



**BOARD MEETING MINUTES  
STELLA MARIS ACADEMY  
February 1, 2018**

**Present:** Bishop Paul Sirba, Bob Lisi (Chair), Fr. Ryan Moravitz (Vice Chair), Karen Newstrom, Fr. Peter Muhich, Fr. Jim Bissonnette, Fr. Rich Kunst, Paul Fitzgerald, Laura Schauer, Steve Olson, Hilaire Hauer (Interim President *ex officio*), Cynthia Zook (Director of Schools *ex officio*), Sr Edith Bogue (Secretary).

**Staff Present:** Mike Mazzio, Erin Makela

**Mission Moments:**

- It is good to hear the children recite the Stella Maris Prayer at the Wednesday Mass. Great way to bring it into the life of the community.
- A child from a difficult family situation asked to be able to finish his education at Stella Maris even though it requires that someone drive him from Superior, Wisconsin. Evidence of the importance the school has made in the life of one child.
- One pastor reported that one student sold out her raffle tickets after a push from the pulpit. He sees people step up in support of the Stella Maris mission and vision. Another pastor related how a table was set up for the Knights to sell Wine Raffle tickets, but students took over their table and started selling CUF raffle tickets. Bishop Sirba reported that two children in Carlton wore their uniforms for a special Mass.

**Agenda:** Chair Lisi suggested that the Board follow the agenda as distributed, moving any extended discussion or other matters to Executive session.

**Motion** by Karen Newstrom, seconded, to approve the agenda. Carried.

**Minutes** of the January 4, 2018 meeting.

**Motion** by Fr Ryan Moravitz, seconded, to approve with the corrected date. Carried.

**Public Comments** were received by:

- Barry Bigelow, in support of the inclusion of Catholic Liberal Education
- Jennifer Deming, report from the Family Association, read by Bob Lisi. Highlighted activities including those for Catholic Schools Week (varied by campus), some planned by FA, others by teachers and staff and principals, Spaghetti Feed, Family Dance. Room parents are active with baskets. Elementary school holding Valentine's on Feb 13, Winter event. Stellabration is coming up on April 14, 2018.

## **Development Committee**

A report was sent out ahead of time, handed out in print at the meeting. It shows what has been done, and the development plans. No discussion.

## **Finance Committee**

Mike Mazzio, Business Manager, presented a summary of the financial report. Thanks to his work consolidating the books and developing processes, it is possible to give the Board a more detailed picture of Stella Maris' financial situation. It is similar to previous months.

Work is proceeding on developing policies. There is a need to develop policies on gifts of investments and past due tuition.

The Board requested that we receive the report with commentary or annotations, so that we could understand the deviations from budgeted amounts where they occur. We need to identify whether this is the result of learning about actual costs in this first year of operation, or whether the deviation needs to be addressed managerially.

## **SMA Gap Action Plan**

As is evident from the financial report, there is a gap between projected revenue and expenses for this year that, if not addressed, will continue into the next year. The Gap Action Plan presented begins to close it with action on both the revenue and expense sides. In the coming months, Stella Maris will begin enrollment for the next school year, set tuition, and begin the process of offering contracts to teachers for the next year. Decisions about teacher contracts and positions will largely be based on enrollment. We have the capacity to add more students at most grade levels without opening another classroom. We have received a large number of inquiries about Pre-K and Kindergarten.

Target class sizes are 18-22 students for lower grades, 18-24 for upper grades, although these are not absolute cut-off numbers. Teachers will soon be asked about their intention to return to Stella Maris in the fall. The process of determining salaries will follow. One member stated that we need to shift our budget timing so that the budget can be developed based on better projections of costs and income for the fall. Another member noted that the best budgets use data from two or three previous years to forecast a budget, something that Stella Maris will not have for another year or two.

Our school's budget is tuition dependent. This year, tuition levels had to be set based on tuition at the previous schools, without detailed knowledge of operating costs. The level chosen was something of an increase for some, a reduction for others, but the amount is not adequate to meet our expenses, resulting in the gap between income and expenses.

In addition to tuition, the Board and diocese hope to develop gifts to the school from all the parishes in the city. Bishop Sirba is hoping to have dialogue about this among all the pastors in the Deanery.

### *Development in the Gap Action Plan*

A gift from a major donor is still in the works, but moving at its own pace. One member urged us to think of a major gift at \$1000 rather than the rare gift of many thousands of dollars. We should seek a number of donors willing to support Catholic education at this level.

So far, Development events have met their goals for this year. However, other development sources have not come in at the usual levels. We need to set a goal that stretches us but is attainable. The SMA Gap Plan includes modest Development growth.

### **High School**

We have intentionality regarding our High School. Next steps include further exploration of sites, following up on the SWOT analysis. Also exploring the possibility of parish support to higher an academic leader to lead the design process.

### **Tuition for 2018-2019 School Year**

The tuition plan needs to balance several goals

- Put Stella Maris on a financially secure footing
- Better articulate true cost of education based on our actual costs.
- Moving toward a goal in which 85% or more of the budget is assured by the start of the school year, although not necessarily in bank.
- Find a way to bridge the cash-flow gap in July and August, when salaries are paid but tuition is not coming in. This could include 12-month payment options.
- Simplifying the tuition policy.
- Simplifying the scholarship policy.

### *Simplify tuition policy*

- Streamline or eliminate discounts (e.g., parish rates). This has been a practice historically, but it has also alienated some families.
- Reduce or eliminate Stella Maris fees, aside from those related to grade-specific trips and events. The new tuition should include the fees for technology, books, family association, and yearbook that were charged separately this year. That's about \$200 for the first child.
- Replace the enrollment deposit with a policy that addresses late enrollment and/or early withdrawal.

### *Simplify the tuition assistance*

- About 20% of Stella Maris Academy families applied for assistance. At some Catholic schools, as many as 70% families receive some tuition assistance because the tuition level is closer to reflecting true cost of education. As we necessarily increase tuition, we need to also make the availability of tuition assistance clear and attractive. We may develop a more stewardship-oriented model of tuition.

One pastor remarked that, historically, our schools have been pretty soft on tuition delinquency because it was better to have a child in the classroom for the social aspect. We need to set and implement a policy so that families in really hard situations have leniency but also assure that those who could be paying the tuition are doing so. Long-term tuition delinquency is not fair to the families who stretch to meet their responsibility and to the school that needs to pay it teachers and staff. Another person described a school in which financial aid is given at the end of the year as months in which no payment is due if all the others have been made. Another board member noted that parish-based schools drew on parish budgets in many ways, especially with shared staff. Stella Maris has to pay all of its cost now.

**Action plan:** The Finance Committee will work on a policy for delinquent tuition.

### *Tuition Models*

Three models were presented, each addressing the gap between expenses and income in different ways.

Discussion focused on various lenses through which tuition can be seen. One perspective considers a "fair share" approach, tuition relative to income. For some families, tuition even after assistance can be a significant proportion of their income. For others, not much.

The range approach sets a target tuition, but invites families to pay a greater amount up to the full cost of educating their children. In Fargo, nearly 20% of the families fund the full cost of their child's education.

The Finance Committee pointed out that tuition levels have to be set to meet Stella Maris' costs, not only on family income. About 80% of our costs are for salaries and benefits, so the tuition level is not about extras that could be cut back in the budget. We're providing a quality education in small classes for about \$7500; public schools receive \$13,000 per child for education in much larger classes.

There was general agreement that the Range Model was the best. The Family Model would not meet the needs of the school. Further discussion will take place in Executive Session.

### **Formation Model**

The Board discussed the Formation Model. Interim President Hauer and Sister Edith Bogue made a presentation on the Formation Model and the Catholic Intellectual Tradition at a January meeting of teachers and staff. Principals followed up with exploration of what the teachers took from that presentation, and developed a timeline for further exploring and developing it. The process of integrating the Catholic Liberal Arts into our curriculum will take place over a number of years, tailored to the needs and shape of our particular school. This will require on-going conversations with teachers, parents, staff, parishes and the wider community.

**Motion** by Fr Peter Muhich, seconded, to express appreciation to Principals, teachers, and staff for what they've done and develop this timeline. **Carried.**

**Motion** by Sister Edith Bogue, seconded, to disestablish former Formation Model Committee, and to constitute an active working group to develop the model. **Carried.**

### **Nominating Committee for Board Positions**

The Board bylaws allow for 13 to 15 Directors, with the Director of Schools and President as *ex officio* members. We currently have 11 Directors, some of whose initial terms are expiring. The Executive Committee recommends that we develop a process to solicit nominations and recommend names to Bishop Sirba sufficient to add two members to the Board. The Executive Committee serving as the Nominating Committee.

**Motion** by Sister Edith Bogue, seconded: The Executive Committee will serve as the Nominating Committee for this first Board transition, developing procedures for building a slate. **Carried**

**The Board went into Executive Session at 5:25pm.**

**The Board ended Executive Session and closed the meeting in prayer at 5:58pm.**

Respectfully submitted,

A handwritten signature in cursive script that reads "Sister Edith Bogue". The signature is written in black ink and is positioned to the right of the typed name.

Sister Edith Bogue