

Letter of Response

To: Gordon Goggin

From: Pat Herdrich, Superintendent of Schools

Cc: CFAC, Board, Jackson PTO, Brian Heimark, Leadership Team, Deb Roensch

Date: March 18, 2010

Gordon,

I am responding to the letter you submitted to Lynn Corazzi based on the concerns you were raising regarding open records and the budget documents you received.

In the future, please forward your requests to Deb Roensch at my office so we may follow-up directly - her phone number is 262-335-5435.

### ***Legal Requirements of Open Records***

First, please understand that the open records laws are very specific. The law provides public access to existing records maintained by public authorities. It does not require that any public authority provide requested information if no record exists, or to simply answer questions about a topic of interest to the requestor. This is designed so that public dollars are not spent on time and reports that would prevent individuals from completing their normal job responsibilities.

The time necessary to complete the request has been requested and is being compiled for the Board and CFAC. While it is not necessary to create reports for an open records request, members of CFAC and the Board did request that I respond formally in order to share accurate information from the statements you made to the Jackson PTO.

### ***Cost of This Request***

The response to your request in staff time and record review totaled \$1,085.

The staff members involved in responding to your questions to this point include:

Deb Roensch, my assistant

Jim Dolley, pulled down the emails from the archive

Jeff Nennig, pulled the data for the cost benefit analysis on the phone system

Bob Buchholz and Brittany Altendorf examined the budget document you referenced regarding the budget conclusions you were stating

Nancy Paine responded to the transportation question

Dave Ross regarding the facility and maintenance questions

Amy Swanson with respect to public information

Valley Elliehausen with respect to her work with the Skyward Meeting in Florida

Pat Herdrich pulled together the data submitted by all of the groups and framed the final document that is being shared with you, the Board and CFAC.

The email records from the system were pulled, as you indicated your open records requests were not addressed.

***Summary of the requests for information made:***

Monday, November 23<sup>rd</sup> Jeff Nennig contacted you via email in response to a letter to the editor you had written indicating you had submitted an open records request, and you had not received the information. Jeff had checked with Deb Roensch and no request for information was on file at that time.

Saturday, November 28 8:23 a.m. you stated you had asked Brian Dasher at a meeting and you then requested 3 reports.

Jeff Nennig responded on Monday, November 30 at 9:40 a.m. indicating the costs associated with each request.

Wednesday, December 9 at 8:44 p.m. you responded requesting the budget summary document be forwarded to you; it was estimated to be 400 pages. You did not request the other two reports listed which were the cell phone user report or the credit card user report.

Thursday, December 10 at 11:39 a.m. my assistant Deb Roensch acknowledged your request and indicated she would notify you when the business office would have the request completed.

That request was completed and the budget summary document was forwarded to you.

In another exchange of emails,

You asked Brittany Altendorf a series of questions regarding a document that went to CFAC on December 7<sup>th</sup> at 9:45 p.m. from Brittany to the committee.

Your email on those questions went to Brittany and CFAC on December 9 at 8:34 p.m. In that email you were asking questions that would fall under the section of topics of interest and would not fall under open records. The questions asked related to the return on investment of the VOIP phone system, how many laptops the district had purchased, questions regarding the land in Jackson, and questions regarding the bus contract with Johnson Bus. These would not be available in previously available documents.

There is not an email referencing the response but your subsequent emails do indicate that you did receive information that indicated that those reports did not exist as previous documents.

On Sunday December 20 at 11:08 a.m. you requested to Deb Roensch that the credit card user report and a copy of agendas, minutes, and attendance records for the CFAC committee meetings.

On Wednesday, January 20, 8:37 p.m. you emailed Deb Roensch again indicating that the CFAC committee information request had not been followed up on.

Deb responded on Thursday, January 21 at 4:36 p.m. and apologized indicating she had thought another team member was responding as she had asked Brittany about the minutes and thought she was responding with respect to the committee information. Deb then provided you a response to the question you had asked on where the agendas were posted.

Those are the records we have as to your requests to date.

### ***Comparison of Response Data to Statement Indicating No Response Received***

The records indicate that staff members have responded typically within 2 days.

### ***Summary of Response to Questions Asked:***

Again, this does not constitute an open records request. Staff members were asked to respond due to the conclusions you were making from the budget summary documents you received, statements made about staff members that would be inaccurate, and a series of items you highlighted.

### ***I want to highlight your reference to the following:***

*“(1) If the Board intends to have "transparency", then my FOIA requests should be unnecessary and a clear red flag to you that transparency is not happening. I have documented emails from myself to Administration staff requesting specific data and explanations and have received no responses. That is unacceptable as a community member and should be unacceptable to you as a representative of the community. I have alerted both yourself and Kris Beaver to this situation and continue to await a response and action. Failure to hold anyone in the Administration accountable for public responses is silent approval on your part.*

The responses you have received are documented above. While improving information to the community remains a continuing commitment of the board and the leadership team, requests for individual reports to be created would not fall subject to an open records request.

### ***Budget Review Question and Response***

*(2) You stated that the District is a business. Then it should be run like a business. Of the **1 1/2 years of sitting on the CFAC committee**, not once did we ever review the prior year's actual financial performance to the budgeted numbers. Failure to hold department heads accountable*

*to their budgets relegates the budget to be a moot point and useless. In other words, why spend months putting together a budget that nobody follows and nobody is held accountable? in business, an employee(s) get fired for failure to achieve their budgeted numbers. Again, lack of accountability is very apparent.*

CFAC members, who attended the meetings, did actively participate in the formation of the dashboard for the business office, as did the finance committee of the board. The audit findings, the forecast model, the bonding documents were also reviewed. The committee has continued to meet multiple times per month as the budget process continues. Your statement would not accurately reference the work that CFAC and the Board Finance Committee have been engaged in.

For our strategic planning and improvement process, we do use the Baldrige indicators to ensure we are managing based on quality requirements of our improvement efforts. Again, we benchmark our work efforts, are using and improving the design of system and site level dashboards to measure our program and divisional improvement, and our leadership teams are accountable for sustaining a focus on improvement and quality management over time. Each Board Committee works directly with the goals set and the board as a whole reviews the improvement plans. All budgets are aligned to the key targets within the overall priorities for improvement at the site and system level. CFAC 1 and CFAC 2 were created as committees as direct responses to the improvement process and goals of the system, as was the Board Communication Committee.

### ***Statement made at PTO Meeting Question and Response***

*(3) Responsibility. Per the District charter, your "job description" as a Board member, and per the District Attorney, you have a responsibility to hold the Administration accountable for "use and disbursement of all public funds". As you stated at the Jackson PTO meeting, "spending \$50000 is easy" which makes me question your financial mindset. You took the job, you are accountable for doing the job. As the District Attorney reminded me, "ignorance is no defense in the eyes of the law". As you will see below, there are multiple financial issues and now that you are being duly informed via this email, you can no longer claim ignorance.*

This statement references a comment made at the PTO meeting for which I cannot offer a first-hand response.

However, Lynn Corazzi confirmed that this comment reflected one of several observations he made about working within a Fortune 50 company, and was in no way related to any financial management practices at the West Bend Public School District.

### ***Salary Benchmarking Question and Response***

*(4) The files that are attached illustrate key points. The first one was published by the Milwaukee Journal in early December, 2009 (file name "tasr"). Other than listing the West Bend*

*School District alphabetically, the true ranking of the District when it comes to average teacher pay and lack of tenure puts the West Bend District in the TOP 10% of the State Districts. This third party data clearly contradicts your mantra of being the lowest spending District in Wisconsin when in fact it clearly shows that we are paying more inexperienced teachers a higher average salary than the compared districts.*

It would be inaccurate to reference a news article in the Journal to our compensation comparisons. The negotiation process with the association continues. The benchmarks being used for negotiations will be available for public distribution. We are now ranked the lowest spending district, of those educating more than 2200 students, in the state of Wisconsin and our enrollment is approximately 7200 students. Our operational costs, self-insurance, leadership costs, are among the areas that keep our spending at the lowest level.

### ***Capital Maintenance Question and Response***

*The other file is the recommended 2010-2011 capital projects requested by Dave Ross, District construction guy. As you can see, it totals \$1,080,000 for all the projects listed. Going into the 2010-2011 school year with you telling us that we should be expecting another "tax to the max" tax levy coupled by a \$2 million deficit makes me question the disconnect between the Administration (represented by Dave Ross in this example) and the financial realities of the District. I am not questioning the worthiness of the projects and have no knowledge about their impact; however, it is glaringly obvious that anyone who is blinded by the financial realities of the District and holds this type of leadership position should be removed from office. The logic of spending ourselves out of a growing deficit is contrary to every economic model and you, as a Board member, should be counseling Dr. Pat about the inappropriateness of these collective recommendations. Either she is disconnected or she is not actively managing this guy. Either way, the buck stops with her and that is your job to hold her accountable.*

The community expressed significant concern over the last 5 years due to previous board and leadership teams not sustaining a long-term capital maintenance program for the facilities. This was set as a specific board goal since 2005 to improve this as an issue. The capital maintenance budget was depleted in previous years when the revenue limits were enacted in 1993. The boards and leadership teams protected programming for students so much that it negatively impacted the ongoing maintenance of the schools. Your recommendation would follow the same path that previous boards elected to follow due to budget reductions at the time. Again, that practice resulted in significant deferred maintenance across all of the school facilities. The board priority and the recommendation from CFAC 1 and CFAC 2, as committees to the board, is to sustain the annual investment in facility maintenance. In addition, both groups have been charged with examining the funding reductions from the state and preparing recommendations that both retain a focus on sound fiscal management while sustaining safe and healthy facilities and strong programming for students. This is the target of the strategic planning process so we do not compromise the long-term investment of the community. Therefore, the capital maintenance was listed above the line in the budget process and was a specific recommendation from the CFAC committee within their report to the board in January of 2010.

### **Budget Summary Question and Response**

*(5) Upon review of the 2008-2009 actual vs. budgeted financial performance report provided via FOIA request (403 page document), I want to commend Mr. Heimark for being one of 3 principals who actually held to their budgets. The previous sentence should make you wonder....that means that ALL of the other department heads DID NOT. If you are running a business, 3 of roughly 20 managers hit their numbers and 17 did not. I would keep the 3 and fire the 17, including the General Manager (in this case, superintendent). As much as Mr. Heimark has cut services, decreased expenses, and run a comparatively stable expense rate for last year, his peers are spending money like it is going out of style. Since the District is not providing the date of actual expenses on this report, I can only go off when the journal entries are made and it is glaringly obvious that when the last entries in each sub section are massive dollar expenditures that those expenses are coming at the end of the school year and the person doing the spending is trying to use up all the money left in their budget because they have a "use it or lose it mindset". That forces you, The Board, to give them the same amount or more the next school year because it makes it look like they really needed the money. Again, the problem is that there is zero accountability for this kind of spending.*

This would be an inaccurate conclusion from the reports you received. You may find individual line items that have gone over budget. Each budget needs to be balanced with under-expenditures to balance the site and division budgets. I had the business office personnel again review the reports you are referencing and the balances did not exceed their budgets at the schools. The leadership evaluation process does hold each leader accountable for their budget management. The budgets did balance.

Bob Buchholz, Interim Administrator of Finance, and Brittany Altendorf, Finance Manager, are willing to set up a meeting to assist you in going through the budget documents in order to accurately draw conclusions. You may contact them at 335-5403 in order to set up a meeting.

*Here are some obvious expenditures that should be questioned:*

### **Property Question and Response**

*"2008 - \$674000 spent on land in Village of Jackson. Per your logic, if services drop, property values decline, families relocate to other districts, then we won't need the land to build a new school. SELL the land for \$500000 and return the money to the general fund."*

*Insurance on the Village Land. Not disclosed. Guess \$10000 annually*

Insurance on the Village Land is covered under the district's liability insurance. Our total policy for 2008-09 was \$12,301. This covers 10 building sites, plus the Jackson property.

### ***Public Information Question and Response***

*“\$100000 (salary, taxes, benefits) 2008 hired a marketing guy from Midwest Express to market the referendum. Referendum is done with. Why are we still employing a marketing director for a school district?”*

Blaine Fowler was employed as the district’s Public Information Coordinator for approximately three months, starting June 2008 through September 2008. The referendum information campaign was part of his regular job accountabilities. (Payroll information). This staffing line included multiple clerical positions.

### ***District Phone System Question and Response***

*“\$301000 VOIP phone system. District notes clearly show an expected ROI in 2010. Who made the purchase recommendation? Why haven’t they come forward to show the ROI? If there is no ROI, they should be fired.”*

The cost of the phone system was contracted at \$601,404.68, not \$301,000. The transition to the new phone system was accomplished in July of 2008. The district phone carrier was constant with AT&T for both the 2007-2008 and the 2008-2009 school years.

According to the district billing invoices for both years, the total costs were:

2007-2008: \$112,980.60 (old phone system annual billing cost)

2008-2009: \$60,345.44 (new phone system annual billing cost)

The annual operating cost difference is calculated at a \$52,635.20 savings for 2008-2009 with the new phone system.

Additionally, other benefits the new system provided included greater access to 911 safety service, a phone in all classrooms in the district, increasing the number of phones from 400 to nearly 800 handsets, voicemail and phone numbers for all staff members, modern calling features, and a reduction in workload for secretaries/receptionists in having to handle messages for staff. The prior phone system was dated to 1990 or earlier at many locations. It was difficult and costly to maintain. The prior system was actually a collection of multiple systems. As aging public address systems fail, the new phone system can be used instead. Some schools have already converted their public address system, as their former system failed. The core network switch for data can be shared with the voice system, thus consolidating costs.

### **Facilities Question and Response**

*“ \$55000 Missing gasoline expenses in the Facilities Department. How many lawnmowers do we power with \$55k in gasoline? If the District isn't powering its own fleet of school buses, how is it that \$55k was spent on gas and nobody knows for what?”*

During the fiscal year 2008-09 the Facilities Department spent a total of \$26,751.68 on fuel. This includes fuel used in the following vehicles and equipment used for grounds and building maintenance for the West Bend School District which covers 248 acres. We maintain all grounds and snow removal for the system. The board and CFAC did request that snow removal be examined for outsourcing and the findings determined that it is more cost effective to retain the work in-house than it is to privately contract the work. The Board Finance, Facility Committees, CFAC 1 and CFAC 2 continue to work on strategic plans and benchmarking long-term for the system.

1987	Chevy Truck
1989	GMC Rally Truck
1993	Chevy
1995	Chevy van 20
1996	Chevy G30 Van
1997	GMC cube van
1997	Ford RCAB F150
1999	Chevy van
1999	GMC Sierra
2001	GMC Savana/cube van
2001	Ford E150
2002	GMC Sierra, Chassis
2002	GMC Sonoma
2003	International 7400
2005	GMC Savana
2006	GMC Savana
2008	GMC Savana
Qty	
3	ATV Gators
1	Field Groomer
1	Front End Loader

3	Irrigation Wheels
2	Riding Lawnmowers
1	Line Painter
1	Skidsteer
1	Tractor with Deck Tiller
1	Tractor End loader
1	Tractor with Mower
2	Chain Saws
12	Trimmers (2-at the grounds dept. 1- each at the sites)
12	Push Mowers (2-at the grounds dept. 1- each at the sites)
1	Hedge Trimmer
2	Blowers
1	Chop saw
1	Compactor

### ***Travel Question and Response***

*“ ??? Valley Elliehausen Florida Trip to a conference a month ago. I stumbled upon a website advertising her as one of the speakers at a conference in Orlando, Florida. Her topic was along the lines of "How to do more with less". So, I want to know if we the taxpayers paid for ANY part of her trip all the way down to candy bars and parking. If we are going into a \$2 million deficit and the District paid for her (and who knows whom else) to go to Florida for 4 days, it will be a glaringly obvious example of the disconnect between Dr. Pat and the taxpayer. I can see the headlines now...."District going bankrupt yet pays for all expense paid trip to Florida"....as a Board member, you should be all over this one because it will land in your lap.”*

Valley was asked to speak at the National Skyward Conference in Orlando, Florida, with conference expenses paid for by Skyward. The district has paid \$208.70 for airfare. Leadership team members are expected to sustain a high level of engagement in the field to both learn and contribute to the improvement of the processes we use. This is tied to their improvement plans and their evaluations. Any travel must also come from their annual budget allocations and balance within their plans for improvement. They are expected to perform at a high level, manage their resources responsibly, and to continue to improve the departments or schools they are responsible for.

## ***Individual Budget Line Questions and Response***

*“+ 14000 Middle School Crowd Control.*

- + 7000 Fair Park Elementary -undifferentiated curriculum*
- + 1900 Green Tree elementary employee travel*
- +5500 badger science equipment*
- + 8317 Badger employee dues and fees*
- +6017 silverbrook field trips - why arent the students paying?*
- +21013 Central Office High School equipment*
- +4890 Combined High School foreign language equipment*
- + 8919 combined high school property services*
- +5210 combined high school field trips - again, why arent the students paying?*
- +2345 spartan sun community program field trips - yet again*
- +6344 Vocational Education high school equipment*
- +1265 Vocational education high school drafting software*
- +7290 Vocational education high school equipment (yes, more equipment!)*
- +3676 Vocational education high school property services*
- +9210 Vocational education high school equipment (yes, a 3rd round of equipment)*
- +25000 Personal Services....account 253200*
- +24000 Property Services "other"....account 254490*
- +30000 Athletic Equipment ...account 162000*
  
- +600000 (yes, \$600k) early retirement benefits cost \$600k more than budget....thats not even in the realm of a "ballpark" ....whomever figured out that budget should be fired*
- +19000 Operations Services equipment*
- +7475 Eisenhower Personal services*
- +536 AODA Employee Travel*
- +280000 (280k) OVERspent on account 122111*
- +280000 (280k) OVERspent on account 215000*
  
- +43000 District subsection -employee relations*

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**Total OVER \$2.1 MILLION** dollars in either OVERspent dollars or money spent on items that have no clear explanation. “

Again, this would be inaccurate from the documents you received. The budgets balance, the audit was validated, and we are ranked in the top 7 percent of districts ranked for sound fiscal management by Standard and Poor’s as recently as February 20, 2010.

Your list above references a variety of different account lines, some student activity items that would be fund raised, some grant lines that have dedicated purposes for staff development and

equipment, etc. Brittany and Bob can discuss these with you if you decide to set up a time to meet.

### ***District Computer Inventory and Purchasing Cycle***

The district inventory of computer stands at:

Desktops = 1743

Laptop/mini's – 1195

Total = 2938

The district uses a 7-year cycle on desktop computers and a 4-5+ year life on laptop/notebook computer, the district targets nearly 400-500 computers annually for potential replacement. Assuming an average replacement cost of \$600 per unit for 400 computers would net an expenditure of \$240,000 annually.

Districts that do not build in the replacement cycle on an annual basis later experience the same deferred maintenance issues that we experience with facilities. An annual replacement ensures that the technology and infrastructure costs are spread out and the system does not extend beyond what the budget can maintain. Business and Industry typically operates on a 3-year replacement cycle. Our cycle was established based on the budget capacity and the operating life that is reasonable for the function of the software instructionally and operationally.

### ***Busing Budget Line Questions and Response***

*“ \$65000/month (320000 annual) spent on school buses. When I asked for copies of the competitive bids, it turns out there are none. How is it that the District does not bid out the school bus service annually? If there is no bid, I would like to submit one for 2010-2011 that will be \$64999/month. I will be the winning bidder. Please send the checks to my house. Also, this is a year round contract. Then why did the District spend \$25735 on a "summer school fleet" last summer?”*

School Bus services are contracted for a 3-4 year period with an annual rate adjustment based on CPI. All rates are approved under board direction with the Finance Committee of the Board. Typically, school districts don't go out for bid on school bus service unless there is a profound problem with current service. Johnson Bus is a local business and has serviced our district extraordinarily well since August of 1942. The last time we went out to bid was prior to 2003 – under the direction of Elizabeth Rossiter, Administrator of Finance. Bids received were from small companies that would not be able to service our district's population. The figures that you have listed, are inaccurate regarding the cost of transporting our students. Rates are based on a per route / per day cost. Summer school has its own budget, therefore it appears on a

separate line in the budget. The \$25,735 that you have listed was the actual cost for 5 weeks of transportation.

### ***Equipment Line Question and Response***

*As a taxpayer, I want to see a list of all the "equipment" purchased per school.*

Each school and department is responsible for equipment replacement and maintenance. The site budgets have line items that must balance with the overall budget. Individual Purchase Orders are written for each item requested. There is not a master list of the equipment purchased. The amounts on equipment are included in the budget document you have received. The leadership team members must monitor their budgets to ensure their budgets balance. Site teams and the Parent Teacher Organizations do annually determine the needs for equipment replacement and additional equipment at each school site. The system does not micromanage those requests; rather, each leader is held accountable for managing their budgets and their budget management is part of their evaluation process.

### ***Personal Services Question and Response***

*I want to specifically know what "personal services" we are paying for and why.*

As with equipment purchased, each school and department must manage the personal service lines of their budgets within their overall budget balances. Personal services include a variety of categories from attorney fees, to service contracts, to contacts with MPTC, etc...

Long-term contracts go to the board annually for review. Individual departments and Schools will issue Purchase Orders or Invoices for services that may be one-time expenses or of smaller amounts. The leadership team members make those decisions with their leadership teams as to what services are needed in accordance with their school improvement plans and ongoing site needs. We do not micromanage those decisions for those teams on the individual items. We do hold the leaders accountable for student progress, sound fiscal management, and sound leadership for their divisions. If you want to request copies of each Purchase Order or Invoice, those would represent thousands of individual records with the cost and staff time associated to comply with that request.

### ***Public Information Question and Response***

*I want to know if the \$43000 spent on employee relations is being spent on making staff feel good about doing a job at which financially they are failing to do.*

The Board Communication Committee, the Assistant Superintendent of Instruction, and the Public Information Coordinator are responsible for the design and implementation of the overall communication plan and the priorities for parent, school level, program level, system level, and community communication. The commitment to on-going, clear and accurate

information is a key target. We use the Baldrige indicators for sound planning and quality management for all of the divisional improvement plans. Baldrige is a recognized model for business, health care and education for strategic improvement and planning.