

What's Going On At USD 113?

The following questions were formally submitted to the USD 113 board at the December Board of Education (BOE) meeting regarding the proposal to close the Wetmore School. The community has asked the board to address these questions directly at the next meeting on January 9th.

1) Why is the board treating the Wetmore Closure Proposal as “urgent” if the district is in healthy financial condition?

Mr. Evans has confirmed on 3 separate occasions (and was quoted in the Holton Recorder on Dec. 7, 2022, stating) that the district is “in good financial shape” and bankruptcy is not on the horizon.

2) How does the board plan to use the \$2.5M in “unearned revenue” expected to be gained from the closure of Wetmore?

The district will receive ~\$2.5-3M from a legal loophole in the State School Funding Formula that allows schools to set funding based on prior year's attendance (i.e., Sabetha will receive “unearned revenue” for Wetmore students for two years even though those students will exit the district and enroll in other schools). Contact Superintendent Mr. Evans for a detailed explanation on how this works.

3) Why is the board rushing to close Wetmore if it has achieved above “break-even” performance in each of the last 4 years?

Wetmore returned ~\$255K in cash surplus between FY19-FY22 (Revenue – Expenses = Cash Surplus). There is a -\$5K deficit projected for FY23, but Wetmore has adjusted its spending and expects to achieve break-even or better in FY23 as well. Funding levels from the state are also expected to increase in FY24, further improving Wetmore's future margins.

4) What criteria does the board intend to use to justify the Wetmore Closure Proposal if it does not intend to use the Viability Formula and Metrics?

USD 113 formally established “Standards of Solvency and Viability” in 2016 to eliminate bias from decision making. These metrics were established in 2016 and updated in 2019 by a 6-1 Vote. Why are these metrics being ignored and what data is the board using to make decisions?

5) Does the board have unannounced strategic priorities or investment plans that warrant the need to save larger portions of the annual operating budget than are already being saved?

The district has accumulated \$520K in Cash Surplus between FY18-FY22 (Revenue-Expenses = Cash Surplus). Wetmore contributed over \$250K of this total Cash Surplus between FY19-FY22. If this is not sufficient, the board needs to openly explain what the extra money is needed for and why closing Wetmore is the only way to get it.

6) Does the board intend to suggest that all cost saving measures in the district have been exhausted and nothing else can be done to keep the Wetmore school open?

Wetmore returned a Cash Surplus of \$102K to the district in FY22 (Revenue-Expenses = Cash Surplus). SMS and SHS operated at a deficit of negative \$825K in that same year (FY22). Does the board suggest that the only realistic way to free up additional funds is to close Wetmore? Why are SMS and SHS operating margins irrelevant? Why aren't district wide savings being considered if additional needs truly exist?

7) Why hasn't the board discussed education quality or academic outcomes at this year's board meetings?

Some of the district's performance on state assessments are truly concerning (90% of the eighth graders in one of our schools tested below grade level and/or needed “remedial training” in 2022). Fixated on closing Wetmore, the board has not discussed this in any of the open forums. Why is talking about closing Wetmore (which has some of the highest math proficiency scores in the state) more important than talking about what's going on in our classrooms?

8) If the board is concerned about education opportunities at Wetmore, why haven't they engaged with teachers or parents for feedback?

Wetmore has a long-standing record of positive educational achievement and philosophies differ as to whether more extra-curriculars actually lead to better academic outcomes or long-term success for students (refer to alumni base for feedback). The board members supporting the closure have not made any visits to the school to view classroom activity and they have not engaged with Wetmore teachers or parents for feedback.

9) How does the board plan to review, evaluate, and re-assign teachers after the school closure? Will teachers with better test scores be given priority? Will existing Sabetha teachers be replaced by more tenured teachers from Wetmore?

KNEA Article IX Reduction In Force clause indicates that 9 teachers from Wetmore are eligible to take existing teaching positions in Sabetha. Will existing Sabetha teachers be replaced by more tenured teachers from Wetmore and is the board qualified to decide?

10) Has the board evaluated the risk of potential lawsuits that could be triggered if transfer requests are denied, or teacher contracts are not fulfilled?

A member of KNEA contacted a state representative and learned that lawsuits could be triggered if transfer requests are denied and/or sufficiently comparable positions are not provided.

11) Is the board willing to let an independent arbiter monitor the Closure Proposal evaluation and decision given the long history of conflict between the two schools? Why or why not?

The unhealthy dynamic between Wetmore and Sabetha has existed for over 50 years and no one on the board can claim to be fully neutral.

12) Is the board willing to consider postponing the Closure Proposal until after the next BOE election (Fall 2023)? Why or why not?

Four board seats are up for re-election in 2023 and Mr. Evans is expected to retire relatively soon. Given that Wetmore is currently achieving break-even levels of financial performance and the district is not under immediate financial stress, wouldn't it be reasonable for the board to allow the newly elected leadership to evaluate the situation given that they will be the people responsible for managing the transition?

Please contact the board members below to encourage a clear, direct, and thorough response to these questions at the next meeting on January 9th.

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What About the Numbers?

The board has not clearly explained why the fact that Wetmore is operating “in the black” is irrelevant to the closure discussion. Projections for FY23 and FY24 indicate minor deficits of less than \$5,000 for Wetmore, but Wetmore has already adjusted its spending and expects to achieve break-even or better in FY23 as well. Funding levels from the state are also expected to increase in FY24, further improving Wetmore’s future margins.

Furthermore, the board has not addressed the extreme deficits in the Sabetha Middle School (SMS) and High School (SHS) buildings, as these metrics are not typically presented in a way that enables transparency and public awareness. The information below is taken directly from the district’s Annual Audited Building Expense Reports. See below for additional notes about the source data and why the building breakout is recommended when considering the unified district’s long term strategic plan.

USD 113 REVENUE

	SES	SHS	SMS	Sabetha K12	Wetmore K12	Axtell K12	TOTAL
FY18	\$3,535,312.52	\$2,428,041.23	\$1,629,328.97	\$7,592,682.73	\$1,540,620.69	\$1,715,371.44	\$10,848,674.85
FY19	\$3,408,563.60	\$2,433,510.27	\$1,688,632.99	\$7,530,706.87	\$1,712,245.04	\$1,726,631.37	\$10,969,583.28
FY20	\$3,733,535.75	\$2,461,494.08	\$1,684,121.27	\$7,879,151.10	\$1,714,988.13	\$1,809,919.81	\$11,404,050.91
FY21	\$3,943,902.80	\$2,494,142.34	\$1,699,636.10	\$8,137,681.24	\$1,726,914.60	\$1,838,118.24	\$11,702,714.07
FY22	\$4,138,279.49	\$2,656,292.29	\$1,741,483.27	\$8,536,055.05	\$1,852,010.50	\$1,871,906.38	\$12,259,971.92
5 Yr. AVG (FY18-22)	\$3,751,918.83	\$ 2,494,696.04	\$ 1,688,640.52	\$7,935,255.40	\$1,709,355.79	\$1,792,389.45	\$11,436,999.01

USD 113 EXPENSES

	SES	SHS	SMS	Sabetha K12	Wetmore K12	Axtell K12	TOTAL
FY18	\$2,454,419.81	\$2,672,017.94	\$2,204,496.21	\$7,330,933.97	\$1,747,009.73	\$1,837,056.72	\$10,915,000.42
FY19	\$2,548,511.23	\$2,668,595.61	\$2,302,504.20	\$7,519,611.04	\$1,664,048.19	\$1,838,286.30	\$11,021,945.53
FY20	\$2,649,218.71	\$2,644,744.60	\$2,362,417.76	\$7,656,381.08	\$1,654,360.92	\$1,893,583.71	\$11,204,325.72
FY21	\$2,832,455.62	\$2,862,397.82	\$2,176,211.73	\$7,871,065.18	\$1,682,946.94	\$1,925,491.88	\$11,479,504.00
FY22	\$3,065,857.37	\$2,936,979.21	\$2,286,680.20	\$8,289,516.77	\$1,749,856.39	\$2,004,574.45	\$12,043,947.61
5 YR AVG (FY18-22)	\$2,710,092.55	\$2,756,947.04	\$2,266,462.02	\$7,733,501.61	\$1,699,644.43	\$1,899,798.61	\$11,332,944.65

USD 113 OPERATING BALANCE

	SES	SHS	SMS	Sabetha K12	Wetmore K12	Axtell K12	TOTAL
FY18	\$1,080,892.71	\$(243,976.71)	\$(575,167.24)	\$261,748.76	\$(206,389.04)	\$(121,685.29)	\$(66,325.57)
FY19	\$860,052.37	\$(235,085.34)	\$(613,871.21)	\$11,095.83	\$48,196.85	\$(111,654.93)	\$(52,362.25)
FY20	\$1,084,317.04	\$(183,250.52)	\$(678,296.49)	\$222,770.02	\$60,627.21	\$(83,663.90)	\$199,725.19
FY21	\$1,111,447.18	\$(368,255.49)	\$(476,575.63)	\$266,616.06	\$43,967.66	\$(87,373.65)	\$223,210.07
FY22	\$1,072,422.12	\$(280,686.92)	\$(545,196.93)	\$246,538.27	\$102,154.11	\$(132,668.07)	\$216,024.31
5 YR. Total (FY18-22)	\$5,209,131.42	\$(1,311,254.98)	\$(2,889,107.50)	\$1,008,768.94	\$48,556.79	\$(537,045.83)	\$520,271.76

(REVENUE - EXPENSES = OPERATING BALANCE)

Why should the board look at each of the Sabetha buildings separately?

Education industry norms indicate that it is common for elementary schools to subsidize the middle and high school students because middle and high school students require more teachers, special programs, and student activities.

However, given the unique complexities of USD 113, both in terms of physical structure and cross-school dynamics, it is important to look at each building separately to get an accurate picture of the unified district’s strengths, weaknesses, opportunities, and threats.

This type of “SWOT” analysis is needed to develop a long-term strategy capable of managing the headwinds and tailwinds the district will face in uncertain economic conditions (*market driven costs for teachers and supplies*), political scenarios (*uncertain state funding levels*), and demographic environments (*changing enrollment levels*).

Key Points:

Sabetha school buildings have **three separate buildings** with 3 distinct addresses, 3 sets of building operating costs, and 3 Principals/Admin teams

Axtell and Wetmore K12 students share most resources, so it makes sense to look at their campuses together

The **number of students** and the **total expense levels** in each of the **Sabetha buildings are higher** than the Wetmore and Axtell buildings (size matters in this case)

The **School Funding Formula** does not allocate more funding for middle or high school students (**i.e. revenue per student does not increase based on student age**)

Sample of FY22 Building Expense Line Items to Justify Building Breakout

Expense Item (FY22)	SES	SHS	SMS	WAC	AXT
Principal/Secretary	\$143,928.69	\$145,344.97	\$132,780.90	\$121,052.73	\$107,775.82
Custodial Salaries/Supervisor	\$84,220.16	\$143,767.95	\$94,919.24	\$83,912.95	\$80,270.20
Heating	\$11,432.14	\$27,932.93	\$11,860.79	\$17,830.00	\$14,908.53
Electricity	\$36,227.06	\$105,134.68	\$58,292.66	\$29,522.04	\$34,816.53
Total Food Service	\$179,124.24	\$260,696.23	\$167,254.59	\$121,490.58	\$159,480.09
Maintenance Operating Supplies	\$10,459.66	\$18,065.16	\$7,599.71	\$16,935.19	\$5,851.71
Total Expenses	\$3,065,857.37	\$2,936,979.21	\$2,286,680.20	\$1,749,856.39	\$2,004,574.45
Enrollment	388	231	161	135	158
Cost/FTE <small>(Total Expenses ÷ Enrollment)</small>	\$7,901.69	\$12,714.20	\$14,202.98	\$12,961.90	\$12,687.18

Source: USD 113 Prairie Hills, Audited Building Expense Reports Fiscal Years 2018 – 2022. **Notes:** Two assumptions were required to present the Sabetha building breakout: 1) Administrative expenses assigned to Sabetha K12 were evenly spread across the three Sabetha buildings; and 2) Revenue allocated to Sabetha K12 was distributed across the three Sabetha buildings based on weighted FTE (this is the same approach used for Wetmore and Axtell). All other revenue and expense amounts are as reported in the district’s Annual Audit Reports. The expenses for each building are as reported in the Annual Audit Reports. The district source files include a minor rounding error in FY20 (off by \$8.14) which prevents the following total from adding up correctly in the tables above: FY20 Total Revenue (off by \$8.14), FY20 Operating Balance (off by \$8.14), 5 Yr Total OP. Balance (off by \$8.14), and the 5 YR. AVG Revenue value (average result is skewed by \$1.63, or \$8.14/5 years). District Office input needed to correct the rounded weighted FTE% value in source file to resolve rounding error and related issues. Contact District Office for source files and a description of how revenue is allocated to each school building.