



Academic & Finance Committee Meeting
Monday, June 5, 2017 – 4:00 P.M.
3200 Education, Office # 3200, Irvine CA 92697

Bill Healey and Nicole Washington conducted a joint meeting of the Samueli Academy Finance and Academic Committees on Monday, June 5, 2017 at 4:00 P.M.

ATTENDANCE

Present

Bill Healey
Patsy Janda
Jeff Bloom
Richard Arum
Nicole Washington
Kevin Tiber
Sun Kim

Absent

Sandi Jackson

Staff / Contractor

John Luker
Anthony Saba
Chris Simonsen
Larry Tamayo
Linda Giel

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1. Public Comment

Nicole Washington opened the floor for public comment and no public comment was made.

2. Review & Discuss Samueli Academy 5 Year Budget

Nicole Washington informed new Committee members that the Academic and Finance Committees meet annually, to discuss teacher retention and salary adjustments. John Luker presented to committee members a copy of the Samueli Academy Draft Five Year Budget, which he presented at the previous meeting and wanted to review with new attendees. He states there were a few assumptions that changed from the last meeting. The 17-18 budget was changed to include a 4% raise to teachers, instead of the 3% originally budgeted. The increase was approved in the end of March by the Board of Trustees. John stated the numbers varied because there was a 10 student increase and there was a change in funding from state. Although the number of students did not increase drastically, the 10 additional students made a significant increase since you are not increasing cost, it's all income. John stated when the school originally opened, it was assumed there would be no fundraising needs, but as time has passed, there has continued to be a need to fundraise to meet the number. Due to the fact that there could be many unexpected things that change, such as state funding and various variables.

Larry stated there is a higher tier of funding for low income schools; due to the lottery process of admission the population changes yearly, which could result in the income level also varying. Chris Simonsen stated that prior to 17-18 year, the income allowed the reserves to be able to be built, so when there are excess funds, there needs to be a plan to use the funds appropriately. He continued to state it is important to look at your greatest need and allocate your funds there. He stated there are many forces that need to be looked at, and also different entities to communicate that with, including the Orangewood Board.

Anthony stated that since the school has been in operation, we have not needed the entire budget, and so far we have about 1.2 million dollars in reserves. Chris Simonsen stated that if Orangewood was not subsidizing the charge of rent and cost of services, the budget would significantly increase, so reducing the budget does not seem feasible. Richard Arum stated another option is to change the 750 budget to diversify the fundraising and look at government grants and other options. Chris commented that usually when there are grants available it is not to cover current cost, and current operations, it is usually to incorporate a new program or new staff. Anthony proceeded to add that although there are grant writers on staff, there are none with significant government grant writing experience and there would be a need to contract out. Richard stated that although Orangewood is not charging full market rate, it does not seem to be suffering, so there is no need to charge Samueli Academy for the full rate at this time. Chris agreed and stated that this year in fact Orangewood did very well, however there are also aspects of the organization that are currently being limited such as the staff at Orangewood Foundation only receiving a standard 2% raise, and lower 401k funds as well. He elaborated that Samueli Academy is now a mature school, and with that comes a need to develop a strategy to retain teachers, and have all the programs necessary to run a successful learning environment. Anthony stated there are several needs that should be taken into consideration but it would be helpful to have direction from the Board of Trustees to know where to spend that money. Nicole thanked Anthony for keeping expenditure down, and introduced Anthony to present how other schools traditionally handle teacher compensation.

Anthony presented to Committee members a compensation study, which has been prepared by consultant, William Lee. Anthony stated that the report compares Samueli Academy with information from fifteen unified school districts within Orange County, and Santa Ana School District. Chris pointed out the different graphs depending on the education level of the teachers which shows that Samueli Academy is at least 90% compared to the other charts, above average in some areas. Chris directed the Committee members to a summary of what teachers receive as benefits, and pointed out that Samueli Academy teachers only receive employee covered insurance where most school districts have family fully covered as well. Anthony proceeded to state that even the employee covered insurance does not have nearly as much coverage as the insurance a typical school district would offer. John pointed out that currently we are compared to other county school districts, and brought up the question of whether we should compare ourselves to other charter schools; which Anthony mentioned there are only 3 charter schools in Orange County, one of them being OSHA which has a Union and would not give an accurate

comparison. Anthony states the way the current budget stands we continue to fall behind, instead of keeping up with other districts. Nicole asked how other schools handle their compensation plan, which Larry stated varied from each school district, but most were based on performance, education, and years of services, while others had a compensation schedule. Anthony commented that all this information provided is public record, and Samueli Academy teachers know that they fall behind average and although there have not been any teachers leave due to financial reasons, it has made hiring a bit more difficult. Richard asked what the student/teacher ratio is at other schools, and since there is a lower ratio at Samueli Academy, it is something teachers have to take into consideration, and if they want to keep up with what other teachers are making financially, the ratio may have to increase. Anthony stated that if the ratio is increased, it will start affecting the mission and the population we serve, which many times need very individualized attention. Anthony stated teachers appreciate what a great working environment they have, but it does not justify not compensating them competitively.

A question was raised of what the current strategy is for teacher compensation, Anthony states that currently he is compensating based on how far teachers are behind in comparison to other districts and their performance. With a 4% salary increase, we are able to do that. Chris gave the example that in the past, Orangewood has budgeted 2% increase and set aside a larger lump sum to help keep some positions at market rate, which considering the nonprofit status, positions are ideally at 50% of market rate. He stated that those larger amounts are normally used to get the initial rate higher, then be able to give manageable raises. In the packet there was also a section with the anticipated Jr. High budget. Chris stated that the Orangewood Board, would not be in agreeance of adding a 50,000 square foot building and not adding any additional rent. John states historically Samueli Academy has been charged enough rent based on ADA to maximize the amount the state will pay per student, and the additional square footage would not increase the amount the state pays. Kevin commented that typically rent is paid on the land, and the additional building added should not fluctuate that. Chris stated that Orangewood is paying for the new building and paid for the buildings that are there now, so it is not increasing rent so much as paying back and reducing the loans so eventually there will be no debt and it would remove the need to even pay rent.

The committees discussed different options to benchmark Samueli Academy salaries with Santa Ana Unified School District (SAUSD) and/or other charter schools and concurred that the Academic and Finance committees would meet annually to discuss teacher retention and review each teacher's salary, to determine on a year to year basis if adjustments need to be made.

Nicole stated that in order to have a quality school, Samueli Academy needs quality teachers and for that the salary has to be competitive, and the general consensus from both boards is to have a successful school. Bill agreed and stated that Anthony should get whatever he needs to be able to keep Samueli Academy teachers. There was some conflicting views on what the philosophy should be for the compensation variables. The question was brought forth of how much it would cost yearly for keep the 4% increase. John stated that it would be around 30,000 yearly, which

would increase about 1% yearly. Chris mentioned that the amount it would cost to rehire, retrain and replace a new employee would be significant considering the training Samueli Academy requires. A committee member asked how much it would cost to cover family members in the insurance, Chris stated it is about \$12,000 for families.

Nicole stated that the philosophy seems to be to do 4% for the next few years and evaluate according on performance, and leadership throughout the school. Chris stated that the philosophy is not the problem, but the strategy of how we get to a certain percentage, which requires a base rate, and a market adjustment added to that, and have a goal of reaching 95% benchmark to other Orange County Schools. Chris stated that all the teachers are at least at 90%. Nicole asked the committee how the gap could be closed, and what that goal is. There is a general consensus that a more detailed strategy is needed, and that compensation is very important to run a successful school and fair organization. Richard stated that he disagrees with teachers being at 95% and thinks they should be at 100% of orange county market rate, he stated that charter schools have a bad reputation of underpaying their teachers and not accepting certain students, and Samueli Academy is capable of being better than those key vulnerabilities by having competitive salaries and continue to accept students on a lottery basis. Nicole asked John to run the numbers for 100% of the teachers to be at 95% of market rate, and Chris added to also run the numbers with a 4% increase with an extra 1% to reach market rate. Chris asked John to also combine the Jr. High numbers to each one of those options, to be able to see what other needs can be met.

Committee members decided it was best to meet soon, to make a decision and be able to make adjustment. Nicole stated she would send out possible meeting dates to the Committees.

3. Other Business

Nicole opened the floor for other business and asked if the committee agreed to come together to decide what to do with surplus income, and be prepared to meet with the Orangewood board to present and consult about those decisions.

The meeting was adjourned at 5:26 P.M.