Governance Workshop
Association of Colorado Independent Schools

Case Study: Wind Crest Academy

March 13, 2020

Shelley Peters was in her second year as the head of Wind Crest Academy, a 6-12 independent day school in a Denver suburb. Although the school was relatively young (the 20th anniversary of its founding was still a year away), it had established itself as an academic powerhouse in the area, regularly boasting that a third of its graduating seniors were National-Merit-recognized, with numerous students receiving offers each year to the nation's most highly selective institutions. In the surrounding community, the educational program was perceived by some as a grinding experience, but the allure of its being "the ticket to Harvard" overshadowed the reservations of some families about the pressured environment.

It was early December, which meant that Shelley and Gregory Sellers, the Board Chair, were mapping out the likely agenda for the December 10 Board meeting. It looked uneventful enough — routine reports from several standing committees, an analysis of needed facilities additions and refinements on a campus originally designed as an aerospace lab, an update on the new social-emotional learning curriculum, and a proposed preliminary budget for the 2020-21 school year, so that tuition and salary levels could be established sufficiently in advance.

Five days before the Board meeting Gregory was at his law firm in a consultation with a client that had taken an unexpected — and unfortunate — turn, so he texted the Board Treasurer that he wouldn't be able to make the 5:00pm Finance Committee meeting. "No problem, under control," read the return text from Rita Flannigan, much to his relief. "Thanks — talk to you soon," he replied. At the same time, Shelley was walking out the door of her office to attend the meeting, when a breathless student flagged her down, with "something really important" he had to tell her. "I'm sorry, Jackson, but I'm running late for a meeting," she said, pre-empting him. "But Dr. Peters," he blurted out, "it's your son — he crashed into another player at basketball practice, and he seems really hurt."

Shelley practically sprinted over to the gym, where she encountered her son Anthony, grimacing in pain on the floor. After conferring with the coach about the accident, she got a couple of teammates to help her put Anthony in the car and headed off to the urgent care facility three miles away. Upon arrival, they faced a minimum two-hour wait, so she called her CFO to let him know that she wouldn't be attending the Finance Committee meeting. He reassured her that her attention needed to be devoted to her son, and he added that the solid numbers that they had produced for the preliminary budget, consistent with the school's strategic planning priorities, should make for an easy meeting.

That evening, x-rays confirmed that Anthony's ankle was broken, and he had surgery the next morning. Thankfully for Shelley, it was a Friday, so she took the day to be with her son and then provided hands-on care through the weekend. He returned to school on Monday, albeit on crutches. At that point, with one day left to prepare for the Board meeting, Shelley faced a flurry of activity. The draft report about facilities was problematically vague in a couple of key sections, and while the chair of the Facilities Committee wasn't bothered by that, Shelley realized that the two interpretations that were left open to possibility by the consulting firm that did the study represented a swing of three million dollars in new costs. So she contacted the firm's principal, and, after 90 minutes of attempting to explain away the imprecise data in the draft report, he agreed to edit it in a way that reflected reality and gave the clarity that Shelley felt her Board deserved so that they could make an informed decision about the priority and timing of pressing campus projects.

Later, at the conclusion of the after-school faculty meeting, the CFO asked if she had "a minute," as he wanted to bring her up to date about the Finance Committee meeting. "How did it go?" she inquired. "Basically, okay," he responded. "Rita didn't really question the numbers, except for the 4.2% faculty salary pool increase. She wondered if we could go higher, but I told her it would necessitate a tuition increase in excess of 5% to do that, which the Board had obviously warned against at the October meeting. She didn't press on that issue, but she and Albert Elders asked endless questions about our faculty evaluation process — how it works, how we know it's effective, that kind of thing. I wasn't sure what was behind that. In the end, they didn't ask me to change anything, but they did say they wanted to 'study' the draft budget."

Shelley was about to ask him if Gregory had been there, but her assistant entered the room and informed her that a sixth-grade parent was on the line, livid about an alleged racially-charged incident that had taken place at the middle school international lunch earlier that day. She took the call, the CFO departed, and she spent 40 minutes with the parent, who eventually regained her calm, thanking Shelley for her time and understanding.

At the 7:30 Board meeting the next morning, things started smoothly. The standing committee reports, while a bit verbose, were witty, and they confirmed an array of good news: the annual fund was ahead of schedule and was destined to exceed its goal by 15%, several promising trustee prospects for next year's three Board vacancies had been identified, and the process of revising the bylaws was finally underway, aided by expertise from a law firm that specialized in nonprofits.

The agenda then shifted to a presentation by the Assistant Head, Rick Del Priore, who walked through a 10-minute PowerPoint, summarizing student survey data indicating that the new emphasis on social-emotional learning had reduced student stress levels in ninth and tenth grades. Initiatives to moderate homework loads and to redesign the advisory system were cited by students as especially helpful. This was welcome news for many at the Board table, as the school had experienced two student suicides in the three years before Shelley had become Head of School. She spearheaded the development of the new program and worked with the faculty to research what had been effective at other schools, using Stanford professors as guides in their decision-making.

When she asked the trustees if they had any questions for Rick, Martin Crosby did not hesitate to speak. "I guess that it's good that students feel more relaxed," he said, "but I still wonder if we're turning this place into a coddling camp. As the former Chief Consulting Psychologist for Google, I've seen so many utterly fragile kids coming out of college. They're scary smart — don't get me wrong — but I wonder if they've ever been really pushed in a way that would have better toughened them up for the real world. This school has always been about full-throttle academics, which is certainly not for every kid, but we shouldn't dilute it and disadvantage those totally talented students who can only thrive in this kind of environment."

As people reflected on Martin's comments, Judy Bellinger, a first-year trustee, spoke up. "It seems to me that this isn't an either/or proposition. Can't we have a really robust curriculum *and* kids who aren't going off the deep end? Do you really have to pay with your sanity in order to be successful these days?" A couple of other trustees chimed in with similar sentiments, but Martin countered them. "I think it's pretty likely," he asserted, "that we'll see a decline in major indicators for these ninth and tenth graders — lower APs, SATs, and the like. And college admission offices will surely take note."

The discussion could have continued, but Gregory interjected that the clock was ticking and that the Board still needed to adopt the 2020-21 preliminary budget and tuition increase before the scheduled 9:00am adjournment. He turned to Rita as Treasurer, and she promptly shared her overview of the proposed budget. "You got the projections that the school prepared, but I want to let you know that Albert and I have been doing a lot of generative thinking about our financial situation. Reading *Governance as Leadership* has really opened our eyes. We've come to realize that our faculty performance evaluation process is cumbersome and deadly slow. My kids and their friends have confirmed time and again that we have some mediocre teachers at this school — nice people, but they just can't teach. So Albert and I have decided that what we really need is a merit pay system, essentially like we have in our start-up world. What we envision is that you divide the faculty into three tiers. The lowest tier (the marginal performers) have their salaries frozen, the middle tier gets a cost-of-living increase, and the top tier gets paid a lot more. We need to recognize and reward high-achievers on the faculty, just like we do with our students — it's part of the institutional ethos."

"So we have some new numbers for you in a revised proposed budget that will get this initiative launched," added Albert, who began distributing their handout. You can see here that the bottom tier gets no increase, the middle tier gets 2.5%, and people in the top tier — our real stars — will get 8-15%. This will drive out the underperformers and allow us to attract the best and the brightest."

People hesitated to share reactions, especially since they were trying to digest the new spreadsheet. Shelley finally spoke up. "Do you have some evidence that this system will actually *motivate* teachers at this school? My sense of the 'ethos' here is that the faculty are very collaborative and that people aren't driven to out-do their colleagues in competing for scarce salary dollars. It's worth noting that, as we reviewed at our October Board meeting, our salaries typically lag 20% behind those of our competitors, and I think our teachers would be reluctant to see some of their colleagues fall further behind, as this new system ensures they will. Maybe we should ask our teachers what would motivate them and support excellence in teaching and learning before we change anything. And I might add that the proposal that we as an administration had put forth in the Finance Committee meeting was fully consistent with our adopted strategic plan, which has faculty recruitment and retention as a major goal. We have spent years crunching the numbers and making steady progress. But your proposal seems very *ad hoc* to me."

Martin Crosby was quick to jump in. "This is the same problem all over again," he argued, displaying some exasperation. "In my world — and in Rita's and Albert's — people who demonstrate excellence feel they deserve more than those who don't. It's time for some generative thinking here. You're asking the wrong question. You want to know how to move the current salaries up a few percent. The generative question is this: 'Should we be putting up with mediocre teachers at all?' It's not 'What should we pay them?' This is the way the world works, and I really doubt that the faculty here are fundamentally any different from the rest of America's workforce. Why can't this school recognize that we don't need to apologize for caring about achievement and results? It seems really simple to me."

Mike Ronson, a CPA, shifted the conversation a bit. "If you implement this system, it looks like it will require a significant tuition increase. Can you tell us what you have in mind?" Rita was quick to respond: "It would be in the neighborhood of 6.5-7%." Mike recalled that the Board had cautioned the Finance Committee about going above 5%, especially out of concern for parent reaction. But Albert alleged that "this is a parent body that understands the cost of doing business in the greater Denver area. You can't get something for nothing, especially if you want world-class teachers. I'll bet they'd be willing to pay for this program."

Gregory took a deep breath, observed that it was 8:58, and said that he would confer with the Executive Committee about how to proceed, noting that an additional Board meeting might need to be scheduled before the winter holiday. People quickly dispersed, as many had appointments to make, though several conversations ensued in the parking lot, with duos and trios attempting to determine where the events of the past 90 minutes left them — and the Board.

<u>Discussion Questions</u>:

1. How would you characterize the Wind Crest Academy Board? What behaviors does it display that are problematic?

2. What challenges to its operation and effectiveness does it need to tackle and resolve?

3. Going forward, what options should the Executive Committee consider in light of decisions that need to be made? How should it respond to the challenges posed by the "generative" thinking of trustees who are advocating a new direction with faculty compensation?