

Career Academy of South Bend, Inc.  
Minutes of Meeting of Board of Directors  
June 26, 2014

Directors Present: Larry Garatoni, Thomas Coley, Bruce Greenberg, James Summers, Vivian Sallie, Suzanne Wiwi  
Absent: Tracy Graham  
Staff Attending: Paul Schlottman, Ken Horvath, Charles Loeser, Sarah Fine, others

A. Call To Order. Larry Garatoni called the meeting to order at 5:35 pm.

B. Minutes of Prior Meeting. Tom moved for approval of the minutes of the April 29 meeting, Bruce seconded, and the minutes were unanimously approved.

C. Board Elections. Larry explained that under the bylaws, Vivian's term on the board expired as of April 30, and the attempt to re-elect her at the March meeting was insufficient since there weren't enough directors present. It's not been remedied since we overlooked this at the April meeting and the May meeting was an executive session so no votes could be taken. Tom moved that Vivian be re-elected to another three year term, extending through April 30, 2017. Suzanne seconded, and the motion was unanimously approved.

Larry added that Bruce's term expired as March 31 and as with Vivian, there wasn't a sufficient quorum to re-elect him at the March meeting & the matter was overlooked in April. Larry noted that Bruce will be moving to Florida in the fall, but suggested that Bruce be re-elected for another term, on a temporary basis until his move or a replacement is found. Vivian moved that Bruce be re-elected for a three-year term, with the understanding it will be temporary; Tom seconded and the motion was approved unanimously.

Larry then noted that James' term expires as of June 30 and that with an increasingly active schedule, James has elected to step down from the board. Vivian then presented the following motion:

Whereas, James Summers has served for three years as a member of the Board as well as serving as Board secretary and as a member of the Marketing Committee;

Whereas James has provided the School with valuable insight gained from an extensive career as a senior executive in the private sector and extensive involvement with nonprofit organizations in the South Bend community, spending many hours in Board meetings;

Whereas, with the demands of his business and with the School having established a strong marketing foundation, James has elected not to extend his membership on the Board beyond its expiration on June 30, 2014;

Now, therefore, the Board hereby extends its thanks to James for the many hours he has devoted to the School's affairs and for his wise counsel, and offers this motion as a memorial in the School's records in expression of its appreciation for all he has done.

The motion was approved unanimously and Vivian presented James with a signed copy.

Larry then explained that Larry Davis, president/owner of Daman Products and a long-time, active participant in education reform, has agreed to serve on the board as a replacement for James. Tom moved

that Larry Davis be elected to a three-year term expiring June 30, 2017. Vivian seconded, and the motion was approved unanimously.

D. Salary Schedule And Policies. Larry explained that before considering the proposed 2014-15 budget, the board should review the salary schedule ("Career Academy of South Bend Teacher Salary Schedule, Stipends and Bonus Program") which Paul has used, with Larry's approval, for recruiting purposes. The salary schedule represents a major policy decision, and since teacher salaries are by far the greatest category of expense, this is the most important factor in arriving at the budget. The cost impact of salaries is also affected by the choice of what is to be done as to salaries during the summer, which is addressed in the document titled Teacher Salary Payment Policies. Larry asked Charlie and Paul to explain these documents.

Charlie explained the salary schedule is a compromise between the traditional practice in Indiana public schools, which many teachers are accustomed to and expect, of a "salary schedule" in the form of a grid that calculates teachers' pay based on years of experience and educational attainment, i.e., type of degree earned and hours accumulated towards any more advanced degree.<sup>1</sup> This is no longer legal in Indiana: schools are required to rate teachers in the four legally required categories (effective, highly effective, needs improvement, and ineffective), which is tied to compensation in that (a) not more than one-third of the consideration for increased compensation can be based on the combination of experience and educational attainment; (b) teachers rated as "needs improvement" or "ineffective" cannot receive pay increases.<sup>2</sup>

The proposed salary schedule combines the traditional salary schedule concept with the evaluation required by current Indiana law by providing for year-by-year increases, with stipends for various levels of educational attainment, with the condition that if specified evaluation levels are not reached, there is no increase. CASB's teacher evaluation system provides a numeric value on a 4.0 scale, with a rating of 3.5 or higher as "Highly Effective" and 2.5 as "Effective." Under the salary schedule, a rating of 2.5 or higher will result in a year-end bonus, ranging from \$364 for a 2.5 rating to \$4,000 for a 3.5 "Highly Effective" to a maximum \$6,500 for a perfect 4.0 rating. Additionally, a teacher rated at 2.5 or higher will receive a 2.5% increase in base pay for the following year. Obtaining a master's degree will result in a \$2,000 increase in pay if (and only if) a rating of at least 2.7 is achieved. Similarly, a master's degree plus 15 approved credits towards a Ph.D will result in a \$4,000 increase if (and only if) a rating of at least 3.0 is achieved. The same principle applies at 30 approved credits (\$5,000 with a rating of at least 3.3) and for a Ph.D (\$7,000 with a rating of at least 3.6).

This combines the visible growth of a traditional salary schedule, incentivizing teachers to seek additional education, with the requirement that additional education is rewarded only if the result is effective teaching. Paul said that the candidates he's interviewed have responded positively to the salary schedule, which is what would be expected from teachers who have confidence in their ability to teach effectively.

The problem addressed in the "Teacher Salary Payment Policies" is how to pay teachers over 12-month cycles based on work that generally requires about ten months. A starting point is the school's fiscal year, beginning July 1 and ending June 30: generally salary for a school year, for a teacher who has worked the prior year and works for the entire school year, will begin July 1 (which is when new rates take effect) and will extend to June 30. There are exceptions for new employees (whose pay begins when they begin providing service rather than on July 1) and for departing employees. As an incentive to a departing employee to work

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<sup>1</sup> The "salary schedule" system is explained in State v. Young (2006), 855 N.E.2d 329, 336.

<sup>2</sup> Indiana Code 20-28-11.5-4 (requirement of evaluation) and 20-28-9-1.5(b) and (c).

through the end of the school year and comply with school policies, CASB will provide one month's severance pay consisting of continuation of salary (and benefits) through the end of July. On the other hand, since the school can be in a very difficult situation if a teacher promises to return for the following year and then, after receiving pay over the summer on the basis of that promise, breaks the promise by not returning for the next school year: in such cases, the pay received over the summer is refundable to the school.

Bruce suggested, as per normal private industry practice, that any arrangement for payment of severance pay should be on the condition that the employee releases the school from any additional claims. Paul said that a release is required for severance pay, but that is a separate document. Vivian suggested that the policies would be reworded to reflect that a teacher signing what's referred to as the "intent to return form" is entering into an agreement to refund summer pay if he or she fails to return in the fall. Subject to that modification, Vivian moved for approval of the salary schedule and salary policies. Suzanne seconded the motion, which was approved 6-0.

E. Superintendent Report. Paul reported that hiring has gone well. There have been nine new hires & he expects there will be three more, to be completed by the end of July. The end of the school year went well – year's end is often a time for misbehavior but there was none. On the contrary, CASB students were on best behavior over Memorial Day weekend, participating in the "Fallen Heroes" march in LaPorte to honor veterans who gave their lives for their country. Paul introduced CASB Social Worker Jessie Whitaker, who explained that CASB receive three "first-place" awards for its participation in the LaPorte parade: first for adult participation, first for youth participation, and first overall. Paul explained CASB will participate in a similar parade on July 4.

Paul presented two proposed Professional Development expenditures for approval: (i) a two-day training session to be held at the school August 4-5 for all team leaders in the Schlechty Center's "culture of engagement" techniques (<http://www.schlechtycenter.org/>), at a cost of \$15,000; (ii) training for four staff members (the recently hired Master Teachers who will lead CASB's Professional Learning Communities this coming year) in the Smekens "6+1" writing methods (<http://www.smekenseducation.com/6-traits-of-writing.html>), in which they will train other CASB teachers, at a cost of \$250 each. Paul explained the "6+1" project/training will be on-going, this is the start. Suzanne said her school has used the 6+1 method for years and she is very satisfied with it, although it takes time to properly implement. Paul explained this will be an ongoing project for the PLCs, including videotaping of classes and peer critiques. Bruce moved that the proposals be approved, Suzanne seconded, and the motion was approved 6-0. Paul was reminded that any expenditure exceeding \$5,000.00 requires prior board approval.

F. Recruiting And Enrollment. Chad reported the current projection, based on parents & student indications of interest to-date, is enrollment at 363 for the fall. Marketing is on-going and it appears the target of 400 students is attainable. Marketing has produced many positive responses, including much greater Open House participation than in past years. Bruce asked for an update as of July 31, Chad said he would send one.

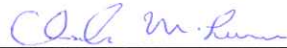
G. Financial Review. Ken presented the April and May financial statements and bank detail/claims paid reports. Variances from the budget were minor and not surprising. Net loss was \$39,000 less than projected. Ken also presented the 2014-15 budget, as approved by the Finance Committee, and explained that the school has now received official confirmation of its 2014-15 ADM (tuition) rate, which is slightly (not materially) more the projection used for the budget. Larry suggested that the board approve the budget without waiting for a revision to correct the ADM rate, as the difference is only about \$18,000 of increase in

revenue. Bruce moved for approval of the financial statements, claims/banking report, and 2014-15 budget. James seconded, and the motion was approved 6-0.

Ken presented the audit report for the fiscal year ending 6/30/2013 received from Fitzgerald Issac LLC, the audit firm that BSU encourages its sponsored schools to utilize. There were no major problems noted; the auditors concluded that formal policies should be adopted as to certain matters (credit card use and write-off of uncollectible accounts), which need to be followed up, but there are routine corrections. Bruce moved that the audit report be accepted and management authorized to follow up as per the recommendations. Tom seconded the motion, which as approved 6-0.

Larry reminded everyone that the next meeting is scheduled for August 19, again at 5:30.

The meeting was adjourned at 7:15 pm.



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Charles Loeser, Assistant Secretary