO International plays a key role in this endeavor by providing quality professional development and networking opportunities to school business officials to aid them in fulfilling its mission ‘ . . . to lead the profession of school business forward,’” she says.

Kim credits all the knowledge she acquired about school business to the spirit of mentorship in Bristol Warren and to taking advantage of professional development opportunities.

“Too often we become so bogged down in the details of our daily responsibilities that our own professional growth is the first thing to be put on the back burner,” Kim says. “But it has been my experience that the more tools acquired through such opportunities, the better positioned you are to effectively benefit your district as an informed school business professional.”

Kim is thrilled to have the opportunity of being part of a team of professionals who are dedicated to serving public education and grateful to work for an institution whose inherent democratic ideals align so distinctly with her core values. “It’s truly an example of inner purpose meeting outer purpose,” she says.



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