BRAKING AND ENTERING:
A NEW CFO’S TRANSITION INTO A K-12 URBAN SCHOOL DISTRICT

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David Herbert Trautenberg
DEDICATION

To Feather, who supported and lifted me

To Torch, who illuminated along the way

To My Sister and her Husband, who housed and fed me
during three years of transformation.
ACKNOWLEDGMENT

Pursuing a doctorate involves an intense period of transformation. Even more so for an individual who, at a mature age, jettisoned a successful private sector career to begin quite another. Thirty-two years after my own undergraduate commencement, I distinctly heard the calling of a career in urban K-12 education during my older son’s graduation from my alma mater, the University of Pennsylvania (Penn). Penn and the City of Philadelphia are part of my DNA. Like Rocky Balboa, when I heard the bell, I climbed into the ring fighting for kids.

I would like to acknowledge the following individuals who have stood tall in my corner. Foremost, I recognize my committee chair, Professor James “Torch” Lytle, who encouraged me to apply to Penn’s Graduate School of Education (GSE) Mid-Career Program. Subsequently tutoring me during my transition into a central office position I had no business getting, he then urged me to conduct a study of how a novice Chief Financial Officer (CFO) entered and made sense of an unfamiliar, complex, adaptive system—a large, impoverished K-12 urban school district—to help lead that organization forward. Training wheels come in pairs, and mine included the founder of the entry-planning approach, Barry Jentz, who mentored me through countless emails and conference calls. I thank Professor Richard Ingersoll, who first identified that I was birthing a CFO induction manual, and Professor Jerry Jellig, who administered timely encouragement when labor became acute. I would be remiss not to give credit to my 22 cohort members who without judgment gave me the freedom to engage in critical inquiry and opened wide my own doors of perception. Lastly, Taryn Johnson, a most brilliant
educator and fellow cohort member, had the smarts to take me into her protective custody and become my soul mate on Day One.

No one can complete such an intellectual ordeal without the unconditional support of family, loved ones, friends, mentors, and colleagues. All of whom I am lucky to have.
ABSTRACT

BRAKING AND ENTERING:
A NEW CFO’S TRANSITION INTO A K-12 URBAN SCHOOL DISTRICT

David Herbert Trautenberg
James H. Lytle

In this autoethnography, I examine the challenges I faced as a private-to-public-sector novice CFO entering a resource-constrained 41-thousand-student K-12 urban school district in Colorado. This study chronicles how I deliberately slowed down my interactions within a complex adaptive system (CAS) through ethnographic interviewing to identify the relationships, processes, and tools; and create the conditions necessary to align and optimize resources at the district level to improve student outcomes.

There is scant research on how a new K-12 education CFO transitions from a traditional budget-manager approach toward one that promotes inquiry and cost-effectiveness.

Unlike CFOs in the private sector, oftentimes I was estranged from strategic and capital-allocation decisions, particularly around instruction. I lacked the time, skilled staff, and resources to perform fundamental cost-benefit analyses.

I had come to work in a school system after obtaining an MBA from the Stanford Graduate School of Business and working in Wall Street for 20 years. Having no experience working in the public sector more generally or education more specifically, I came with a particular mindset and approach not altogether suited for this environment. Consequently, my transition to this new milieu was quite chaotic. I intentionally
embraced entry planning as a way to make sense of a CAS that oftentimes defied comprehensive analysis.

I learned, slowly, that successful entry required intellectual rigor and emotional sensitivity. I repeatedly found that interventions based on adaptive change that fundamentally shifts how works gets done increased employees’ anxiety. I assumed the roles of researcher, learner, and knower in evolving an induction approach that recognized entry never stopped because the CAS never rested.

I explore entry through three case studies. The first of these pertains to my participation in Teachers’ Master Agreement Negotiations; the second centers on my engagement with Nutrition Services, a low-status but high-value allocator of resources; and the third analyzes how I merged the roles of CFO and educator to increase my district’s understanding of municipal-bond finance in preparation for a general-obligation bond offering.

Keywords: CFO entry; entry planning; complex adaptive systems; teachers’ negotiations; nutrition services; school finance
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LIST OF ABBREVIATIONS

AEA–Aurora Education Association
APS–Aurora Public School District
APT–Administrative and Professional/Technical
BAB–Breakfast After The Bell
BFB–Beginning Fund Balance
BOE–Board of Education
CAFR–Comprehensive Annual Financial Report
CAO–Chief Accountability and Research Officer
CAP–Center for American Progress
CAS–Complex Adaptive System
CASBO–Colorado Association School Business Officials
CASE–Colorado Association of School Executives
CBA—Collective Bargaining Agreement
CE–Cost Effectiveness
CEC–Classified Employees Committee
CDE–Colorado Department of Education
CFO–Chief Financial Officer
CID–Complex Interactive Dynamic
COLA–Cost of Living Adjustment
COO—Chief Operating Officer
COP–Certificate of Participation
CGCS–Council of Great City Schools
CPO–Chief Personnel Officer
CSFP–Colorado School Finance Project
DOF–Division of Finance
DSS–Differentiated Support Structure
EIL–Equity in Learning
ELL–English Language Learners (Emergent Bilinguals)
ESS–Exceptional Student Services (SPED)
GFOA–Government Finance Officers Association
GSB–(Stanford) Graduate School of Business
GSE–Graduate School of Education
JBC–Joint Budget Committee
JSC–Joint Steering Committee
MASBO–Metro Association of Business Officers
MLOs–Mill Levy Overrides
MOU–Memorandum of Understanding
MSRB–Municipal Securities Rulemaking Board
PENN–University of Pennsylvania
PPR–Per Pupil Revenue
PSD–Philadelphia School District
RIA–Reflective Inquiry and Action Model
SEA–School Executives Association
SEC–Securities and Exchange Commission
SEF–State Education Fund
SFA–School Finance Act
SME–Subject Matter Expert
TABOR–Taxpayer’s Bill of Rights
TCAP–Transitional Assessment Program
TE–Teacher Equivalent
VISTA–Visionary Instruction Shaping the Transformation of APS
In March 2008, the U.S. government guided the near-bankrupt securities firm Bear Stearns into the opportunistic arms of JPMorgan Chase. Like most employees on Wall Street, I witnessed the stunning end of the almost 100-year-old Bear Stearns from a distance. Feeling sorry for those Bear employees who watched their net worth in the form of Bear Stearns common stock plummet to near zero, I was secretly relieved that my own wealth was presumably secure in the form of Citigroup shares. Little did I know that in a mere six months financial chaos would ensue; Citigroup shares would fall from $55 to $1; and my 20-year career on Wall Street would become, to me, irrelevant. When financial turbulence upended the real estate market in 2008–09, I was highly leveraged in a market without buyers. When chaos descended upon me, the family and career anchors I thought would hold me in place were swept away by chaos’s destructive and creative forces. When this tempest eventually subsided, I found myself divorced, alienated from my children, uprooted from what had been our home, and indifferent to the Wall Street career that had defined me since my graduation from business school.

Chaos and complexity theories were not part of the mainstream curriculum at the Stanford Graduate School of Business (GSB), from which I earned my MBA in 1990. When I entered the securities industry as a sales & trading professional after graduating from the GSB, I experienced chaos from a distance, safely ensconced behind trading desks and television screens. The Gulf War, the Russian debt crisis, the Internet bubble, the Iraq War, and closer to home, claims of fraudulent research against my then-employer Citigroup. Not until the Great Recession of 2008 would I personally be sucked into
chaos’s vortex. At the GSB, complexity was approached as a state to be deconstructed and understood by formal diagnostic and analytical skills. In reality, I learned that it was unruly. It flowed with non-periodic vengeance. Scraping away the familiar, chaos left me facing a new and unfamiliar state. Like a barnacle, I anchored myself so that I could outlast the turmoil. My hope was to emerge physically intact and able to embrace chaos’s newly reformulated and reorganized handiwork. In 2012, after nearly four years of exhaustively and reactively living through this unrelenting change and uncertainty, I emerged from this “crucible” (Bennis & Thomas 2002), predisposed to renewal and reconfiguration. In this highly charged state of emotional and mental awareness, I was available for synchronicity, defined by Jung (1960) as an expressed and experienced significant coincidence of physical and psychological phenomena that are acausally connected.

In retrospect, this period marked a critical inflection point in my own life story of becoming an authentic leader. As described by researchers Shamir and Eilam (2005), an authentic leader is an individual who (1) unites his or her concept of self with role, reaching an exalted level of person-role merger; (2) achieves a high level of self-concept clarity such that self-beliefs are clearly and confidently defined and internally consistent; (3) is self-concordant in goal pursuit, meaning that an individual pursues life goals with a sense that conveys authentic choices rather than externally imposed duties or conventions; and (4) relies on behavior that is self-expressive and motivated by components of one's self-concepts such as values and identities rather than by premeditations or expected benefits. Regarding the authentic leader’s relationship to
others, medical researchers Gunderman and Mass (2014) further suggest that an authentic leader has the obligation to promote authenticity in others by being an “authenticity catalyst who helps others see who they are meant to be and to bring forth their best” (p. 518).

In describing the role of life-stories in the development of authentic leadership, Shamir and Eilam (2005) emphasize that highly developed self-knowledge in terms of a life-story provides the authentic leader with self-concept clarity because it organizes life events into a gestalt structure that establishes connections between those events so that the person’s life is experienced as a coherent unfolding process. Furthermore, the life-story provides the authentic leader with a “meaning system,” from which to feel, think, and act. It enables him or her to analyze and interpret reality in a way that gives it personal meaning (p. 400).

This “gestalt structure” is similar to the concept of synchronicity defined by Jung (1960) as “the concept of a meaningful coincidence of two or more events, where something other than the probability of chance is involved” (p. 104).

On May 14, 2012, I attended my older son’s graduation from the University of Pennsylvania. As a member of Penn’s Class of 1980 32 years earlier, I had attended these same undergraduate proceedings. On my son’s graduation day, I heard my calling distinctly ushering forth from commencement speaker Geoffrey Canada, founder of the Harlem Children’s Zone, who exhorted the new graduates to “join the team” and to “get into the game” for the common good (Geoffrey Canada, 2012 Commencement Address, University of Pennsylvania).

What game? The game of life. A most serious game where the stakes are high. There are important choices to be made, and some people who choose wrong or make the wrong decisions pay penalties that cripple their chances to succeed and reach their full potential. Some from the very moment of birth have the odds
stacked so high against them that they are for all intents and purposes out of the
game before they ever get in. But not you. You have met the challenges,
overcome the obstacles, played the right hand, and now you are prepared to enter
the game.

While you have been preparing here in Philadelphia, our country continues to
grapple unsuccessfullly with some very complex issues. And these complex issues
hang over our heads today like a giant leaden weight, suspended by poor logic,
faulty reasoning, and a degraded sense of ethics and morality. And I fear this
leaden weight will in short order come crashing down on us, crushing all who
can’t get out of the way.

Our team, the team that rallies us around the common good, that emphasizes self-
sacrifice and altruism, is losing. Their team, the team that says “every man for
himself,” that makes us turn our back on the poor, feel no empathy, that feeds off
of our vulnerabilities, our insecurities, our personal demons and prejudices, is
winning. Their team is winning, our team is losing, and yet I offer you a
wondrous opportunity, to join the losing team (Canada, 2012).

While my son still needed seasoning, I believed I was that accomplished and
experienced individual Canada was beseeching to join his losing team. Prior to
embarking on a Wall Street career, I had an occupational interest in teaching. I
concurrently completed a master’s degree in Secondary School Education while an
undergrad at Penn. My early teaching career was interrupted when I was selected as a
University of Pennsylvania–UK Thouron Fellow. I left for a year’s study at Leeds
University’s School of Education. I then landed a one-year teaching job at the Oslo
American School, a Department of Defense Dependent School, located in Bekkestua,
Norway. During my financial career, I interviewed high school students applying to Penn
and also served on the selection committee for the Daniels Scholars program in Colorado.
Daniels Scholars are highly aspiring college-bound seniors who have extreme financial
need and attend high school in New Mexico, Colorado, Utah, and Wyoming—the four
states that most impacted the life of WWII fighter-pilot and now deceased cable-
television entrepreneur and billionaire Bill Daniels.

Like a good Wall Street salesperson, I contacted Canada to find out what he thought was the best way to transition into education. During our conversation, I learned that two of Canada’s educational leaders from his Harlem Children’s Zone had or were attending Penn’s Mid-Career Doctoral Program in Educational Leadership. Canada also suggested various Broad Programs available for private-sector individuals who wished to apply formal business approaches to education. Given my non-traditional background, I decided that I wanted to be part of a cohort composed of educational professionals. I aspired to earn my seat at the table with fellow educators who certainly would have more teaching experience than I but who would accept and support me as part of tightly knit contingent. Selfishly, I wanted to reconnect with my undergraduate alma mater as well as my sisters and elderly parents who all live near Philadelphia. By the end of our conversation, Canada agreed to submit a letter supporting my application to the Penn GSE Mid-Career Program should I apply.

After my conversation with Canada, I researched mid-career educational leadership programs. I kept coming back to the mid-career program at Penn. So I phoned a former GSB classmate who happened to be the executive vice president of finance for Penn. As synchronicity would have it, my former GSB classmate lived next door to the dean of the GSE and offered an introduction. The latter introduced me to Dr. James “Torch” Lytle. A maverick educator, former superintendent of Trenton Public Schools, and veteran of the Philadelphia school system, Dr. Lytle was in his last year of directing the mid-career doctoral program. His unfiltered response to me was “we can admit you or
we could admit another school principal or central-office administrator. Frankly, you are more interesting. And given your Wall Street background, tuition will not be your problem.”

On April 4, 2013, four days before the official acceptance-notification date, I received a congratulatory email from John DeFlaminis, director of the Penn Center for Educational Excellence, who served as my final interviewer: “You have been accepted. I just saw the list. I was in a selection meeting where it happened. Congratulations.” And from my catalyst on May 14, 2012

David,
Congratulations. I'm glad this worked out for you. I don't really have any advice or suggestions for career next steps. I will think about it and if I get a good idea or contact, I will let you know. Once again congratulations.
Geoff [Canada]

Having taken that first step to open and trust, I was now being asked to put my money where I believed my head and my heart wanted go. Almost 33 years after receiving my joint undergraduate and graduate degrees from Penn, I had come full circle back to education. To increase my chances for a successful transition, I devoted the first cohort year to building my foundational knowledge base. I did a deep dive into the readings. And I began informational and new-career networking.

Complex systems often contain networks, which enhance synchronicity. Another one of my GSB classmates had served on the board of Aspire Public Schools, one of the largest and more successful charter-management organizations in California. He introduced me to the founder of Aspire, a fellow Philadelphian named Don Shalvey. After retiring from Aspire, Shalvey was offered his “dream job” of becoming a deputy
director at the Bill & Melinda Gates Foundation. He offered his insights and assistance in finding the right transitional job opportunity for me in K-12 education.

In 2014, Shalvey introduced me to Scott Gordon, founder of Mastery Charter Schools, which receives funding from the Bill & Melinda Gates Foundation. A non-traditional entrant into education himself, Gordon suggested I meet with Paul Kihn, then–deputy superintendent of the Philadelphia School District (PSD). Kihn introduced me to his CFO, Matt Stanski. Prospects for a position within PSD’s central administration as a project manager examining resource efficiencies seemed promising but dependent on funding, always a risk in Pennsylvania.

Another GSB classmate, Mary Barra, the first female CEO of General Motors, offered introductions into the Detroit educational establishment. The CEO of the Denver-based organization Bright by Three, on whose board I served, introduced me to Benjamin Warren, a KIPP board member and founder of the first two KIPP-affiliated schools in Israel. Despite some initial failures interviewing for jobs, I eventually honed my sales pitch. I sensed an inflection point.

Just as I was starting the GSE program in the summer of 2013, I was introduced to the outgoing superintendent of Aurora Public Schools (APS), John Barry. A retired Air Force general, Barry had attended the Broad Superintendent Academy and had been selected as Colorado Superintendent of the Year in 2011. During his seven-year tenure as superintendent, Barry led the APS community through the aftermath of the Aurora movie-theater shooting. He suggested that I wait until he departed from APS before reaching out to his replacement, Rico Munn. Prior to his departure, Barry was kind
Cooperator, Kristin Todd, the director of the Denver-based Daniels Scholarship Program and one of my recommenders for my Penn GSE application, thought that both the new superintendent of APS and I would benefit from an introduction. Two years prior, Todd had recruited me to become a final-round interviewer for Daniels Scholarship candidates. Todd believed that my Penn-alumni interviewing experience would enhance the selection committee. Through Todd’s introductory efforts, I met with the recently hired APS superintendent, Demetri E. “Rico” Munn in October 2013.

Our meeting lasted approximately one hour, during which time I was able to get a glimpse of who Munn was, what motivated him to be in education, and what his goals were for APS. My first impression of him was that he kept his own counsel and used words sparingly. As a successful Wall Street securities salesperson, I placed great value on being able to quickly scan an individual’s office to find mutual connections or interests. Quickly surveying his office, I spotted a picture of John and Robert Kennedy deep in collaborative thought, a photo of a young black child whose mirrored sunglasses reflected the U.S. flag fluttering atop the Washington Memorial, a folded U.S. serviceman’s flag with medals and citations encased in glass, and various Pittsburgh Steelers’ memorabilia punctuated by the “Immaculate Reception” photo of the indefatigable running back Franco Harris carrying the football forward. I thought here was an individual proud of his black heritage and invested in the civil rights movement who valued public service and identified with the grit, determination, and winning ways
of the Pittsburgh Steelers.

When I asked him about his leadership vision for APS, he took down from the wall behind me a 10-point list of his “Essential Truths” (Appendix III). These truths emphasized the importance of using limited resources to benefit every child and to do so quickly. Like the Steelers’ running back Harris, Munn had hit the ground running into APS. I left, having made the following points that I hoped would underscore our mutual interests: (1) we shared a passion for NFL teams from Pennsylvania, his Steelers and my Philadelphia Eagles; (2) in about a year I would be seasoned enough to make an effective transition into the public-education sector; (3) I was looking to enter an urban school district that was receptive to leveraging my financial background, network, and Penn GSE experience; (4) I was seeking to make a positive and lasting difference in an urban educational community; and (5) that effective change required committed, creative, and stable leadership, particularly in a resource-challenged school district where CFO stability would be valued by stakeholders and bond investors.

The next time I heard from Munn was in March 2014, when he responded to my inquiry regarding academic restructuring within APS. He suggested that I periodically review posted positions to see if any appealed to me. His final written comment: “We have a real interest in seeing solid external candidates.”

In July 2014, while attending my Penn GSE coursework session in Philadelphia, I received an unprompted, terse email from Munn that included what I later learned was his “unified job description.”

Subject: CFO Posting
FYI

xxiv

Job number 2365

Rico Munn  
Superintendent  
Aurora Public Schools  
303-xxx-xxxx

My job is to accelerate learning for every APS student, every day. I do my job by making sure we have the right people, doing the right work, with the right resources in the right way. My community needs me to do my job.

I stared at the job-description tagline, “getting the right people, doing the right work, with the right resources in the right way.” I recalled that four out of his ten essential truths related to resources, and three of those four related to not having enough money and never having enough money to address all of the district’s needs. Given my financial background and training, I thought I could be that right person, to do the right work, especially related to resource use and cost-effectiveness analysis. But I needed to learn more about Munn and how he planned to accelerate learning for his students every day. Was this a mission we could pursue together?

According to the APS website, Munn was appointed the 16th superintendent of APS on May 7, 2013. But unlike the 15 white males who preceded him, Munn was a 42-year-old African American. For the first 10 years of his life, he grew up in Altoona, PA, smack in the middle of Steelers’ country. His father, a career army sergeant, moved the family to Colorado when Munn was 10. His grandfather, a veteran of three wars, lay in Arlington National Cemetery. That had been his grandfather’s flag and medals proudly displayed in his office. Service seemed to run deeply within the Munn family. The APS
website noted that Munn was a graduate of Midland Lutheran College located in in Fremont, Nebraska, where he received his BA in secondary education. APS’ website highlighted that he had been named Midland Lutheran’s Student Teacher of the Year in 1993, his only apparent K-12 classroom experience.

LinkedIn revealed that from 1993 to 1996 Munn attended the University of Denver Sturm College of Law, where he received his JD degree. After graduating from law school and being admitted to the bar, Munn entered the public sector, serving from 2007 to 2009 on Colorado Governor Ritter’s cabinet as executive director of the Colorado Department of Regulatory Agencies. From 2009 to 2011, he was the executive director of the Colorado Department of Higher Education. He then practiced commercial litigation, becoming a partner at the law firm BakerHostetler. He was also a governor’s appointee on the 15-member board of governors for the Colorado State University system and continued being active in the Denver metro area’s non-profit community. In addition, Munn served on the Denver Foundation Board and was a founder of the Denver Urban Debate League.

As Munn recounted in a February 26, 2015, podcast (Munn, MunnFeb26LoveAuroraPodcast, 2015), he saw himself “less as an educator and more as the chief advocate” for the 41 thousand students who attend Aurora’s public schools. To Munn, a quality education is a basic civil and human right. Commenting on his selection as superintendent, he described himself as a “hybrid” who combines his policy experience with his educational leadership. He did not see himself as a “non-traditional” superintendent entrant. Deeming public education a community responsibility, he
emphasized his role as a practical problem solver. A religious person, Munn regarded his opportunity to lead APS as a “calling,” and his unified job description distilled the essence of his mission, which was “to accelerate learning for every APS student every day.” When the school district no longer needed him, he would pursue another challenge in whatever form presented itself. But until that time, Munn was intent on change that improved students’ outcomes. What he was missing was the “new Strategic CFO” described by researchers Hovey and Boser (2014):

The strategic CFO is a district leadership team partner, adding value to complex decisions about instructional methods, school leadership, union contracts, facilities management, human capital policies, and more simply by helping the team understand the district’s overall resource picture and the trade-offs that accompany each decision. (p. 11)

The professional nexus between the hybrid new-entrant superintendent and non-traditional new-entrant CFO may emerge from the aspirations each harbors. During my interview for the CFO position, Munn shared that he wanted a CFO who thought differently and who would be “an irritant.” My concern then (and now) was that announcing someone as a disruptor usually created resistance to the entering change agent within the organization. During my interviews with Munn, one prior to my hiring and two prior to accepting the district’s offer, I was confounded by my inability to establish an intimate professional connection with him. I was unable to get him to share his background, his plans to disturb the system, or his vision regarding how finance could help support and anchor transformational change. In fact, my executive coach, a Harvard-trained corporate lawyer, counseled me not to accept the offer. He reasoned that if I could not get the superintendent to “allow me inside his head” at the pregnant time of hiring
and before job entry, both he and I would eventually become frustrated and disillusioned with one another.

For a year I had been banging on the door of K-12 education without immediate success, although I was starting to be invited into more and more final interview rounds. The CFO opportunity at APS would effectively validate all of my efforts and rationale for jettisoning a 25-year career in financial services and enrolling in a highly rigorous doctoral program. I frequently felt my attempts to transition from the private sector to public education were tantamount to breaking and entering into a closed system. Singularity focused on getting into the game at an impactful level, I ultimately found the opportunity too alluring to hold out for perfection, so I disregarded my coach’s advice. I didn’t need job 2365. I wanted it.

I accepted the district’s verbal offer on August 28, 2014. On September 10, 2014, I received a letter of intent, which I needed to sign before being given a copy of a contract to review and sign. The chief of human relations explained that the Board of Education (“BOE”) would then consent to my hire on Monday, October 6, 2014. Coming from Wall Street, I was reluctant to give notice to my current employer until the board approved my contract. The district was under the impression that I had accepted my employment on August 28th; I presumed that I had no contract until the evening of October 6th. The district wanted my start date immediately after board consent. As a private-sector professional, I found this formal contract process strange. I would never give notice to my prior employer before I knew my contract for this new position was approved. In any event, after giving my then-employer a week’s notice, I started as the
district’s new CFO on Monday, October 13, 2014.

As for my emerging relationship with the superintendent, I relied on our interdependency as expressed through our respective unified job descriptions:

Superintendent:
My job is to accelerate learning for every APS student, every day. I do my job by making sure we have the right people, doing the right work, with the right resources in the right way. My community needs me to do my job.

Trautenberg:
My job is to accelerate learning for every APS student, every day. I do my job by passionately leading the Division of Finance in stewarding and optimizing financial and in-kind resources that help our students shape successful futures. My community needs me to do my job.

I was on the verge of entering this unfamiliar system. I accepted that chaos would be there to greet me.
CHAPTER 1

The paradox of entry is that while it provides one of the best opportunities to observe organizational dynamics, it does so under relatively poor conditions. Anxiety and the task of managing the respondent relationship to reach a decision about diagnosis interferes with researchers making the most out of the data available at entry. Nonetheless, entry generally tells the organization’s story very well. As a working heuristic, it is useful to assume: *The major dynamics are all observable at entry, if the investigator is able to perceive them* [italics added]. (Alderfer, 1981, p. 461)

Introduction:

*Advance Organizer*

This study chronicles my experiences as a new CFO entering a resource- and performance-challenged K-12 urban school district of 41 thousand students in Colorado. The period of investigation is framed by entry on October 13, 2014, to the close of the fiscal school year on June 30, 2015. As far as I can tell, there has been no research on CFO entry. This is in stark contrast to the mass of research devoted to superintendent and principal entry. This lack of inquiry is perplexing given that public school K-12 spending in the U.S., according to the National Center for Education Statistics, topped $606 billion in 2012–13. According to the Colorado Department of Education (CDE), total K-12 public school expenditures surpassed $10.2 billion. How this money is spent and by whom is every bit as important as how much.

This dissertation is organized around my entry into K-12 education. The exordium, which began this discourse, answers why and how I sought to enter a K-12 urban school district. Next, I introduce the concept of entry planning as both a philosophy and method, which anchored me as I ventured into an unfamiliar organizational system. That unfamiliar organizational system is then reviewed. The literature review tackles
organizational entry into a CAS, organizational learning, and the individual as authentic leader and change agent. An input/output model related to discerning the opportunity to influence change within the CAS is offered. Through autoethnographic analysis of my role in three case studies—Teachers’ Master Agreement Negotiations, Nutrition Services, and Teaching Bonds 101—I address two research questions. The first research question charts the relationships, processes, and tools that allowed me to make sense of this unfamiliar CAS. The second research question examines how as a transitional entrant I engendered the trust and learning necessary to align an organization’s resources with the mission of improving students’ outcomes. In addition, through these three case studies, I try to capture the complexity associated with private-to-public-sector K-12 entry, the need to brake against the knee-jerk reaction of immediate action without prior sustained conversational learning, and the possibilities for transformational change that can emerge from an authentic leader seeing anew.

Entry

On Monday, October 13, 2014, I became the fifth chief financial officer of APS located in Aurora, Colorado. APS is Colorado’s fifth-largest public school district serving an urban at-risk student population of 41 thousand. The district is perennially under-resourced and fiscally constrained. I interviewed for and accepted the position of CFO knowing that APS had cycled through four CFOs in the last four years and that the district was on Year Three of the CDE’s “five-year clock” for poor performance.

My hiring process was unorthodox and, as I later learned, violated the cultural norm of interviewing with each member of the superintendent’s leadership team. I met
with only three of the eight members on this team. I interviewed with the chief of data and accountability, chief of student services, and the current CFO who would become controller upon the new CFO hire. I completely bypassed the chief personnel officer (CPO) and had met the chief academic officer (CAO) in the prior year during my initial introduction to the superintendent.

Through this autoethnographic study, which is in the form of three case studies, I examine my transition into a new field, that of K-12 public school education, and in a new role, that of CFO. Hired by the superintendent (himself a new entrant into K-12 public education) who sought a qualified financial professional “who just thought differently and who would be an irritant,” I have achieved the first milestone that propelled me to enroll in Penn’s GSE Mid-Career Leadership Program—that of entry at the C-suite level.

In leaving the private sector for public service, I had to figure out how to enter a large and complex urban K-12 school district in order to optimize my impact. Because I was unaccustomed to working inside sites of educational practice and just entering the organizational milieu, I chose to adopt a practitioner-research stance. In addition, entrance is influenced and informed by the experiences and trajectories of one’s life-story. During this chaotic period of entering, I needed to interpret both the strange and the familiar while reflexively assessing the environmental impact of my own entry so that I could properly diagnose the opportunities that were ripe for change.

The central challenge I faced was trying not to get distracted by daily demands as I endeavored to make sense of the unique organizational environment of APS in general
and the Division of Finance (DOF) in particular. As J. Lytle (personal communication, 2014) has described the phenomenon of “living in one’s own data,” I managed decision making in the midst of my own chaos, trying to make sense of this new organizational complexity. To counter the survival-oriented reflex of engaging in immediate action, I chose to slow down my interaction with APS’ organizational code by applying the brakes of entry planning.

Entry planning embraces the rationale of “hitting the ground learning” (Jentz & Wofford, 2012) about the organization. Individuals who are deliberate in understanding an organization’s code—defined by March (1991) as the procedures, norms, rules, and forms as well as the languages, beliefs, and practices upon which an organization relies to socialize new recruits—may have a better chance of introducing their heterogeneity into the organizational environment. By being deliberate, the new entrant can slow down his or her rate of absorption by the existing system. Bringing his life-story and experience into the system, a new entrant may act upon and change the rules of the game just as the organizational code acts on him. By dint of being an organizational outsider, a new entrant may act as a positive change agent who can actively engage in challenging the status quo (Quinn & Meyerson, 2008). As Gleick (2008) suggests, an individual’s act of entrance itself has a way of changing the rules of the game. Prior to entry, an individual’s authentic life-story precedes physical entrance, casting shadows of promise and uncertainty to the organization (Jentz & Wofford, 2012; Shamir & Eilam, 2005).

Torbert (1982, 1983) defines entry as the period when an individual assumes a new position of authority, and is believed by his followers and himself to be capable of
making a difference within his or her organizational milieu. My entering signified a professional and personal commitment to becoming “local.” This is an application of Geertz’s (1983) term for acquiring and accumulating the local knowledge that can only accrue to an individual who commits to becoming, if not a native, then at least a permanent resident of the community. Unlike the deus ex machina of an outside “knowledge expert” such as a university-based researcher who drops into and then out of the study site, by slowing down at entry, I signaled to the educational ecosystem that I intended to fuse my prior etic knowledge from Wall Street with an acquiring emic perspective of the educational milieu in which I sought to practice.

I came to see my chaotic period of CFO entry similar to that of teacher learning, wherein entering novice teachers apply their knowledge-for-practice (“formal knowledge and theory including codifications of the so-called wisdom of [knowledge of] practice”) (Cochran-Smith & S. Lytle, 1999, p. 250) in the knowledge-in-practice space of the school site/classroom. I likened myself to a first-year teacher. I brought my formal business school training and my experiences from Wall Street—my etic knowledge—with me into APS; however, I lacked the practicum experience of student teaching. I had no choice but to create an educational dynamic where I could learn from others how to do my job. Like the novice teacher trying to assess his or her impact on the classroom, I also tried to assess the impact of my entry on this complex interactive dynamic (CID). Resembling the classroom teacher committed to “diligence, [doing] right, and ingenuity” (S. Lytle, 2008, p. 375), through intellectual rigor and emotional sensitivity, I sought to
identify and influence learning conditions that enabled higher-quality decision making about how to enact change and improve performance throughout the district.

For both a new leader and his employees, entry offers the possibility of change as well as loss. Entry is the quintessential human situation when both “the person entering and the organization inviting are aroused . . . when the advent of someone new is believed to hold the potential for new action and new results” (Jentz & Wofford, 2012, p. 9). Given its high stakes, entering should be intentionally pursued through a personal strategic plan. An entry plan is a research design that practitioners may use to learn about the organizational milieu via a “draft-test-revise” approach that creates the conditions for learning from others. An entry plan requires a systematic uncovering and collection of data, mutual inquiry, and reflective learning as the basis for effective action planning and implementation (Jentz, personal communication, February 21, 2015).

Through entry planning, a new entrant seeks to make sense of organizational complexity with the goal of “mobilizing action on a problem [that] will improve the organization’s functioning” (Block, 1981, p. 141). If done with intellectual rigor and emotional sensitivity, a new entrant can correctly identify and influence learning conditions that enable higher-quality decision making about how to enact change and improve performance. J. Lytle (2010) makes the point that “taking time to learn the context before starting to act has a great deal to do with how future decisions will be made, perceived, understood, and enacted” (p. 68). As a braking action, entry planning seeks to slow down the major dynamics of an organization so that a research-practitioner can identify emerging themes and engage in influencing action. If done properly and with
rigor, entry planning can enhance diagnostic visibility and resolve the paradox of entry noted by Alderfer about 35 years ago.

Through my entry plan, I sought to acquire historical, cultural, and financial data that could be triangulated, analyzed and operationalized. My practical goal was to develop a theory of action related to K-12 CFO entry. In addition to complying with financial reporting and regulatory obligations as well as developing human-capital talent, a strategic new education CFO responsibly and strategically aligns financial and other in-kind resources to a school district’s mission of improving students’ outcomes (Bosey & Hovey, 2014). My immediate CFO leadership duties included bringing leadership stability to the DOF, empowering distributed leadership and prudent risk-taking, and aligning and accelerating the allocation of district’s financial resources to improve students’ outcomes. I attempted this by using the draft-test-revise method of entry planning.

Given the paucity of data directly related to K-12 CFO entry in general, and new entrant CFOs in particular, this self-study by a practitioner-researcher hopes to provide a template as to how a CFO can enter an educational site and transform himself or herself from being an accounting and budgetary scorekeeper to that of a strategic leader. No longer distanced from the financial decision making related to instructional allocations, the strategic educational CFO can provide his superintendent and leadership team with actionable data and make explicit the choices and tradeoffs required to optimize the efficient use of scarce resources that can advance students’ outcomes (Boser & Hovey, 2014).
Why did I choose to rely on entry planning? I needed to figure out the most efficacious way to learn my job and make sense of a completely new organization and industry. I reached out the two experienced practitioners—former superintendents—whom I knew were well versed in school-district management and finance. My first call was to Dr. James “Torch” Lytle, the former Practitioner Professor at the Penn GSE and former superintendent of Trenton Public Schools, who encouraged me to apply to the doctoral program. Lytle instructed me to order *The EntryPlan Approach: How to Begin a Leadership Position Successfully, Education Edition* (Jentz & Wofford, 2012). He suggested I read it a few times and complete the various exercises that culminated in my entry plan. Another Penn Professor, Dr. John DeFlaminis also urged me to read *The EntryPlan Approach*. DeFlaminis was excited to provide me the “best entry plan ever written for a superintendent, my own!” DeFlaminis suggested I also review the district’s website, focusing on strategic plans, climate surveys, budget documents, and district and division organizational charts.

Like a pilot who depends on a cockpit’s navigational systems to manage flying in what Alderfer terms “relatively poor conditions,” I came to see and rely on entry planning as a tool to guide me into and through unknown and unfamiliar conditions. In maneuvering through turbulence, I found entry planning to be a reliable directional beacon and sometimes life vest. Its “draft-test-revise” logical underpinnings anchored me, calming anxiety and making easier the task of “managing the respondent relationship” (Alderfer, 1981, p. 461) so that I could reach clarity and reliability in my
organizational diagnosis while searching for the seams of opportunity to implement change.

On a whim, I decided to email Barry Jentz, the author of *The EntryPlan Approach* and numerous other articles related to educational leadership entry, asking him if he had examples of CFO entry plans that he could share. Jentz’s private email response on October 2, 2014, was simple and direct: “Hi David, checked but could not find CFO plan, Barry.” Thus began a collaborative relationship between Jentz and me. For a nominal fee, Jentz agreed to review and comment on the final draft of my entry plan. On October 7th, 2014, I presented my draft entry plan to the superintendent for input. Through this document, I also wanted to convey the learning activities I would be pursuing while also fulfilling my stated job responsibilities. Munn’s response noted the importance of keeping up with what Jentz called “the regular job” (Jentz, private email, October 6, 2014):

From: Rico Munn  
Date: October 6, 2014 at 6:13:25 AM GMT+7  
To: 'David H Trautenberg  
Subject: RE: My Draft CFO Entry Plan for Aurora Public Schools

Sounds fine conceptually. I think you might want to acknowledge that part of your time, and thus your plan, will get quickly eaten up by the existing work and projects I already have in store.

Rico Munn

Over the course of my entry, Jentz would emerge as an essential (and paid) critical friend. Together with my dissertation chair, J. Lytle, Jentz would provide the leadership insights, professional development, and relational analysis so essential in my
trying to understand the CAS of APS. Our relationship morphed into a coaching relationship whereby Jentz helped me to see relationships and networks that I would have otherwise missed or poorly diagnosed.

I soon learned from APS’s chief communications officer about her involvement in entry planning during the prior superintendent’s administration. Her division had drafted entry plans for the district’s two previous outside-hired CFOs. Both of them had left APS within the first 10 months of their respective start dates. I asked for and was provided copies of these plans.

Jentz and Wofford specify designing a plan with pre-defined interview questions used with all interviewees for systematic data generation; and inside-out interviews in which format and questions are known and involve site visits, and which included shared and collective thinking built on trust and candor. The two 90-day plans I got from Communications were really “meet and greets.” In fact, the words “meet and greet” were mentioned a total of 19 times in the two plans. They did not include interview questions, describe how data would be collected, or elaborate on how insights would be used.

These “meet and greet” plans drafted by APS’s chief communications officer did identify key stakeholders who were unique to the CFO’s universe. In addition to the obvious DOF departments, managerial staff, and superintendent’s leadership-team members, the plans listed the following stakeholders, those less likely to be visible to a new entrant CFO but known within APS:

- APS employee groups: Aurora Education Association (AEA), School Executives Association, and Classified Employee Committee
- Charter-school principals
- Joint district committees: worker’s comp pool and excess-of-loss insurance pool
• Employee advisory and accountability committees
• Financial and business professional associations: school executives, school business officials, Chamber of Commerce, and Rotary Club
• Largest district employers: profit, non-profit, and military
• Standing committees: long-range facilities planning and bond oversight
• Pension entities
• CDE representatives: office of the commissioner, financial reporting, and grants
• Non-partisan reform-focused organizations: Colorado School Finance Project, Colorado Children’s Campaign, and Building a Better Colorado
• County assessors
• Banks and investment advisors
• Bond-rating agencies
• Impactful state legislative leaders and lobbyists
• Regional CFO organizations such as Metro Association of School Business Officials (MASBO) and other informal/formal K-12 CFO networks

Because I interviewed our chief communications officer almost three months after joining the district, I did not reap the full benefit of the relational networking embedded within these skeletal 90-day entry plans. Having bypassed the traditional hiring-interview process, I had missed the opportunity to uncover the existence of such documents before starting my job. Preoccupied with preparing for and anxious about my entry, I neglected to ask whether such documents existed. Having that information beforehand would have given me a finer contextual understanding of the district’s unique ecological structure and allowed me to optimize my own entry planning.

In emails dated December 3 and 5, 2014, the communications director informed me that there were only “meetings scripts” that provided thumbnail sketches of organizations and choreographed interactions with their stakeholders. Using these scripts as meeting aides, the two previous CFOs took the “opportunity to meet with key stakeholders and to be transparent about their initial work.” According to these documents, it appeared that the learning was unidirectional, primarily occurring through
observation. According to the communications director, one CFO “actively followed his script.” The primary insight I took away from these plans is that they were about “hitting the ground running” rather than “hitting the ground learning.” Although presented as an active listening-to-learn experience, these entry-plan meetings merely served as public relations’ meet and greets. These interactions were not designed to promote conversational learning prior to the formation of any action plans; these entering CFOs came with pre-fabricated plans of action so they could “hit the ground running.” In fact, this is exactly how the communications director described the former Air Force general-turned-superintendent’s entry plan.

When we hired Superintendent Barry, who is part of the Board superintendent academy, he shared an initial [already developed] 90-day entry plan. I then worked with him to personalize it and adapt to APS. We called it a 90-day listening tour. (Communications Director, email, December 5, 2014)

Whereas the CFO entry plans seemed scant, the former superintendent’s entry plan was a detailed 18-page blueprint for action that included an introductory page describing an (immediate) focus and strategic-plan rationale; five goals and objectives (student achievement, effective board governance, honest communication improving public trust, organizational effectiveness and efficiency, and positive district climate) determined before entry and prior to any individual or community engagement; and a “listening tour” plan (with calendar) covering the first 90 days of entry. As I later learned, today’s superintendents have a penchant for catchy acronyms as evidenced by this plan’s title, “VISTA or Visionary Instruction Shaping the Transformation of APS: July 17 Detailed Report.” (Appendix VI) Masquerading as inquiry, VISTA appeared to me to be another “hit the ground running” game plan.
Superintendent Munn did not enter APS with an entry plan. He came on board with his already established “Tactical Shift” and “Essential Truths” doctrines. As one colleague shared, “The Communications Division stopped developing or providing assistance on entry planning about three years ago given the lack of new leadership’s commitment to the process.” I was beginning to realize I had entered a milieu where leadership sought transformational change through the application of pre-determined technical solutions versus a stance of inquiry whereby leadership engages in conversational learning and organizational discovery prior to the formation of any plans for action.
The Ecological Structure of APS

In joining APS, I had entered an organization with a well-established, top-down reporting structure. Here is the organizational chart that defined both my work and research site.

Illustration 1: APS Hierarchical Organizational Structure

I was struck by the stark hierarchical nature of this organizational chart. I noticed that students, parents, and larger community were not represented. I reviewed adjacent districts’ organizational charts. These neighboring districts used circles, ovals, and other non-boxed shapes to graphically capture and convey a student- and community-centric focus. I wondered if APS’s leadership realized how an organizational chart messaged its brand, which in APS’s case appeared to be hierarchical (linear) as opposed to a more connected circular or spider-web network.
In addition to reviewing organizational charts, prior to designing my entry plan, I examined other historical documents obtained from various public sources as well as those provided to me during my APS interviews. I identified the people with whom I needed to interact, including all departmental managers who report into the DOF. My immediate goal was to determine the DOF’s operational and human-capital capabilities, and the nature and needs of the larger system.

I then directed my attention outward to obtain an understanding of the demographic and geographic context of the system I was about to enter. Aurora is the 55th-largest city in the United States and APS is the 5th-largest school district in Colorado. As a district, APS encompasses the two counties of Adams and Arapahoe, an extensive landmass that is less than two-thirds developed. Within these boundaries lies Buckley Air Force Base and Colorado University’s Anschutz Medical Center (the largest employer in the district). Neither Buckley nor Anschutz is a tax-paying entity. From a development perspective, I joined a district where the population was growing, large tax-exempt institutions impacted the tax base, and commercial and residential construction (primarily for young professionals and graduate students) was burgeoning.

According to 2014–15 data from both APS’s website and the Colorado Children’s Campaign, APS serves approximately 41 thousand students, 54% Hispanic, 18% Black, 18% White, 4% Asian, 1% American Indian, 1% Native Hawaiian or Pacific Islander, and 4% Biracial. In the 2013–14 school year, the district was 82% minority, compared to 45% minority statewide. Nearly 40% of APS students were English Language Learners versus 15% statewide. A little over 72% of students qualified for free and reduced lunch
compared to 42% of students statewide. Ten percent of the district’s students attended special education programs, which was similar to adjacent school districts. The district median household income was significantly lower that the statewide average, $45,438 versus $58,244. Fewer than half of all APS students who took the 2014 Transitional Colorado Assessment Program (TCAP) scored proficient or above in reading. Slightly more than one-third of APS students scored proficient or above in math. APS’s current level of student achievement in science was about half the state average (15% versus 35%). A wide achievement gap existed between children of color and their non-Hispanic White peers. In 2014, nearly 70% of White students in APS scored proficient or above in reading on the TCAP, compared to only about 40% of Hispanic and Black students. In 2013, 53% of all high schoolers enrolled in APS graduated within four years compared to more than 75% of students statewide.

The district’s community engagement pamphlet Education Reform in APS (2015) provides a snapshot of the chasm between actual average student performance and the State average:

Table 1: Key Performance Areas APS vs. State, 2015

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<tr>
<th>Key Performance Areas</th>
<th>APS Average</th>
<th>State Average</th>
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<tbody>
<tr>
<td>Graduation rates (four years)</td>
<td>55.8%</td>
<td>77.0%</td>
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<tr>
<td>ACT scores</td>
<td>17.0</td>
<td>20.1</td>
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<tr>
<td>Third-graders proficient at reading</td>
<td>46%</td>
<td>72%</td>
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Student academic growth (Yearly comparison with students having like prior academic achievement)  | 49th percentile | 50th percentile |
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<tbody>
<tr>
<td>Student engagement (avg. daily attendance)</td>
<td>92%</td>
<td>n/a</td>
</tr>
<tr>
<td>Students feeling safe and secure</td>
<td>40%</td>
<td>n/a</td>
</tr>
</tbody>
</table>

In 2014–15, there were 66 schools in the district: 4 preschools, 28 elementary schools, 6 Pre K-8 schools, 7 middle schools, 1 6-12 academy, 4 comprehensive high schools, 1 P-20 campus (P-8 and 9-12), 1 online high school, 4 pilot schools, 1 vocational/technical college, 1 gifted and talented K-8 school, 6 charter schools and 1 home-school support program. Eighteen (18) of the 60 district-operated schools are on the CDE’s poorly performing watch list. One high school, Aurora Central, is on Year Five and subject to takeover by the state. Three elementary schools—Sable, Paris, and Boston K-8—are on Years Two, Three, and Four respectively. The district itself is in Year Three of being on CDE’s district watch list.

Financially speaking, APS’s annual operating budget for 2014–15 was $340 million. Including the district’s outstanding bond debt, the DOF oversees and manages a total budget of over $600 million. The 2014–15 per-student base funding was approximately $7,349 as determined and equalized by the state’s funding formula.

Within APS, the DOF is one of seven leadership functions reporting into the superintendent. Other direct reports include the deputy superintendent, CAO, chief accountability and research officer, chief operating officer (COO), CPO, and chief communications officer. In 2013–14, the superintendent, at the request of the newly hired
CAO, restructured the two previously separate divisions, Engagement and Instruction, into one Equity in Learning division (EIL). The CAO manages this newly combined entity. The district’s legal counsel also is a member of the leadership team but reports into the BOE. As part of my entry plan, I met with each member of the leadership team as well as the chief information (technology) officer, who reports into the COO.

Within the DOF, the following were direct reports to the CFO: controller, director of finance (open), director of grants and federal programs, budget manager, director of materials management and warehouse (including print services), director of nutrition services, payroll manager, and risk manager. Upon entry, I kept the current divisional structure for the first 180 days to ensure operational continuity and to reassure the division that change would occur over time. By not disrupting legacy structures and procedures, I would guarantee that the “real work” of the division—Munn’s existing plans and projects—would get done while increasing my degrees of freedom to execute my entry plan.

Upon completing my entry plan and after analyzing operational workflows as well as assessing my own competencies, I eventually reorganized the DOF’s reporting structure. Prior to my entering APS, I solicited my controller’s views about the DOF’s current reporting structure, asking her how I could learn about each department’s operations while still being able to perform the work duties and responsibilities expected of me. We mutually agreed that all departments would continue to report to the controller for the remainder of the current academic year. Together my controller and I conducted departmental field visits and weekly one-on-one managers’ reviews to expedite my
learning. In our pre- and post-meetings, I graciously accepted her invaluable mentoring and constructive criticism; I saw these interactions as university-level seminars where I was taught by a distinguished professor who had rare practical experience.

In consultation with my controller and departmental managers, towards the end of the 2015–16 academic year, I took over the managerial reins for revenue-generating departments (Budget, Grants, and Federal Title Programs) and for compliance and reporting (controller, budget director, and risk manager). When I announced this new organizational structure in May 2015, I devoted an entire leadership session reviewing my rationale for this new reporting arrangement and responding to managers’ questions. I used this forum to reassure each member that there would be no change to the DOF’s leadership team and that we would continue to meet on a regular basis. I believed that this reporting arrangement distributed additional decision-making authority to my managers while freeing up more time for me to conduct operational field and school-site visits. In this way, we could stay continuously engaged in the necessary work of improving our division’s operational capabilities and efficiencies so that we could better support the district’s educational mission. This new reporting configuration is depicted below.
I also interacted with the BOE. As an elected body, the board consisted of seven individuals whose role was to delegate operational and managerial responsibility to the superintendent and his leadership team. Two of the BOE members were male, one Black and one White. The one white male Board Member previously worked for APS, reporting into the chief accountability and research officer. He now worked for the CDE as its accountability and research manager. Of the five female members, four were White (one Hispanic/non-Spanish-speaking) and one was Filipino. Three out of the seven elected members held doctoral degrees. According to the deputy superintendent, each board member had run unopposed in the previous election. The superintendent was the only
district employee who directly reported to the board. In tandem with our CAO, I was required by the superintendent to meet weekly with a different BOE member.

To finish fleshing out the context in which I was operating, I will discuss issues related to APS’s financing. School finance in Colorado is chiefly affected by three amendments to the State Constitution: TABOR (Taxpayer’s Bill of Rights), Amendment 23, and the Gallagher Amendment. TABOR restricted tax increases to the rate of inflation plus the rate of population growth and placed strict limits on what the state can keep and how much it can spend. TABOR also required taxpayer, as opposed to legislative, approval to increase or adopt new tax measures. Amendment 23 restricted additional K-12 funding to annual increases similar to TABOR (based on the rate of inflation and population growth). The Gallagher Amendment maintained a constant ratio between the property-tax revenue that came from residential property and the property-tax revenue that came from commercial property.

During the 2008–12 Great Recession, Gallagher caused an unexpected shift in the tax burden away from residential to commercial properties. Originally pegged at a 45% residential/55% non-residential ratio to yield a local-share effective tax rate of 21% residential and 29% commercial, today’s assessed values yield effective tax rates of 7.96% for residential and 29% for non-residential. Gallagher was supposed to reduce the assessment rate (the percent of property value subject to taxation) whenever statewide total residential property values increased faster than business-property values; however, when enacting Gallagher, legislators did not consider a great recessionary scenario in which the value of residential real estate would plummet at a faster rate than that of
commercial. The Great Recession’s net effect has been a marked decline in revenues collected from residential and commercial property tax, which prior to Gallagher, provided the majority of school funding. TABOR’s requirement of taxpayer approval to increase or adopt new tax measures has anchored the residential property tax rate at 7.96%, shifting more of the tax burden to fund K-12 education onto commercial-property owners as well as the state. Consequently, school districts such as APS that serve areas with low-density commercial tenants and include sizeable non-tax paying entities were hampered in their ability to increase school funding through property taxes. These school districts became more reliant on state rather than local property-tax funding. To compensate for these diminishing operational funds, APS and other school districts relied on voter-approved municipal bonds and mill-levy overrides (voter-approved funding initiatives that increase a property owner’s tax bill, and that are separate and distinct from any state funding) to fund capital projects and educational initiatives. Capital-funding needs were particularly acute for districts such as APS that experienced population growth. APS’s mill-levy rate of 67.635 was second highest in the state; APS’s municipal-bond capacity was limited to 20% of assessed property values, allowing for only a $43 million increase. The 2013 Comprehensive Annual Financial Report (“CAFR”) showed that APS had been reclassified as a normal rather than an accelerated-growth district due to a decrease of below 3% in its student-population growth. This reclassification caused APS to technically exceed its borrowing limit for the 2014–15 fiscal year, resulting in a negative legal debt margin. This technical default was corrected.
CHAPTER 2

Research Questions & Significance

Increasingly, public-school districts are asking their traditional accounting-based CFOs to become “strategic CFOs” who can bring analytical and leadership expertise to high-level strategic decisions (CAP, 2014; Educational Resource Strategies, 2014). To do so, the strategic CFO needs to create and champion resource-delivery systems, traditionally around budgetary and accounting systems, that provide actionable data and promote the acquisition of external resources (federal, state, and local grants; and philanthropic funding) that align with the district’s strategic plan. Dewey (1916) similarly advocated such stewarding of resources, noting, “The kind of [instructional] experience to which the work of the schools should contribute is marked by executive competency in the management of resources and obstacles encountered (efficiency) [italics added]” (p. 234).

In addition to his or her own executive competency, as a transformational leader, the new strategic CFO needs to promote a professional ethos around distributed leadership, create the trusting and intimate conditions that encourage prudent risk taking, and support behaviors that encourage inquiry and rely on evidence-based decision making. Unfortunately, little research regarding the ways CFOs can align funding sources to achievement outcomes exists (Belfield, 2006; Hanushek & Lindseth, 2009; Levin, 2001). This information is acutely lacking at the intra-district level (Hanushek & Lindseth, 2014; Hovey & Boser, 2014).
The following research questions guided me in my process of being a new-entrant CFO entering an unfamiliar educational milieu, and learning how to make sense of and manage for effective action within a CAS:

**Research Question 1: (Entering & Sense Making):** What relationships, processes, and tools did I identify during my entry-planning process that allowed me to make sense of the complex systems in a large, resource-challenged urban school district?

**Research Question 2 (Entering & Transforming):** How did I engender the trust and learning necessary to align an organization’s talent, time, and dollars with the mission of improving student outcomes?

Studies have found that more than 40% to 50% of senior outside hires in all hiring domains fail to achieve desired results (Watkins, 2013), with transition failures usually occurring within the first 18 months of entry (Kambil, 2010). Using a case-study design providing narratives of Teachers’ Master Agreement Negotiations, Nutrition Services, and Teaching Bonds 101, I intend to illuminate the chaos and complexity that a new-entrant educational CFO must navigate that oftentimes defy comprehensive analysis (Morgan, 2006), highlight the promising small interventions that can catalyze larger organizational shifts, and identify structural and human impediments that can stymie CFOs who seek to become strategic leaders as they embark on transformational change within their own educational systems. In essence, I hope these pages will serve as an induction manual of sorts for a CFO—new, transitional, or incumbent—who is entering, making sense, and/or transforming a K-12 public school district.
Literature Review

A Leader’s Entry

In *The First 90 Days*, Watkins (2003) asserts that while the President of the United States gets 100 days to prove himself or herself, a new-entrant leader such as an educational CFO gets about 90. This 90-day period coincides with the time that new leaders are no longer a net consumer of value (a deficit learner) to their new organizations. Watkins estimates that in 200 days new leaders reach the break-event point, which is when they have contributed as much value to their organizations as they have consumed (Watkins, 2003). In terms of teacher learning and leadership, this break-even point resembles the emergent process noted by Cochran-Smith and Lytle (1992; 1999) through which teachers as instructional leaders are able to recognize and use their knowledge-for-practice and knowledge-in-practice to influence knowledge-of-practice. This 200-day period coincides with this study’s time period.

How a leader approaches these first few months of transition contributes to his or her early success or failure. As noted earlier, entry planning is an anchoring process whereby the new entrant can actually accelerate the transition process by slowing down the “jump-reflex to problem solve” (Jentz & Wofford, 2012). Through this deceleration or braking, entry planning creates a guiding blueprint to fall back on during periods of confusion (Jentz, 2009).

According to the research literature (Jentz & Murphy, 2005; 2006; Jentz, 2009; Jentz & Wofford, 2012), an entry plan is built upon a four-stage research-inquiry process involving design, data generation and capture, data sense making, and action-plan
formation. First conceived by Jentz in 1982, this process “build[s] trust, enable[s] public learning, and result[s] in collective new understandings of organizational culture, practice, and future opportunities and obstacles” (Jentz, personal communication, March 20, 2015). That, in combination with the process’s “draft-test-revise” approach, increases the likelihood of improving an organization’s performance.

The entry plan’s four logically sequenced, collaborative, and recursive inquiry activities are as follows:

(1) **Designing.** An effective entry-plan design recognizes the organization’s and the larger environment’s unique attributes. In this phase, the new leader seeks to demonstrate that decision making and direction will follow collective inquiry guided by the entry plan’s interview questions. The plan should be transparent about the sequence of collaborative-inquiry activities that will result in an implementable blueprint for change.

(2) **Generating and Capturing Data.** Because the new entrant is expected to promote more of what works, change or eradicate behaviors and norms that impair organizational effectiveness and productivity, and introduce new thinking and forms of engagement that increase capacity, data generation and collection begin between the entering individual and the incumbent/respondent individual, then within that respondent individual’s group, and finally between and among groups. “A new leader takes time to understand key people and gain an insider’s perspective of the organization from “before making decisions” [italics added]” (Jentz & Wofford, 2012, p.
15). The entry plan embraces a mixed-method approach using qualitative (interviews, focus groups, and site visits) and quantitative (dependent on the data at hand) techniques designed to generate trust, respect, and credibility.

3) **Making Sense of Data.** The new leader seeks to produce collective new thinking and build consensus for findings by sharing data for collective understanding. During this sense making, the new entrant collates interview data to identify patterns; presents these patterns and discrepancies to the group; engages the group in exploring embedded assumptions, beliefs, and values; and formulates implications and possible alterations in goals and/or practice for improving performance. The objective is to empower new thinking.

4) **Forming an Action Plan.** The new leader develops an action plan to encourage new thinking that results in new behaviors. In this phase, the new leader seeks to produce decisions that will be implemented and positively reshape the organization. New thinking emerges from sub-group reflection and the drafting of executable actions plans, which are tested and revised. Once a formal action plan is decided upon, it is executed with vigor and rigor.
### Table 2: An Entry Plan’s Four Logically Sequenced Activities

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<th>Method</th>
<th>Rationale</th>
<th>Activities</th>
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<tr>
<td><strong>Step 1:</strong> Design Entry Plan</td>
<td><strong>Result:</strong> Direction</td>
<td><strong>Entry-Plan Design Meetings</strong>&lt;br&gt;Draft plan, test with key people, revise, and publish before implementation; include interview questions. Questions vary by context, for example&lt;br&gt;1. Major challenges facing the system/school?&lt;br&gt;2. Major obstacles to addressing them?&lt;br&gt;3. Remedies? Rank order and explain ranking.</td>
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<tr>
<td><strong>Step 2:</strong> Generate Data Systematically</td>
<td><strong>Result:</strong> Trust</td>
<td><strong>Interviews and Site Visits</strong>&lt;br&gt;Conduct interviews (and site visits) with key people and constituencies; record responses to questions for feedback meetings&lt;br&gt;1. Tell me about your work; joys and frustrations? What have you learned/how have you grown?&lt;br&gt;2. Which systems/procedures work for you; which don’t? How do things get done? Are stated values acted upon?&lt;br&gt;3. What leadership do you need from me? Why?</td>
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An entry plan focuses on defining a structured and collaborative process to facilitate intrapersonal and interpersonal learning. Based on the Reflective Inquiry and Action (RIA) model (Jentz & Murphy, 2005; 2006), the entry-plan process is designed to produce “trust, respect, learning, change, and growth in leaders and in organizations” (Jentz & Wofford, 2012). The primary objective of the entry plan is to prevent jump-reflex problem solving and to beget listening-to-learn collaboration through a continuous, interactive process. These notions of community, collaboration, and inquiry are shared features of practitioner inquiry (Cochran-Smith & Lytle, S., 2009). Success depends on the new entrant’s slowing down to listen and to capture and analyze data for the development of an action plan, which can lead to change acceleration. This leadership
stance, influenced by personal biography and experience, allows the new entrant “to hit the ground learning” (Jentz & Wofford, 2012, p. 7). An entry plan requires a new mindfulness construct that embraces emotional intelligence (Goleman, 1995; Boyatzis & McKee, 2005) and rejects the notion of a leader’s being able to implement change immediately. An entry plan compels a new entrant to discover all the organization’s key actors and departments that affect the people he or she leads, and the constituencies he or she serves.

March (1991) examines this phenomenon of slowing down entrance in terms of exploration and exploitation.

Exploration includes things captured by terms such as search, variation, risk taking, experimentation, play, flexibility, discovery, innovation. Exploitation includes things captured by refinement, choice, production efficiency, selection, implementation, execution. … As a result, maintaining an appropriate balance between exploration and exploitation is a primary factor in system survival and prosperity. (p. 71)

In “Organizational Learning,” Levitt and March (1988) posit that organizations are “routine-based, history-dependent, and target-oriented” (p. 319). Organizations learn by encoding inferences from history into routines that guide behavior (Levitt & March, 1988; March, 1991). Learning occurs from internal experience and from external organizations (March, 1991). A new entrant hired from an external organization encounters an organizational code that is foreign to him or her but well known to the organization (Levitt & March, 1988; March, 1991). New individuals can be deviants who introduce heterogeneity into the organizational environment. If tolerated by the receiving organization, a positive deviant, through his or her heterogeneity, can become a catalyzing agent. Organizational learning is further influenced by the competitive
ecology, which includes the adapting behavior of other organizations within a larger, related environment.

Heifetz and Linsky (2002) distinguish between change that requires exploration rather than exploitation in terms of adaptive versus technical change. These researchers note that the work of adaptive change creates “risk, conflict, and instability because addressing the issues underlying adaptive problems may involve upending deep and entrenched norms” (Heifetz & Linsky, 2002, p. 20). Unlike technical change that builds upon the application of accepted know-how through exploiting known technologies, adaptive change can stimulate resistance. Adaptive change places people at risk by asking them “to take a loss, experience uncertainty, and even express disloyalty to people and cultures” (Heifetz & Linsky, 2002, p. 30). Frequently, leaders of organizations will apply a technical solution under the misconception of its being an adaptive change. Because explorative change contests organizational norms and threatens individuals with the unknown and potentially loss, adaptive change must occur at a rate that can be absorbed by the organization to be effective and sustainable (March, 1991; Heifetz & Linsky, 2002).

An organization’s ability to learn through adaptive change may be seen as a form of intelligence. A new entrant can increase his ability to influence change by becoming a slow rather than a fast learner of the organizational code. Slower learners who stay deviant longer (i.e., slow the rate of absorption) allow the organizational to learn from them (March, 1991). The organizational code is a form of intelligence through which an organization solves problems as well as learns (Argyris & Schon, 1978). Individuals
within organizations can accelerate or retard learning; as “agents of organizational action, so they are agents for organizational learning” (Argyis & Schon, 1978, p. 19). Consequently, the entrance of a slow learner, one who seeks to brake against becoming quickly co-opted by the existing organizational code, can shift an organization from exploiting to exploring, which can more positively affect its long-term adaptive process. As March (1991) maintains in “Exploration and Exploitation in Organizational Learning,” rapid learning is not always desirable:

> [the] slower learning allows for greater exploration of possible alternatives and greater balance in the development of specialized competences. … The gains to individuals from adapting rapidly to the code (which is consistently closer to reality than the average individual) are offset by second-order losses stemming from the fact that the code can learn only from individuals who deviate from it. Slow learning on the part of the individuals maintains diversity longer, thereby providing the exploration that allows the knowledge found in the organizational code to improve. (p. 76)

As Levitt and March (1988) propose, there is an epidemiological aspect to code acceptance, change, and diffusion. If the slow-learning new entrant comes to be viewed as a general threat within the organization, the organization’s immune system gets activated, and the new leader, like an unwanted virus, is susceptible to unified attack. Senge (2014) asserts that organizations have complex, well-developed immune systems that are quite adept at preserving the status quo. The entry plan acts as a protective brake, slowing down the new leader so that he or she can engender the trust, intimacy, confidence, compassion, and acceptance to ignite new forms of organizational collaboration that impact both the organization’s learning and code.

As a strategic method, entry planning acknowledges a leader’s dependency on existing staff for information and embraces taking a “deliberate student role,” (p. 129)
particularly through interviewing others (Gilmore, 2003). Seidman (2013) notes that “the primary way a researcher can investigate an educational organization, institution, or process is through the experience of the individual people, the ‘others’ who make up the organization or carry out the process” (p. 9). Being in the moment, listening, building trust, sharing, and maintaining confidentiality can immunize the new entrant against immediate organizational rejection. In sum, emotional intelligence is a critical component of any entry plan, something often overlooked as evidenced by the high failure rate of senior outside hires (Watkins, 2013).

**Positive Deviant as Change Agent**

A new entrant may be perceived as a deviant depending on the individual’s self-identity and behavior. Positive Organizational Scholarship stresses the positive potential of organizational deviants who are simultaneously organizational outsiders and insiders working as change agents within the system by challenging the status quo (Quinn & Meyerson, 2008).

The challenge for positive deviants is to find ways to enact their deviant values and beliefs by “effecting change while preserving their legitimacy within the very system they seek to change” (Quinn & Meyerson, 2008, p. 249). Positive deviants possess the authority and legitimacy to mandate systemic change. Successful new entrants usually focus on small wins defined as a “limited doable project that results in something concrete and visible” (Weick, 1984, p. 244). As a matter of degree, a positive deviant may “favor ‘big wins’ over ‘small wins’” (Quinn & Meyerson, 2008, p. 254). In addition, positive deviants who occupy positions of leadership within central administration (e.g.,
superintendent, chief academic officer, chief financial officer, and other C-suite executives) may be in a better position to engender risk taking and experimentation among subordinates. These leaders see failure as a natural part of work activity out of which learning and innovation flows (Edmondson, 2003).

New leaders have a tendency to emphasize immediate action over braking in an effort to achieve “early wins” (Watkins, 2003, p. 116). Gabarro (1987) observes that for a successful extended period of change to take place, a period of focused learning (akin to entry planning) is necessary. According to Gabarro, organizational change occurs in wave-like formation, which allows a transitional leader to consolidate small wins, engage in deeper learning about the organization as well as himself or herself, and prepare for the next deeper wave of change. This suggests that entry and entry planning can be continuous; essentially, an individual who commits to deep learning may never stop entering.

Heifetz and Linsky (2002) note the importance of achieving a “balcony perspective” (p.53). In reaching this high stage of consciousness, the individual is poised to enter a state of enlightened consciousness wherein all the actors, including the new leader, and their actions are objectively evaluated. According to these researchers,

A balcony perspective means taking yourself out of the dance [of organizational interaction], in your mind, even if only for a moment. The only way you can gain both a clear view of reality and some perspective on the bigger picture is by distancing yourself from the fray. Otherwise, you are likely to misperceive the situation and make the wrong diagnosis, leading you to misguided decisions about whether and how to intervene.

If you want to affect what is happening, you must return to the dance floor. Staying on the balcony in a safe observer role is as much a prescription for ineffectuality as never achieving that perspective in the first place. The process
must be iterative, not static. The challenge is to move back and forth between the
dance floor and the balcony, making interventions, observing their impact in real
time, and then returning to the action. The goal is to come as close as you can to
being in both places simultaneously, as if you had one eye looking from the dance
floor and one eye looking down from the balcony, watching all the action,
including your own. This is the critical point: When you observe from the balcony
you must see yourself as well as the other participants. Perhaps this is the hardest
task of all—to see yourself objectively. (pp. 53–54)

The RIA model embedded in entry planning employs a similar toggling approach
to being on the dance floor and up in the balcony. RIA urges a transitional leader to (1)
embrace confusion; (2) assert the need to make sense; (3) structure the interaction; (4)
listen reflectively and learn; and (5) openly process one’s efforts to make sense (Jentz &
Murphy, 2005; 2006). This approach can serve as an anchor for C-suite leaders who are
tasked with managing in and making sense of entangled CASs like schools, where
change, conflict, and unplanned events occur. Cuban (2010) notes that these web-like
complex systems of interdependent units adapt continuously to turbulent surroundings.
Gillespie (2015) contends that centralized, top-down, “mission control” solutions do not
work in this environment because

the educational system is complex, and nested within the larger system are other
complex systems like districts, schools and classrooms. The “agents” within the
system (e.g., students, teachers, administrators, parents, school board members,
policy makers, etc.) interact in a web of relationships that shape how the system
performs. (p. 1)

Unlike a traditional linear system that responds to command-and-control-based
mechanisms, school (as well as health-care and criminal-justice) systems, which are
constantly impacted by unpredictable events, resemble “spider webs of interconnecting
strands” (Cuban, 2010). By toggling between the dance floor and balcony, leaders are
more apt to identify these interconnecting relationships.
Chaos Theory and Complex Systems

Complex human systems have traditionally been modeled as top-down, bureaucratic paradigms that mirror an economy based on physical production (Uhl-Bien, Marion, & McKelvey, 2007; Bosey & Hovey, 2014). In our more knowledge-driven economy, leadership paradigms have begun to coalesce around understanding and influencing CIDs that lead to adaptive outcomes in the form of learning, innovation, and adaptability (Gleick, 2008; Morgan, 2006; Uhl-Bien, Marion, & McKelvey, 2007; Cuban, 2010). In particular, complexity theory incorporates the theory of chaos and principle of self-organization as a way to understand change in seemingly steady-state systems with periodic turbulence (Morgan, 2006).

In complicated systems, patterns and outcomes are predictable if the starting conditions are known; however, in complex systems these same starting conditions can yield different outcomes, depending on the interactions of the elements and agents in the system (Lorenz, 1962; Sargut & McGrath, 2011). Lorenz (1962) first identified this process of “deterministic nonperiodic flow” (p. 130) in modeling efforts related to hydrodynamical systems such as weather systems. Generally, hydrodynamical systems exhibit steady-state flow patterns, while others can oscillate in a regular manner. By concentrating on those hydrodynamical systems that “vary in an irregular, seemingly haphazard manner, and, even when observed for long periods of time, do not appear to repeat their previous history” (p. 130), Lorenz was able to identify this “phase space” where change occurs. Usually expressed by turbulence, the phase space emerges when organizational order reaches its final state, and the system moves into a period of total
unpredictability, or chaos. Chaos may lack periodic order, but it does have shape and can be seen through computer modeling (Wheatley, 1994). What is certain about chaos is that it can never exceed the finite boundaries of the strange attractor(s) that caused the system to advance into a period of unpredictability (Wheatley, 1994).

Morgan (2006) aptly applies these concepts of chaos, complexity, and attractors to complex organizational structures:

Complex nonlinear systems like ecologies or organizations are characterized by multiple systems of interaction that are both ordered and chaotic. Because of this internal complexity, [small] random disturbances can produce unpredictable events and relationships that reverberate throughout a system, creating novel patterns of change. The amazing thing, however, is that despite all the unpredictability, coherent order always emerges out of the randomness and surface chaos. (p. 251)

First described by the poet-philosopher Hesiod (eighth to seventh century BCE) in Theogeny as the “primordial condition from which appeared everything that exists,” chaos remains source of both new information and new order, even in our 21st-century knowledge economy (Gleick, 2008).

Making sense of an emerging complex situation is a challenge of the highest magnitude (Sargut & McGrath, 2010; Lytle & Sokoloff, 2013). For a leader who is trying to recognize and triangulate data for the purpose of identifying the phase space and the attractors around which to construct interventions, there is often a vantage-point problem (Heifetz & Linsky, 2002; Jentz & Murphy, 2005; 2006). “It’s hard to observe and comprehend a highly diverse array of relationships from any one location” (Sargat & McGrath, 2010). For a leader, a critical part of his or her leadership work may be sensing what isn’t yet present, that wants to emerge, but cannot be seen with normal ways of
looking. Like a practitioner-researcher—whose cognition is limited by personal background, social identity, and bias—managers are constrained by their own cognitive limits in understanding the effects of other people’s actions as well as their own.

Complex systems may therefore be even harder to decipher.

Mapping tools such as attractor patterns, loop patterns, and spider maps can be used to make sense of complex interactions, in part by showing the interconnections between various system elements (Lorenz, 1962; Morgan, 2006; Gleick, 2008; J. Lytle & Sokoloff, 2013). As illustrated below, these models visually capture the interactions among the properties of multiplicity (number of potentially interacting elements), interdependence (degree of elements’ interconnectedness), and diversity (degree of heterogeneity) (J. Lytle & Sokoloff, 2013).

*Illustration 3: Dealing with Complexity Mapping Tools*
Mapping provides a way of imagining how to act on insights about the nature of an organizational system to problem solve (Morgan, 2006). For example, by analyzing a system’s multiplicity of attractors, an entering leader can triangulate critical entry points most amenable to intervention. By being able to recognize the phase space where change is ripe and ready to occur, the entering leader is better positioned to evaluate interventions that are not only necessary but are also more apt to being accepted (or conversely, less susceptible to rejection) by the organizational code. Interventions that capitalize on these seams of (ripe) opportunity have the best chance at influencing a system’s overall trajectory. Operating within a CAS, a change agent may need to trust his or her intuition in order to “grasp those changes that may be required without dissecting all the parts of the system” (Brown, 2008, p. 417). In this way, a new leader can safely engage in the small changes that may create new conditions for a desired outcome to emerge.

**Conceptual Framework**

Complexity science presents an alternative paradigm for leadership that incorporates complexity leadership theory. This approach focuses on enabling the learning, creative, and adaptive capacity of complex adaptive systems (CAS) within the context of knowledge-producing organizations (Uhl-Bien, Marion, & McKelvey, 2007). Dooley (1997) describes a CAS as an aggregate of interacting agents that behaves according to three key principles: (1) order is emergent as opposed to predetermined; (2) the system’s history is irreversible, and; (3) the system’s future is often unpredictable. Within the CAS framework, leadership is presented as a “complex interactive dynamic from which
adaptive outcomes (e.g., learning, innovation, and adaptability) emerge” (Uhl-Bien, Marion, McKelvey, 2007, p. 298). Complex adaptive systems are spider-like networks of interacting, interdependent agents who are “bonded in a cooperative dynamic by common goal, outlook, and need” (Uhl-Bien, Marion, McKelvey, 2007, p. 299). These systems and their dynamics can be conceptually mapped and evaluated for leadership action (Heifetz, 1994; Heifetz & Linsky, 2002; Jentz & Murphy, 2005; Jentz & Wofford, 2012; Plowman et al, 2007; Uhl-Bien et al, 2007). Entry planning provides an iterative test-and-revise cycle of interactions that improves a new entrant’s ability to identify these neural-like networks as well as improve the quality of problem definition and related decision making about how to improve performance (Jentz, private email, November 12, 2014). These acts of identifying and then pinpointing—or triangulation—can introduce efficiencies into the system.

Uhl-Bien, Marion, and McKelvey (2007) present a complexity-leadership-theory framework around the dynamic of emergence. For these researchers, emergence involves two interdependent processes: (1) the reformulation of existing elements to produce outcomes that are qualitatively different from the original elements and (2) self-organization. This framework recognizes CAS dynamics while at the same time “enabling control structures appropriate for coordinating formal organizations and producing outcomes appropriate to the vision and mission of the system” (Uhl-Bien et al., 2007, p. 304). As such, this emergence model both accommodates and acknowledges the C-suite new entrant’s unique status as both a new attractor (through heterogeneity) and as a change agent (through his or her formal leadership). The emergence-dynamic
framework (Uhl-Bien et al., 2007) conceptually recognizes a leader’s challenge in understanding and integrating complexity dynamics and bureaucracy, which includes enabling and coordinating, exploration and exploitation, CAS and hierarchy, and informal emergence and top-down control. This knowledge is necessary prior to formulating creative and adaptive approaches—the small changes—that may catalyze larger transformations.

As illustrated below, the emergence-dynamic framework (Uhl-Bien et al, 2007, p. 308) conceives of managerial complexity as part of a holistic network dynamic, consisting of: (1) an organizational context; (2) mechanisms, including technical and adaptive possibilities; and (3) the authentic leader who through adaptability, learning, and creativity can identify areas ripe for intervention. This overarching framework recognizes that the leader’s role in managing complexity oscillates among administrative/bureaucratic, adaptive, and emergent tensions.
Illustration 4: The Emergency Dynamic

Context is the interactive ambiance within which complex dynamics occur, and mechanisms are the dynamic patterns of behavior that produce complex outcomes. In interactive and interdependent networks, adaptive ideas, whether small or large, emerge and interact in much the same way that pairs or groups of agents interact. The contexts that shape those ideas include networks of interaction, complex patterns of conflicting constraints, patterns of tension, interdependent relationships, rules of action, direct and indirect feedback loops, and rapidly changing environmental demands. The mechanisms that emerge include resonance (i.e., correlated action) and aggregation of ideas, catalytic behaviors that speed or enable certain activities, generation of both dynamically stable and unstable behaviors, dissipation of built-up tension as phase transitions, nonlinear change, information flow and pattern formation, and accreting nodes which are ideas that rapidly expand in importance and which accrete related ideas. In complex networks, ideas emerge, combine, diverge, become extinct, conflict with one another, adapt, and change, and increase in complexity. The primary outputs of this complex dynamic are adaptability, creativity, and learning. (Uhl-Bien et al, 2007, p. 307)

This complexity-leadership-theory framework and its outputs can provide a basis for a new entrant’s action plan regarding where, when, and how to intervene.

Interventions introduced by the new-entrant leader may become novel attractors that shift
the organizational dynamic sufficiently to result in transformational change. The degree of the shift as well as its associated turbulence (known as “phase transitions” in the emergence-dynamic framework) determine if the organization can absorb such change. By incorporating aspects of the emergence-dynamic framework into an entry-plan design, the practitioner-researcher may be better able to identify the seams of opportunity sufficiently ripe for either technical or adaptive intervention(s).

Utilizing an input/output approach, I developed the following entry, emergence, and action heuristic to help me identify how the individual-as-autonomous agent can influence change within a CAS:

*Illustration 5: Discerning the Phase Space for Change*

During the entry stage the transitional CFO uses the inquiry and draft-test-revise approach of entry planning to ascertain from individuals why the organization does what it does through the structures, codes, routines, norms and behaviors that define its culture. The new leader must also examine historical documents, artifacts, and relationships that include but are not limited to regulatory, political, economic, and social factors that
define, encourage, and impede change. Current and changing technologies related to internal and external capabilities should be identified and evaluated. Authentic-leadership attributes such as self-identity, roles, concept clarity, and concordance should be inventoried and evaluated, particularly for biases that could interfere with problem identification and diagnosis. Engaging in authentic dialogue also demands an emotional intelligence and sensitivity that produces the trust and confidence needed to sustain inquiry and learning between and among individuals. Finally, a new entrant needs to identify the individuals within the organizations who are knowledge experts and who are willing to scaffold and accelerate his or her learning so that the new entrant can make sense of the CID.

The authentic leader is constantly engaged in assessing, reflecting, and understanding the CID. As the new entrant CFO amasses, analyzes, and synthesizes data collected through a continuous shifting of vantage points, this practitioner-researcher immerses himself or herself in the CID. Within emergence, complexity presents itself in an interactive dynamic within a knowledge swirl. As ideas, resources, and people interact and collide, tensions are produced that can potentially reformulate and reorganize the CAS. By continuously trying to assess, reflect, and understand the CID, the new-

entrant CFO can achieve a clearer view of the emerging reality and identify seams of opportunity and assess whether or not they are receptive to change.

Unlike in “A Garbage Can Model of Organizational Choice” (Cohen, March, & Olsen, 1972; Cohen & March, 1986), where the focus is on making decision by applying existing solutions that “drift across problem domains” (Levinthal, 2012, p. 350), the emergence-dynamic model identifies problems and applies specific adaptive solutions to influence organizational change. For the entering autonomous agent, the challenge is one of recognition and approach bounded by the attributes of the larger ecosystem that include but are not limited to the organizational code; technological capacity; regulatory, economic, social, and political factors; and authentic (personal and positional) attributes. In a complex emergence dynamic, the general properties initially postulated by the garbage can theory of ill-defined preferences, unclear technology, and fluid participation are ever-present components of the complex system’s recursive mix. Complex systems reformulate, reorganize and emerge. Stability within organizations, whether anarchies or neoclassical profit maximizers, remains a transient but observable property. It is best to peer inside the CAS’s knowledge swirl—including the garbage cans therein—but to do so through an emergent, rather than a pre-existing-solutions, schematic.

Through this duality of both seeing and being in the moment, the new entrant can take action by synthesizing new approaches that recognize the uniqueness of the CID. Action can take the form of exploitation or exploration, which of course depends on whether the proposed change is technical or adaptive in nature. To the extent that the organization is ripe to accept change, it will increase its learning as well as its
adaptability as measured by rates of absorption and influence. To the extent that the organization’s code remains dominant, adaptive change will be thwarted and the organization will remain in a steady state in which inertia prevails until tension-producing activities within the knowledge swirl provoke a phase space for change within the CID. Any change to the CAS remains emerging, irreversible, and unpredictable.

**Research Design and Methodology**

My research questions pertain to entering, sense making, and transforming the DOF (which I lead) and the larger urban school district within which I work:

**Research Question 1: (Entering & Sense Making)** What relationships, processes, and tools did I identify during my entry planning process that allowed me to make sense of the complex systems in a large resource-challenged urban school district?

**Research Question 2 (Entering & Transforming):** How did I engender the trust and learning necessary to align an organization’s talent, time, and dollars with the mission of improving student outcomes?

Given the research questions above, this autoethnographic study is a way to discern a theory of action for CFO entrants in K-12 education who, like me, are asked to manage financial complexity and to provide transformational leadership. In the formal sense of practitioner inquiry (Cochran-Smith & S. Lytle, 2004; Cochran-Smith & S. Lytle 2009), I am assuming the roles of searcher, researcher, learner, and knower in trying to formulate an emerging theory of action for new entrants who are intent on becoming strategic educational CFOs. This chaotic period of entering appears to be a period similar to that of entering novice teachers who apply their knowledge-for-practice (“formal knowledge and theory including codifications of the so-called wisdom of practice”) (Cochran-Smith and S. Lytle, *Teacher Learning In Communities*, 1999, p. 250) in the
knowledge-in-practice of the school site/classroom. I too must interpret both the strange and the familiar while reflexively assessing the environmental impact of entering into this CID. Like the teacher committed to “diligence, [doing] right, and ingenuity” (S. Lytle, 2008, p. 375), through intellectual rigor and emotional sensitivity, I am seeking to identify and influence learning conditions that enable higher-quality decision making about how to enact change and improve performance for all our district’s stakeholders (students, teachers, administrators, classified professionals, parents, taxpayers, and board members).

From a practitioner-inquiry standpoint, the synthesis of practice occurs during periods of emergence. This seems to be when knowledge-for-practice and knowledge-in-practice reformulate and reorganize around problem solving or action taking. Amidst emergence, complexity presents itself in an interactive dynamic within a knowledge swirl. It is within this swirl that the ah-ha moment of knowledge-of-practice (Cochran-Smith & S. Lytle, 1999) takes place and where the change process for reform begins. Transformational learning occurs during this “crucible of experience” (Bennis, 1989; Bennis & Thomas, 2002), usually experienced as a stressful rite of passage. As it pertains to education, this crucible of experience captures the moment when inquiry as stance (Cochran-Smith & S. Lytle, 1999) reaches a state of problematizing and results in consequential change or action:

Taking an inquiry stance on leadership means that teachers challenge the purposes and underlying assumptions of educational change efforts rather than simply helping to specify or carry out the most effective methods of predetermined ends. From the perspective of inquiry as stance, there is an activist aspect to teacher leadership that is closely linked to the expanded notion of practice as we describe in the third conception of teacher learning, knowledge-of-practice. From this
perspective, inquiry communities exist to make consequential changes in the lives of teachers and, as important, in the lives of students and in the social and intellectual climate of schools and schooling. (Cochran-Smith & S. Lytle, 1999, p. 295)

The professional context of my worksite is the site for inquiry. My methodological approach is qualitative, consisting of case study, set within the context of my work site, which includes 66 school sites within APS, and bounded by my first 261 days of employment from October 13, 2014 thru June 30, 2015 (the end of the fiscal school year). This period encapsulates the stages of entry and sense-making, and the break-even period noted by Watkins (2003) when new leaders have contributed as much value to their new organizations as they have consumed.

According to Creswell (2013), case study is an appropriate methodology to employ when the intent is to develop an in-depth understanding of a single case or to explore an issue or problem using the case as a specific illustration. Given the dearth of research related to CFO entry into K-12 education in general and new CFO entry in particular, my own entering into APS’s specific complexity generates the narrative for the cases being studied. J. Lytle (1996, 2010) and Anderson and Jones (2000) have noted a similar lack of administrator-based research. As Anderson and Jones (2000) suggest

Administrator research can contribute to a more authentic approach to school reform and contribute to a knowledge base in the field of educational administration that is not only better grounded in the complexities of educational administration but also better reflects the kinds of concerns and dilemmas that administrators struggle with. (p. 431)

Autoethnography is an approach to research and writing that seeks “to describe and systematically analyze (graphy) personal experience (auto) in order to understand cultural experience (ethno)” (Ellis, Adams, & Bochner, 2011). As Creswell asserts,
autoethnography is itself a case. Further, Adams, Jones, and Ellis (2015) emphasize that a researcher cannot engage in autoethnographic research until he or she gains access to a field and studies it at the ground level. My unique role as a doctoral student in an educational-leadership program situates me as a practitioner-researcher while I also happen to be experiencing the role of new entrant. Hence autoethnography emerges as a natural and apropos modality for this research. My personal story of transition is entangled in the larger story of the agent (individual, institution, or event) that I am examining, including myself. Using a metaphor central to complexity theory, given Munn charged me to “think differently and be a disruptor” for change, I entered as a positive deviant and a new attractor influencing APS’s evolving cosmogony.

Case study is seen as a strategy of inquiry, a methodology, and a comprehensive research strategy (Yin, 2009; Yin, 2013). Stake (2003) posits that case-study research is not a methodology but rather a choice of what is to be studied, bounded by both time and place. The choice of case study depends on the potential to learn as much as representativeness (Stake, 2003). Related to the storytelling aspect of a case, Stake (1995) avers that cases include problems and problem solving but that the problem is not central to the case. As Stake (1995) contends, “[in case study] the researcher takes a close look at the problems, sometimes called issues, because issues are good windows for examining the conditions, the complexity, and the coping behavior [italics added] of the case” (p. 127).

Creswell (2013) views case study as a methodology: a type of design in qualitative research that may be an object of study, as well as a product of inquiry. Case study research is a qualitative
approach in which the investigator explores a real-life contemporary bounded system (a case) or multiple bounded systems (cases) over time, through detailed, in-depth data collection involving multiple sources of information (e.g., observations, interviews, audiovisual material and documents and reports), and reports a case description and case theme. The unit of analysis in the case study might be multiple cases (a multisite study) or a single case (within-site study). (p. 97)

Although Creswell is silent on this matter, a practitioner-researcher can engage in multiple case studies at one site. In addition, Yin (2009) espouses that case study is not entirely qualitative and can include quantitative approaches. Taking an autoethnographic approach in my instance does not preclude, for example, the possibility of merging qualitative assessments with the quantitative principles of cost effectiveness to optimize district-level decision making.

Given that the DOF is entrusted to responsibly and strategically manage, align and optimize financial and other in-kind resources to achieve the district’s educational objectives, the opportunity to engage in some aspect of quantitative analysis frequently presents itself. The application of cost-benefit analysis to teacher turnover, large-scale curriculum purchases, and student achievement growth remains fertile areas for investigation. Forms of cost-benefit analysis germane to education include: cost effectiveness (CE), cost utility (CU), and/or cost feasibility (CF) (Levin & McEwan, 2001). These quantitative analyses answer the following qualitative questions: “If we spend a dollar on X, what does success look like?” (CE) “How much is necessary to spend to achieve one unit of X?” (CU) “Is there enough to spend to complete an intervention?” (CF). CE analysis provides for personal exploration of my own educational philosophy. By at least discussing, even in qualitative terms, the efficient use
of financial resources as a way to increase or repurpose the district’s assets to achieve better student outcomes, I am promoting an equity-of-opportunity approach to resource utilization. Researchers Cochran-Smith and S. Lytle (2009) maintain that practitioners who have a certain level of expertise “have the capacity to generate and critique knowledge, figure out how to use (or not use) knowledge generate by others, improve practice, and enhance students’ life chances” (pp. viii-ix).

Choosing a topic of case study is a central component of the research design. Stake (2003) posits that case study must be a system bounded by a specific time and place. He further identifies three types of case study: intrinsic (researcher desires a better understanding of this particular case); instrumental (researcher wants to advance an understanding of another interest); and collective case study (researcher studies a number of cases in order to investigate a phenomenon, population, or general condition). Although this approach is noted for its particularity given the bounded nature of the interaction, generalizability is achieved through Geertz’s (1994) “thick description” (p. 3) that can yield insights applicable on a larger scale. Yin (2003) insists that case-study design must address issues related to construct validity, internal validity, external validity, and reliability. However, the writing of case study provides the researcher an authentic opportunity to not only to triangulate but also to crystallize. Autoethnographic case study acknowledges, “The product cannot be separated from the producer, the mode of production, or the method of knowing” (Richardson & St. Pierre, 2000, p. 962). Finally, the researcher decides upon the design—a single or multi (collective) case—and the specifics or nature of the case(s) itself. The act of selection is a critical choice and the
researcher should clearly articulate the motivation behind case-study selection (Richardson & St. Pierre, 2000).

Three cases have emerged through my entry experience. The first examines what I call “the strange kabuki dance of teachers’ Master Agreement negotiations,” in which interests and power collide, reorganize and reformulate within the confines of the Master Agreement and bounded by the calendar of legislative action. Given that over 83% of APS’s General Fund is spent on salaries and benefits, the dollar amount begs examination. Nutrition Services, a low status/high value department, serves as the topic of the second case and reminds us that an exemplar can emerge in an oft-neglected departmental nook and cranny. This is especially so in impoverished urban districts where chronic hunger arrives with the student. The third case observes the CFO as educator who leads the superintendent, his leadership team, BOE, and stakeholder community to develop a viable capital-markets strategy for a critical future bond offering. Here my acquired knowledge of practice and Wall Street experience are recognized and valued.

In each case, I strive to illuminate how a new-entrant CFO can successfully influence (or fail to influence) dynamic, complex system through aligning relationships, processes, evaluative tools, and resources to improve student outcomes. In each case, I describe and evaluate my approach as a new entrant to a problem or challenge that the district has historically encountered. An appropriate rubric for each case includes assessing (1) entry planning in identifying relationships, process, and tools necessary to influence or address change; (2) the actualization of authentic leadership within the CID;
(3) emergent situations as opportunities for risk taking that support adaptive change; and (4) resource optimization that attempts to align financial resources with the district’s strategic plan.

In each example, the entry plan serves as an anchor for the practitioner-researcher to identify and explore cases for study, allowing for data discovery and collection through interviewing, historical data collection, and problem definition. Jentz emphasizes that the purpose of an entry plan is to position the new leader and the people in the organization to “disclose, examine, and perhaps change their thinking/data reliance about what, how, and why of the organization so that decisions about improving performance are informed by learning rather than pre-conceptions/biases/unexamined assumptions” (Private email, November 12, 2014). This demands that the entrant as practitioner-inquirer must consciously plan his or her site entry (Erickson, 1986).

My entry plan included interviewing all my direct reports: the controller; and the heads of Maintenance & Operations Warehouse, Nutrition Services, Risk Management, Title Funding & Competitive Grants, Payroll, Accounting, and Budget. I also interviewed the district’s leadership team, which included the superintendent; deputy superintendent; and the heads of HR, Student-Support Services, Data & Accountability, and Communications; General Counsel; and Technology. Given the complexity of entering, I also engaged critical friends to help me maintain objectivity; and develop deeper emotional intelligence, flexibility, and resilience to recognize other important agents who could both identify and influence opportunities for improvement.
The data I collected was extensive and included interviews and personal narratives; field notes; jottings memos; emails; journals; historical documents (e.g., consulting studies, climate surveys, technology steering-committee reports, internal memos/standard operating procedures, outside-auditor reports, meeting minutes); the district’s Master Agreement; budget documents; board policies; state budgets (including state school-finance budgets, programs, directives and other associated policies); federal programs, directives, and policies; and other unexpected data that emerged from entry-plan interactions. The accumulated data captures the period between entry and the preparation of the FY 2015-16 APS budget. Throughout the boundary time period (the days from my entry date of October 13, 2014, to the end of the fiscal school year of June 30, 2015), I interacted with individuals in various formal and informal capacities—leader-to-subordinate, employer-to-employee, departmental-leadership members, divisional-leadership members, leadership-team member-to-principal/teachers via mandatory and optional school visits, interdivisional between curriculum specialists/teachers/principals/custodians/school security, CFO-BOE, CFO-external consultants, CFO-CFO through professional organizations, and CFO-state legislative representatives. I engaged in multiple test-and-revise cycles of interaction. Drawing from these series of interactions and historical documents, I triangulated the data such that my findings are sufficiently credible, transferable, dependable; and confirmable to be considered trustworthy (Ravitch, 2009).
**Issues of Validity as a Practitioner Researcher**

Given my new role as CFO within the APS, I addressed the issues of practitioner-researcher inquiry in a situation in which many of the individuals I interviewed were subordinate to me (Anderson, Herr, & Nihlen, 2007). Jentz and Wofford (2012) address this issue of insubordination through general transparency to all actors. I addressed the issue of subordination by making the use of the entry plan transparent to all parties and by messaging (both verbally and in writing) that the interviews were confidential. Prior to interviewing, I sent a communication to the respondents describing the purpose and process of entry planning, including the questions I would be asking (Appendix I). As Erickson (1986) notes, “careful negotiations of entry that enables research access under conditions that that are fair to both to the research subjects and to the researcher establishes ground for building rapport and trust” (p. 142). To enhance the building of rapport and trust, the practitioner-researcher who enters at the C-suite level must continue to be vigilant of the subordinate nature of relationships and the need to minimize any possible discomfort (Anderson, Herr, & Nihlen, 2007; Zeni, 2001). Balcony-to-dance-floor shifting can enhance and accelerate the researcher’s understanding of his positionality as well as that of others. In addition, I also interacted with individuals who were peer-ordinates and superordinates. Risks associated with superordinates of an educational organization must also be evaluated and managed (Ingersoll, 2003), perhaps even more so for a new entrant who is brought into the CAS to be “an irritant.”

When the boundaries of work and research are blurred and relationships are vulnerable and consequential, power and other issues related to systemic inquiry arise
(Cochran-Smith & S. Lytle, 2009). Zeni (2001) cautions that a researcher must maintain a consciousness of gender, race, class, and role. In addition, given the work-related nature of my inquiry, issues and guidelines pertaining to internal review and approval were addressed, including participants’ informed consent. As Erickson noted almost 30 years ago, the researcher is wise to negotiate strict protection of information at the study’s outset; the basic ethical principal is to protect the interests of all participants, especially those who may be deemed most vulnerable (Erickson, 1986).

**Issues of Validity/Trustworthiness**

Regardless of the form of practitioner inquiry employed, they all systematically examine reflexivity, reactivity, trustworthiness, and bias (Cochran-Smith & S. Lytle, 2009; Maxwell, 2013). Trustworthiness, reliability and validity are usually conceptualized as rigor and quality in the qualitative paradigm (Golafshani, 2003). Transferability of findings to other settings and confirmability (dependability) of the qualitative research are necessary considerations (Byrne, 2001). Issues of validity/trustworthiness were addressed through all phases of the research study by systematizing the interviewing protocols used in entering. Validity associated with the practitioner research and inquiry is best approached from the perspective of validity threats (Anderson, Herr, & Nihlen, 2007; Maxwell, 2013). These can include participants not representing their true views, ignoring discrepancy or disconfirming data, failing to recognize and address bias, or not considering other alternative theoretical explanations of one’s data (Maxwell, 2013). By employing various data-collection techniques such as interviewing within and outside of the DOF, reviewing historical data & surveys, and regularly recording field
notes/memos/journals, I sought to strengthen validity and reduce bias/error through “congruence and/or complementarity of results” (Greene & McClintock, 1985, p. 525). Golafshani (2003) describes this process as convergence. I also employed a group of critical friends (Anderson, Herr, & Nihlen, 2007) that included research professionals within APS, university academics, and other education CFOs both within and outside Colorado to critique my research methodology, methods, and preliminary findings. Journaling and memo-ing were critical reflective tools in examining my own reflexive stance.

Data Analysis

Given that I was “living in my own data” (Lytle, J., private communication, 2014) while trying to make sense of complexity, I used thematic analysis which Glesne (1999) describes as a process that involves coding and then segregating the data by codes into data clumps for further analysis and description. Thematic analysis is “a way to organize what the researcher has seen, heard, and read as a way to make sense of what you have learned” (Glesne, p. 147). In this sense, thematic analysis parallels complexity leadership theory in that the researcher is looking for emergence.

Early on, I analyzed data by writing memos, which enabled me to develop thoughts, capture ideas, and crystalize new perspectives. Given the in-the-moment quality of memo-ing, I used Rev recording and note-taking software resident on my digital devices. I also employed what Glesne (1999) terms analytic files, which capture concerns related to subjectivity, titles, thoughts, and other relevant data and experience categories.
For my more recent experiences during entry, I captured significant moments or actions via vignette, a narrative, story-like structure that preserves chronological flow, time, key actors, and bounded space (Miles, Huberman, & Saldaña, 2014). A vignette can be as short as a paragraph or as long as a chapter. This medium can capture the poetic essence of a moment, action, or experience.

As noted previously complex organizational systems can be mapped using neural-networking, spider mapping, or loop analysis. Mapping, even in the form of an organizational chart, is a visual cognitive activity that captures relationships, flows, and dynamics. (Miles et al., 2014). Maxwell (2013) refers to visual mapping as concept mapping. As shown previously, upon my entering, the organizational chart of the district and the DOF were hierarchical and did not display links to students, parents, or the larger stakeholder community.

As CFO, I enjoyed unrestricted access to all data, reports, and documents related to all operational areas as well as school and student achievement. My ongoing challenge remained triaging data and homing in on those areas that emerged as ripe for analysis and intervention. Managing data, including the listing and coding of historical documents, was an essential daily exercise.

Coding was an open-ended exercise. I covered more than 700 pages of entry-plan interviews in my first cycle of coding. I took a holistic approach, applying In Vivo coding (Miles et al, 2014) to capture words or phrases local to departments and/or divisions concerning these actors’ interactions and experiences with the DOF. Holistic coding as described by Miles, Huberman & Saldaña (2014) helped in identifying themes within
large clumps of data. Inductive coding (Miles et al., 2014) aligned with the conceptual framework of emergence.

**Ethical Considerations**

A CFO occupies a position of formal power. Employees may be direct and subordinate reports. The Golden Rule of doing unto others as you would have them do unto you is a good guiding principle but is certainly not sufficient. Informed consent is a mandatory requirement in any practitioner inquiry and entry planning promises confidentiality, with anonymity taking precedence over illustrative fact. Reflective memo writing helped illuminate my own biases. Given that my entry-plan interviews occurred in the normal course of my professional duties, my study was Institutional Review Board “exempt”.

Nonetheless, I gave all research participants a copy of an informed-consent document containing details on the nature and scope of my study, including academic contact information. To protect participants who are APS’ employees, names have been changed, unless participants gave explicit permission otherwise. This study was approved by the district’s chief data & accountability Officer.

A new entrant has the boon and the curse of novelty. No matter how much vantage shifting and balcony-to-dance floor movement in which a practitioner-researcher engages, there is a high probability that he or she will commit an ethical and/or cultural transgression. As a novice practitioner-researcher, I made honest and vigilant attempts to limit the magnitude of any errors so that they had negligible impact on the conduct of this study. And when I committed errors, I made best efforts to make amends. Having the opportunity and obligation to engage in planned and impromptu school and classroom
visits, I emerged from this study with a deeper appreciation of the vulnerability of and respect for the individuals, particularly those working within the schools, who tirelessly devote their lives—inside the classroom, cafeteria, and boardroom—helping students shape successful futures.
CHAPTER 3—CASE STUDIES

Case Study One: The Strange Kabuki Dance of Teachers’ Master Agreement

Negotiations

On Thursday, February 5, 2015, I was named to the APS’ BOE negotiations team for the 2014-15 fiscal year. The district’s Chief Personnel Officer (CPO) announced my joining in an email sent to the BOE’s entire negotiation’s team. The seven other members of this team included the director of employee relations (male), a high school principal (male), an elementary principal (female), the CPO (male), the deputy superintendent (male), and the COA (male). The BOE’s negotiating team was the same in 2013-14 except for the removal of a principal due to promotion to the CAO’s instructional team, and the removal of the former CFO who now served as the district’s controller; and my inclusion as the new CFO.

The Aurora Education Association (AEA) team included eight members: the AEA President, a national board certified high school math teacher, female; the AEA executive director, an outside representative, J.D. (male); a K-8 social studies teacher at the top performing magnet school in the State (female); a high school business teacher (female); a middle school English language arts teacher (female); an elementary school psychologist (female); an elementary school special education teacher (female); and an elementary school teacher/teacher on special assignment/multi-tiered support services (male). Only one member was new from the previous year. In his current role for three years, the AEA executive director had served in the same capacity for Littleton Public Schools’ Education Association (serving more than 15 thousand students, the 18th largest
district in Colorado). During the 2014-15 fiscal year, the AEA represented 62% of the approximately 2,400 licensed staff, or 1,488 licensed professionals. The district had slightly more than 6,200 employees.

According to the AEA president, those who sought to become a member of the AEA’s negotiations team had to apply. The application was designed to identify special skills applicants might bring to the bargaining process. The AEA team selected new members based on special skills and professional training. The average number of years of teaching experience in the district held by team members was seven years. They attended professional trainings sponsored by the Colorado Education Association (CEA) and the Metro Regional Bargaining Council on a variety of bargaining topics.

On November 1, 2014, approximately two weeks after my October 13, 2014 start date, the respective negotiations teams had identified issues to be opened for negotiation, including those of mutual interest to each team. Nine months earlier in February 2014, the entire Master Agreement had been open to full revision (a phenomenon occurring every five years) and the two negotiating teams had jointly agreed to have a mediator from the Federal Mediation and Conciliation Service facilitate those sessions. Joint issues (in the form of articles as stated in the “2014-15 Agreement Between the Aurora Public Schools Board of Education and the Aurora Education Association, effective July 1, 2014–June 30, 2020”) identified in the CPO’s February 5, 2015 email (quoted below) sent to all BOE team members were:

**Compensation (Article 11)**

In addition to the traditional compensation issues addressed annually in negotiations (salary increases), the Board of Education’s team will again propose
the language which requires December payroll to be disbursed on the last duty day of the month (December 19th) be eliminated.

**Performance Evaluation (Article 35)**
The Educator Effectiveness Act (SB 10-191), specifically CRS 22-9-106 requires that, “each school district shall ensure that a non-probationary teacher who objects to a rating of ineffectiveness has an opportunity to appeal that rating, in accordance with a fair and transparent process developed, where applicable, through collective bargaining.”

A teacher who receives a second consecutive rating of partially or ineffective and is at risk for losing non-probationary status may appeal the rating in accordance with the law and Colorado Department of Education’s educator effectiveness implementation rules.

A joint committee has been working on the development of an appeals proposal for the respective bargaining teams to consider.

**Pilot Schools (Article 44)**
There is mutual interest in discussing the modification of the essential features of Pilot Schools in APS. Currently, Pilot schools must reflect the following four essential features:
1. Small size
2. Accountability
3. Governing autonomy
4. Equity

It is believed [according to our CPO and by the AEA] that the “small size” essential feature lacks definition and may be impeding the district’s and association’s future interest in expanding pilot schools.

**Board of Education’s Team**
In addition to the joint issues above, the Board of Education’s Team intends to address the following during Spring 2015 Negotiations: Teacher duty day, including but not limited to the use of time, i.e. contact and non-contact time, planning time and duty/supervision. Applicable articles include: Article 13, Teacher Duty Day and Teaching Hours and Article 15, Teaching and Learning Conditions.

The primary interest is to modify the language governing contact time with the intent of bringing relief to APS’ middle schools by expanding the number of sections that can be taught and/or enabling middle schools to offer a traditional middle school “block” schedule. While this can be achieved by the existing Article 13 MOU process, it is important to note that the MOU will sunset at the end of the 2015-16 school year.

Under the current construct where a maximum of 25% of a teacher’s non-contact time can be principal directed, participation in team planning is considered to be principal directed. As there is great value and an emphasis on teachers working
and planning as a team, the Board of Education’s team has an interest in identifying team planning as a professional responsibility (similar to independent planning), rather than this time being part of the “principal directed” 25%.

**Aurora Education Association (AEA) Team**

**Issue: Working Conditions**
- Article 3 – Negotiations Procedures
- Article 7 – Teacher Rights
- Article 8 – Association Privileges
- Article 11 – Compensation
- Article 13 – Teacher Duty Day and Teaching Hours
- Article 15 – Teaching and Learning Conditions
- Article 35 – Performance Evaluation
- Article 48 – Term of Agreement

The following dates have been identified for this year’s sessions with AEA:
- Thursday, February 26th (12 pm – 7:00 pm)*
- Wednesday, March 18th
- Wednesday, April 8th
- Friday, April 17th
- Wednesday, April 29th

*In November, the voters of Colorado approved Amendment 104, which requires the bargaining of the contract between the local teacher’s association and the Board of Education be open to the public. Any member of the public may observe the process and conversations. We anticipate there will be some initial interest in the sessions with AEA, but are hoping to show that these proceedings are far from exciting.

Prior to the above email announcement, I had received no strategic updates or briefings on the district’s negotiations approach or strategy. There was no induction process. I was not informed and did not proactively think to ask about the exchange of Joint Issues (including the open articles of negotiation) between the district and teachers’ AEA representation that occurred on Friday, November 1, 2014. My only contribution was to ask to move the December payroll date to the last business day of the month to align with district’s practices of last-business-day-of-the-month payroll dates. I had no idea that this request from the district had repeatedly been rejected by the AEA. Prior to
making my request, I reviewed with our payroll manager the technical and system’s impact this change would entail. Through this exchange I received important historical “color” (explained below in *Session One: Introductions*) as to why December payroll of “last duty day” remained an anomaly.

Even though my job description stated that timewise 5% of my duties and responsibilities were to be spent on “provid[ing] financial advice on the district’s negotiations with employee groups to allow negotiation settlements to be within budget [and] serv[ing] on the district’s negotiation team” (APS Technical Job Description, Appendix II), I was unprepared for the impending negotiations. Concerned about encountering possible turbulence in this interim period of the 21 days before our first session scheduled for February 26th, I revisited my entry plan, particularly my interviews with key personnel, to identify the organizational and environmental inputs as well as the individual and group relationships that could accelerate my learning, especially the knowledge for practice, to become a productive member of the district’s negotiation team.

Fortunately, one of the unique aspects of my entering was having the support and mentoring of the former CFO, Lambert, who as I have mentioned became the district’s controller upon my joining APS. During my interview process we shared an intense and bonding experience as she recounted her 31 years of devotion to the district that included four separate instances of serving as an interim CFO, then onboarding my three predecessors and myself. The same superintendent who had hired me had threatened to fire her if she did not agree to step down and make way for “a more competent and
strategic” CFO. The superintendent felt that he had treated her fairly by allowing her to continue working for the district at her prior CFO-salary, but her emotional wounds remained unhealed. In Lambert’s mind, the value of her contributions and service remained under-appreciated.

Ironically, like Munn’s, her identity was rooted in the grit and grime of Pittsburgh’s steel mills, where her father was a milkman and her mother a homemaker. The best educational course she had ever taken was a typing class in ninth grade. While putting herself through college she worked as a house cleaner, waitress, and day-care professional. Hired in August 1983 and trained by the district’s first CFO, our controller was dedicated to serving the district, “listen[ing] to a higher calling” and staying for decades because this was where she could “make [her] mark on the world.”

Lambert had held numerous positions during her tenure—budget technician, accountant, senior account, supervisor of accounting, finance director, CFO, and now controller. Perhaps her most notable role was serving as CFO during the traumatic aftermath of the Aurora movie theater shooting. During that period, she worked closely with the prior superintendent (a former Air Force general and Colorado State Superintendent of the Year), observing how his authentic leadership guided and consoled a traumatized community.

At the end of our interview, I asked Lambert if she would commit to being my mentor until her self-selected retirement date of February 29, 2016, the rare leap-year day, should I be offered the position. I also informed her that I would symbolically reposition her as CFO #4 who voluntarily agreed to become controller to onboard me as
CFO #5. In addition, I supported her remaining on the superintendent’s leadership team until her retirement, as a way not only to honor her long and excellent service, but also in selfish recognition of my own need to have her with her 30-plus years of institutional knowledge living, breathing, and whispering by my side. We made a pledge to each other. For my part, I would stay long enough to stabilize the DOF (subject to annual contract renewals by the superintendent). For hers, she would assume the role of my trusted lieutenant to “improve this institution, not incrementally but exponentially, to innovate in our own division” and eventually, onboard and train the replacement controller and a new budget director. Her leap-year retirement date was both an inside joke and a loud ticking clock.

Through entry interviews with her subordinates, I learned that Lambert was perceived as a micro-manager who needed to check and recheck everyone’s work—a management style that created anxiety and fear. I dedicated my first year to distributing leadership: creating cross-functional learning to “preserve redundancy among components” (Reeves, Levin, & Ueda, 2016, p. 49); and seeding a culture of trust, safety, and humor so that the conditions to take the calculated risks necessary for transformational change could emerge. However, because of the controller’s propensity for micro-control, she was an ideal single source of information regarding negotiations. Given her many years of experience and insider’s understanding of the district’s organizational code, she proved to be a highly effective educator, imparting to me the practical knowledge necessary to ensure the district’s financial stability, revealing the possible individual motives that might lurk behind participants’ actions, and preserving
the ideal that everything we do should be to enhance our students’ learning prospects so that they graduated and were college, career, or military ready.

Another critical resource was the district’s deputy superintendent, Little. A graduate of APS, he had held several positions within the district during his more than 22 years of service: teacher, principal, CAO. Little had grown up in APS with his father having been a former APS superintendent. He had interviewed for the superintendent position but had not been selected. Along with our CPO, I viewed him as a veteran leader of the negotiations team. When I approached him to help identify the historical documents I should review, he handed me his “binder,” similar to a football coach’s coveted playbook, and instructed me to “copy this [prior year’s] binder and then have your assistant create an identical one for this upcoming year” (February 25, 2015). My field notes captured the essence of his reassuring advice that between me, the CPO, Ron [veteran principal of the District’s best performing high school], and Lambert we will make sure you get through your rookie year. Your top priority is to make sure the salary model is current, including steps and lanes. Key off our CPO and me.

Only after negotiations had ended would Little inform me of his retirement date, June 30, 2015.

The district’s CPO was designated by the BOE as chief negotiator. He was an eight-year APS veteran whom the former superintendent tapped four years prior to be the CPO (having formerly been director of human resources, (HR)). Prior to joining APS in 2007, the CPO was a middle school principal in the largest urban district (adjacent to APS) in the state. A longtime resident of Aurora and a graduate of APS, the CPO had initially charted a career in social work upon graduating from Michigan State University.
An internship at a Denver high school while pursuing his master’s degree at the University of Denver ignited a passion for a career in an educational rather than a traditional work setting. Superintendent Munn bypassed the CPO, the symbolic human capital gatekeeper, when hiring me; Munn alerted me by email on August 16, 2015 that the CPO would be contacting me to extend an offer as under District policies HR made salary offers.

As previously mentioned, the superintendent had bypassed the CPO, the symbolic human capital gatekeeper, when hiring me. All I knew was that the COP would be contacting me to extend an offer, as under district policy HR made salary offers (Munn, district email, August 16, 2014). While taking care of my employment paperwork, the CPO confided to me that he was not aware of my candidacy until the superintendent instructed him to make me an offer for employment. Apparently, the superintendent had done the same thing when hiring the district’s new CAO in 2013. This ran directly counter to the organizational norms and behaviors established under the prior superintendent who had involved his entire leadership team in candidate searches at the C-suite level. The CPO believed that everyone on the leadership team should be involved in the interview and selection process of a C-suite hire. However, Munn had circumvented the conventional process to accelerate my hire. During my employment negotiations and after agreeing to my starting salary with the CPO, I had to backchannel the superintendent to obtain a sidebar agreement for a travel day to accommodate my doctoral program after the CPO said it was against policy. The CPO acknowledged the need to rethink how his division engaged with the rest of the organization and to address...
resource needs. After we had reached agreement on my salary and starting date, I received a packet of printed materials explaining health and retirement benefits and an employee email directing me to a website for “reporting person’s” (obligation to report confidential information disclosed by an employee or student) training. This was the extent of my HR onboarding and induction.

Yet the DOF relied on HR to provide critical inputs for district-wide budgeting. Historically the two divisions enjoyed a good working relationship. It didn’t take long to realize that HR was in need of resources to deliver on its mission. First, it was understaffed. Second, it was culturally and physically estranged from district leadership. The division was not housed with the central office; rather, its offices were four miles away in a satellite building. Its IT systems were also siloed, meaning that only HR had access to information related to employees’ salaries and schedules, salary and benefit models, and teacher recruiting and turnover. The CPO felt the distance in another way: he had difficulty gauging where he stood with the superintendent in terms of performance. Like me, he had a hard time understanding and interpreting the superintendent’s information-sharing and feedback styles. During my entry, I spent time repairing our relationship, becoming a vocal supporter of the CPO as we sought to increase HR’s staffing and capabilities.

The chart below identifies the central historical documents upon which I relied the district-based (school-based), state-based, and trade (industry)-based knowledge I needed to negotiate in an informed and prudent manner that would serve to enhance our student’s academic performance.
<table>
<thead>
<tr>
<th>Document Name</th>
<th>Document Type</th>
<th>Information Attributes</th>
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</thead>
<tbody>
<tr>
<td><strong>2020 Strategic Plan</strong></td>
<td>Local/District</td>
<td>Conveys vision, mission, goals of district; All initiatives are to align with 2020 strategic plan</td>
</tr>
<tr>
<td><strong>Master Agreement</strong></td>
<td>Local/District</td>
<td>Binding contract between the district and teachers’ association that spell out teacher salaries and benefits, working conditions, and due process; definition of terms; and describes the parties’ mutual professional behaviors and responsibilities in providing “a high quality education for the students”</td>
</tr>
<tr>
<td><strong>Salary Schedule</strong></td>
<td>Local/District</td>
<td>Identifies the classification of employee by type (licensed, admin/professional/technical; classified/hours); salary ranges; and “steps” and “lanes”</td>
</tr>
<tr>
<td><strong>Comprehensive Annual Financial Report (CAFR)</strong></td>
<td>Local/District</td>
<td>Independently audited report of the district’s annual financial accounts in accordance with generally accepted standards; key sections include Introduction, Financial, Management’s Discussion and Analysis (unaudited); Change of Net Positions of Program Revenue; Governmental Funds Balance Sheets and Statements of Positions; Change in Non-Current Liabilities and Summary of Debt Service Requirements; Budgetary Comparisons (Revenues, Expenditures, and Changes in Fund Balance) of the General Fund (District’s Primary Operating Fund) and the Grants Fund (the major Special Revenues Fund)</td>
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<tr>
<td>Document Name</td>
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<tr>
<td><strong>Adopted Budget</strong>&lt;br&gt;<strong>(Readopted Budget)</strong></td>
<td>Local/District (Website Accessible)</td>
<td>District’s primary budgeting document that includes the sections General Information and Budget Summary, Projected/Budgeted Revenues and Expenditures by both Program and Account; displays organizational structure of finances including major fund types (General Fund, Bond Fund, Nutrition Services, Grants, Bond/Building Fund, Capital Fund); expenditures by divisions, including Instruction (80% of General Fund revenue); Divisions of the Equity in Learning; Accountability and Research, Superintendent, Support Services, HR, Finance, District, Charter Schools, and Other Funds (See Budget Summary in Appendix IV.)</td>
</tr>
<tr>
<td><strong>Quarterly Financials</strong></td>
<td>Local/District (Website Accessible)</td>
<td>“Quarterlies” provided early warning of trends and financial stability; cash reporting (monthly receipts and investment statements); district’s funding by taxes (state/local/property/grants); review previous four quarters</td>
</tr>
<tr>
<td>Document Name</td>
<td>Document Type</td>
<td>Information Attributes</td>
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<tr>
<td>---------------</td>
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</tr>
<tr>
<td>Financial Policies and Procedures Handbook Chart of Accounts</td>
<td>State/District (Website Accessible)</td>
<td>Issued by CDE in response to statute, establishes for implementation “a statewide financial, student management, and human resource electronic data communications and reporting system that is based on a redesigned chart of accounts, a standard information system, and a standard personnel classification system”; houses the financial “DNA” of the district in a 33-digit budget code used in the reporting of all state and federal use of funds (first 11 code elements are mandatory identifiers for electronic-data reporting and remaining 23 elements meet individual reporting needs of the district); the three basic account types—Revenue, Expenditure, and Balance Sheet—use the same basic multidimensional account code structure; in Colorado, the location dimension is primary, meaning systems are not mandated for “hierarchy” which is a necessary condition for position control (the real-time physical accountability of in each and every division, department, and site location) of all staff; significantly impacts both IT and Enterprise Resource-Planning (ERP) Systems.</td>
</tr>
<tr>
<td>Staff, Student, Family and Community Involvement Surveys; Teaching, Empowering, Leading and Learning (“TELL”) Survey</td>
<td>Local/District (Climate) State (TELL)</td>
<td>Climate surveys provide critical quantitative (participation rates) and qualitative data related to organizational/environmental issues and concerns, including students’ issues; organizational code (norms, behaviors, culture) trends; agreement/disagreement clustering can yield insights into participants’ emotional state; TELL survey (biennial) imparts data related to working conditions, teacher and school leadership; instructional development, future employment plans, etc.</td>
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<td>Document Name</td>
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<tr>
<td>Board Policy Manual; Selective Board Minutes and Agendas (i.e., legislative</td>
<td>Local/District (Website</td>
<td>Board policies related to governance and fiscal management; trends related to state</td>
</tr>
<tr>
<td>updates; budget presentations; mill-levy certifications); Official Bond</td>
<td>Accessible)</td>
<td>economics and growth; reoccurring revenue streams supplementing taxpayers’ school-</td>
</tr>
<tr>
<td>Offering Statements</td>
<td>Industry/Investment Bank</td>
<td>financing revenues; debt capacity and constraints/ratings</td>
</tr>
<tr>
<td>Colorado School Laws Handbook</td>
<td>State</td>
<td>Compendium of state laws that govern the operation of public schools; relevant sections</td>
</tr>
<tr>
<td></td>
<td></td>
<td>of the state’s constitution and Enabling Act; financial policies and procedures;</td>
</tr>
<tr>
<td></td>
<td></td>
<td>financing of schools; teacher certification</td>
</tr>
<tr>
<td>Financial Policies and Procedures Handbook Budgeting, Accounting,</td>
<td>State (Website Accessible)</td>
<td>“FPP Budget Handbook” is to be used “by every school district in this state in the</td>
</tr>
<tr>
<td>Reporting, Auditing and Investment</td>
<td></td>
<td>development of the budget for the district, in the keeping of financial records, and</td>
</tr>
<tr>
<td></td>
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<td>in the periodic presentation of financial information to the BOE of the district”</td>
</tr>
<tr>
<td>CDE School Finance Division, State Legislative Council, Governor’s Office of</td>
<td>State (Website Accessible)</td>
<td><a href="https://www.cde.state.co.us/cdefinance">https://www.cde.state.co.us/cdefinance</a> Payment Information; Funding</td>
</tr>
<tr>
<td>State Planning and Budgeting</td>
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Table 4: Industry/Professional Communities and Organizations

Professional organizations provide insight into best practices related to financial management reporting, strategic alignment, legislative challenges, labor-pool characteristics, and local economic factors.

Because school districts within a geographic region effectively compete for the same teacher talent pool and receive similar per-pupil-revenue state-base funding, a district’s ability to accelerate allocation of resources for teacher contracts can impact the quality of human capital selection.
<table>
<thead>
<tr>
<th>Organization</th>
<th>Information Attributes</th>
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| **Colorado School Finance Project (CSFP)**                                  | http://www.cosfp.org  
Colorado School Finance Project (CSFP) is a non-profit whose mission is to compile, collect and distribute research-based, non-partisan information and data on topics related to school finance for state and local policy makers. |
| **Metro Area School Business Officials (MASBO), local chapter of Colorado Association of State Business Officials (CASBO, local CFO network of adjacent districts)** | http://www.coloradoasbo.org  
Colorado ASBO is the leading organization for those who work in the business side of schools.                                                                                                                     |
| **Colorado Association of School Executives (CASE)**                        | http://www.co-case.org/  
CASE represents Colorado education leaders through advocacy, professional learning and networking to deliver on the promise of public education.                                                                                                      |
| **Government Finance Officers Association (GFOA)**                          | http://www.gfoa.org/about-gfoa  
The Government Finance Officers Association (GFOA) represents public finance officials throughout the United States and Canada. GFOA promotes professional management of governmental financial resources by identifying, developing, and advancing fiscal strategies, policies, and practices for the public benefit. |
| **Council of the Great City Schools (CGCS)**                               | http://www.cgcs.org  
CGCS is the only national organization exclusively representing the needs of urban public schools. Its mission is to promote the cause of urban schools and to advocate for inner-city students through legislation, research and media relations. CGCS also provides a network for school districts sharing common problems to exchange information, and to collectively address new challenges as they emerge in order to deliver the best possible education for urban youth. |
The Defining Historical Document

Because these historical documents are voluminous, I limited my initial review to executive summaries, cataloging the sections germane to negotiations for future reference and more in-depth reading. I quickly determined that the defining historical document central to and governing all aspects of collective bargaining was the Master Agreement (http://hr.aurorak12.org/wp-content/uploads/sites/64/2015/12/Master-Agreement-2015-20-with-Index-final-121615.pdf). Consisting of 46 articles, five appendices, and one MOU, the Master Agreement was the collective bargaining agreement ("CBA") that structured the relationship between the school district (represented by the BOE’s negotiating team) and local teachers’ union (the AEA). As researchers Hess and Kelly (2006) stress, a CBA is an “instrument of commerce” (p. 54). Whereas the essential purpose of public school education is to educate children and within this educational context the purpose of financial resources is to improve student outcomes, teacher unions “exist neither to defend children nor to plunder the public treasury. Rather they are commercial entities created to serve the needs of members, who seek (among other things) job security and compensation” (p. 54) The Master Agreement was mutually brokered in good faith between the district and the AEA, then jointly ratified by their governing board or members.

Colorado state law neither compels an individual to join a union nor prevents an individual from joining a union. Through its Labor Peace Act of 1943, Colorado has a unique system that requires two elections and approval from 75% of workers before a work force becomes a union shop (Sealover, E., Denver Business Journal, 2013).
Strategically through the Master Agreement, the district recognized the AEA as the “exclusive representative of all licensed professional staff” (p. 7), thereby effectively firewalling the other two associations, Administrative/Technical/Professional and Classified, from collective bargaining. Through a pattern-bargaining agreement—a unique environmental factor to APS—the outcome reached by the AEA would apply to these other associations (Cappelli, 1990). Consequently, there was no need for separate salary negotiations with its site-based administrators (represented by the School Executives of Aurora) or its classified (licensed) employees (through the Classified Employment Council). Unless explicitly negotiated otherwise, all district employees, including administrative, professional, and technical staff (ironically, even the members of the BOE’s Negotiation’s Team) received the same salary and benefit percentage increases as those negotiated with the AEA, except for “lanes,” which increased a teacher’s salary based upon completion of an advanced degree. I approached the Master Agreement’s 68 pages from the dual vantage point of a Wall Street veteran who had negotiated numerous transactions and a novice K-12 CFO paying acute attention to the articles opened for negotiation as well as those that specifically involved the DOF.

Article 3, Section 3 of the Master Agreement defined how the parties notified and specified the issues open for negotiations. Notification made known the 90-day narrative of a clearly scripted series of meetings and issues—akin to a highly stylized kabuki dance—in which the actors, in this case the BOE and the AEA negotiations teams, addressed non-salary issues while keenly watching the Colorado legislature grapple with the state’s budgeting process, notably Per Pupil Revenue (PPR) allocations under the
School Finance Act (SFA). School districts derived the next year’s projected revenues from PRR, which gave them more clarity as to what they might afford for the next year’s teachers salaries and benefits. Only when a district could forecast its revenues, and then offset projected revenues by mandatory expenses (current salaries, pension contributions, and medical contributions) would it know the available funds remaining for non-mandatory items, including salary and benefit increases. Because the Revenue Page was based on projections, the CFO of a district had professional license to change assumptions depending on his or her degree of conservatism. In Colorado, the strange kabuki dance of teacher negotiations took its lead from another larger and more complex dance, that of state budgeting.

Article 3, Section 3 contained the following key provisions: (1) employee’s minimum salaries were negotiated annually, included Appendices A (Minimum Salary Schedules), B (Extra Curricular Activities Salary Schedule), and C (Extra Pay for Extra Duty), and Article 11 (Compensation), Section 16b pertaining to health insurance; (2) each party could bring up to two issues (and the applicable articles, associated with those two issues) unless the parties “mutually agree to negotiate other matters” (p. 8) by November 1st of that school year; (3) each team can bring up nine issues maximum per article; (4) should a party wish to bargain over more than two issues, the party bringing such additional issues must provide those additional issues, in writing to the other party by July 1st of the school year in which that party wishes to bargain over such issues; (5) each article shall be subject to bargaining in a period not greater than every six years; and (6) any article not addressed within a six-year period shall become a mandatory article of
negations in its seventh year. Fortunately for me, the ending six-year period of mandatory negotiating of all articles ended in June 30, 2014, and well before my entry date. Negotiations for 2015 were defined by a document that had just been fully reviewed and mutually affirmed by the parties.

Article 3, Section 4 required that the DOF provide the AEA by March of each year “all preliminary budget information that is available, the projections from such information, and the rationale behind any projections concerning the next budget year” by March of each year (p. 8). This included the “average daily attendance entitlement” (the district’s state revenue based on its October 1st student count, verified by the state no later than mid-November) and the PPR for the subsequent year. Any budgetary information the BOE negotiation team presented to the BOE needed to be released simultaneously to the AEA.

Outside of Articles 3 and 11, Appendices A, B, C and the first ten articles defining parties, procedures, and rights, 32 of the remaining 35 articles were associated with work conditions, work duties, and work exceptions and leaves. Negotiated in 2011 and expiring in December 2015, the MOU centered on giving individual schools with flexibility related to specific provisions of Article 13 (Teacher Duty Day and Teaching Hours, 17 subsections) in order to increase student achievement through the development of a proposal to change individual schools’ scheduling and use of time. In essence, the MOU enabled each individual school, upon formation of a design team that included administration and staff to submit a proposal to the Joint Steering Committee (JSC) that addressing the unique needs of that particularly school’s learning community. The JSC is
composed of the AEA president, an AEA designee, the superintendent (or designee), a
district-level representative from the Division of Instruction, three teachers selected by
AEA, three administrators selected by SEA, a parent chosen by the District
Accountability and Advisory Committee, and one classified representative selected by
the Classified Employee Council.

**Dancing with the AEA**

*Dance Rehearsal*

Prior to our first session on Thursday, February 26, 2015, I reviewed our strategic
approach and desired outcomes with the district’s chief negotiator, our CPO.

Commenting on what to expect in our first joint session, he remarked that

once we actually get into the core of the sessions, what will occur is each team
will have the opportunity to present in detail what it is they are hoping to
accomplish through bargaining of those specific articles. Then, we'll engage in a
dialogue back and forth to better understand the nature of the interest and to see
where we might be able to do to accommodate individual needs based on what
our interests are.

The district’s strategy, according to the CPO, was simple: manage our
compensation increases to remain competitive with adjacent districts and to increase the
effectiveness of daily teacher time, currently an eight-hour day, that included less than a
half-hour of unpaid lunch, and required five hours of student “contact time” or a
maximum of 30 hours per week. The CPO described the issue of teacher contact time in
what CAS terms would be considered a “tension”:

There's always the pull and push of how that seven and a half that remaining
balance of their week can be utilized. How much of it can be directed by the
building principal versus is truly their discretionary time to use as they see fit.
That's where the tension lies. To use old bargaining language, the management
interest is always geared towards gaining more time to ensure that we have the
opportunity to implement the different things that we need to. The labor side has always leave us, give us time so that we can plan for the actual duties that we need to perform over the course of the week. There's always this healthy tension that exist between the two sides on this…. There's also those questions around are we asking our folks to do too much or much more relative to what their colleagues in adjacent districts are doing?

The position of the association has always been we're asked to do so much more that teachers are not able to really focus on their core responsibilities providing quality instruction to kids.

The way I look at it again, going back to the language of the master agreement at a maximum our teachers can be in contact or have direct contact with students for 30 hours a week. (CPO, Feb 10, 2015, ll. 189-197)

Given that most middle school and high school classes were between 45 to 55 minutes in length and APS high school teachers were contractually limited to five hours of instruction per day, the issue of student contact time appeared particularly acute at the high school level. Further emphasizing the need for the district to enforce the contract’s 30-hour contact-time provision, the CPO stated

We need to push those limits of that 30 hours per week maximum. Then, in addition we need to make sure that we have time for site-base professional-learning opportunities. Ensuring that planning is taking place both individual as well as team planning. Making sure that our students are supervised over the course of the day in week. It's those activities, which creates the rub, the Teachers Association does not believe that teachers should be responsible for supervising kids during non-instructional time but there's a need, someone's got to do it. (CPO, February 10, 2015)

The CPO concluded that the bulk of the negotiations, except those sessions dedicated to compensation, would focus on teachers’ workload and the language around pilot schools, which did not contain a definition of “small size.”

Regarding the presumed initial “ask” from the AEA regarding compensation, the CPO anticipated that in addition to an across-the-board salary increase (known as a GSI
or general salary increase) for each of the eleven teaching ranges, they would seek a cost-
of-living adjustment (COLA), a steps increase, and a lanes increase. Commenting on steps and lanes, the CPO noted that the AEA “perceived that steps and lanes should always be a given,” whereas the BOE negotiating team, over the course of the last four years, attempted to change this paradigm over the previous four years by saying that “a step increase [as well as a lane increase] is a salary increase. There are no entitlements. As the BOE negotiating team, we now look at everything from the viewpoint of total compensation” (Private email, 2015).

The CPO clarified for me that a step increase was tied to longevity increase, i.e., it was based on the number of years of experience a teacher had in education or at APS in particular. A lane increase was tied to a teacher’s educational level of attainment. For example, according to APS’s Teacher Salary Schedule (effective July 1, 2014), a teacher in his or her first year at APS holding a BA would receive an average salary (not including benefits) of $38,422 whereas that same teacher holding a doctorate would receive $49,372. (http://hr.aurorak12.org/work-for-aps/salary-schedules/licensed-salary-schedule/) According the CPO, the BOE provided guidance to the negotiating team, through the superintendent as to the granting of GSI, steps, and lanes. Entering negotiations in 2014, the BOE authorized its negotiations team to offer only steps’ and lanes’ increases outlining a maximum level. The BOE set the maximum level. The CPO recalled that the AEA “walked in the door asking for steps and lanes and a 4.5% GSI to match the local inflation rate.” By the end of the 2014 negotiations, the BOE authorized a 1.5% GSI in addition to steps and lanes.
As for the superintendent’s involvement during these negotiations, the CPO believed that “outside of compensation [the superintendent] doesn't have much of an interest in really being hands on in the conversations around teacher time and all of those other things that come up in negotiations.” According to the CPO, from the very beginning of the superintendent’s tenure he viewed the AEA as being as partner or co-partner, albeit one that you don’t necessarily have to agree with. This was in stark contrast to his predecessor who believed that “the association got in his way and wouldn’t let him do things that he wanted to do.”

The superintendent confided to me that he approached negotiations within the larger context of the recently developed 2020 Strategic Plan. With APS as a district on the state’s Priority Improvement Watch List (as were 18 of the district’s schools), for the superintendent and the BOE that hired him, improving academic performance—as measured by graduation rates, PARCC (CMAS/Literacy Arts & Sciences) and other key performance indicators—should be the central focus for every APS employee. The 2020 Strategic plan called for all students, in partnership with APS and the larger community, to develop an individual academic plan, acquire 21st-century knowledge and skills, and obtain the credentials necessary to shape a successful future. To align district’s resources with initiatives supporting the 2020 Plan, from January to March, the superintendent attempted to “get a good handle on finance, budget, and other major non-salary issues” and then articulate “identified issues,” responses to these identified issues, and external factors impacting the district’s ability to respond. The release of this “budget planning” memo, which was sent out on April 7, 2015 (Appendix V), communicated to the APS
community how the district would approach using projected funds and promote financial transparency, and signaled to the AEA the amount of elasticity—the amount of excess dollars after funding of mandatory items and major initiatives—remaining for possible increases in compensation. For the superintendent, this budget memo also encapsulated the principles and priorities that he wished to advance in negotiations with the AEA.

Elucidating on this upcoming 2015 negotiations session, the superintendent stated that this year there was nothing he or the BOE especially wanted, except for continued flexibility to pursue planned initiatives, such as a possible hard-to-staff initiative for certain schools. This paralleled the CPO’s impression that

if we [APS] wrote the contract in stone today it's something that we as the management team could live with. There's nothing in there that we would have great angst over moving forward. Are there some little tweaks that could be made? Sure but nothing earth shattering. It is really our responding to what it is that the association is throwing down on the table.

Commenting on pattern bargaining, the superintendent believed that this accomplished two things: (1) reinforcing the BOE’s commitment to its classified staff by linking compensation increases to those negotiated with the AEA; and (2) constraining the AEA to bargain within a tighter range given that compensation increases would be modeled and calculated to include all district employees and not just licensed staff. The Superintendent kept a sharp eye on the competitive hiring environment. His desire was to remain within the top three of similar adjacent districts vis-à-vis average teacher salaries.

As for his “hands off” style, the superintendent believed it was not so much “hands off” as leadership distributed. He recognized the seniority, leadership and capabilities of his negotiations team; and was comfortable using the CPO as the primary
“backchannel” to the AEA president and her core negotiations team. He noted that the predecessor AEA President had been “pretty adversarial.” And that if the opportunity presented itself, he would like to give the current AEA president, whom he believed had a more co-responsible disposition, “a win.”

The superintendent recognized that all of this was very new to me. He expected me to provide him with conservative and moderate budget forecasts that were predicated on known and reasonable assumptions. He reminded me that the former CFO was not as well informed regarding the unfolding legislative aspects as he had wished her to be, instructed me to attend the weekly District’s legislative lobbyist update, and felt confident that I would network and keep myself up to date. Cautioning me on my own entry into negotiations, he commented, “No doubt the AEA will know of your Wall Street career.” Thus, I was forewarned as to my superintendent’s expectations of me during my inaugural education-negotiation experience.

A New Atmospheric?

One new but potentially impactful atmospheric change affecting school district, the AEA, and collective bargaining was Amendment 104. Approved by 70% of Colorado voters in November 2104, the amendment required that contract bargaining between local teachers’ union and BOEs be open to the public. This allowed any member of the public to observe our sessions, which were announced in advance. The supporting argument behind Amendment 104 was that school finance was an open and transparent process, and taxpayers had a right to attend proceedings related to school-district expenditures.
Opponents to 104, including the CEA, noted that teachers’ labor negotiations were sensitive matters and by forcing school districts to hold these discussions in public put the school district at a disadvantage, possibly making it more difficult for the parties to reach agreement. Invoking the sacred doctrine held throughout the Rocky Mountain West of “local control,” and contributing $30,000 to defeat the proposition, the CEA (through its communications director Mike Wetzel) claimed the legislation was unnecessary because “several districts had already opened union negotiations up for public viewing [and] the decision to go public be left between individual districts and branches of the union” (Neal, C., “Colorado Legislation Requires Transparency in Teachers Union Negotiations,” December 12, 2014). Supporting Amendment 104, the Denver Post opined

The government's business is supposed to be the people's business, but that's sometimes hard to believe when it's conducted behind closed doors. Proposition 104, which would make school districts' collective bargaining process open for all to see, is a useful step in the direction of transparency. Voters should approve it. (October 7, 2014)

This call for voter approval did not include an accompanying request for increased funding to defray the anticipated increase in administrative costs associated with compliance.

Curiously absent from the Post’s (or other media’s) analysis was the impact of Proposition 104 on local teachers’ unions. The reasonableness (or lack thereof) of their positions as well as the inherent conflict between the associations’ members’ self-interest and students’ interests would now be subject to public scrutiny. In addition, association’s members would be able to evaluate their bargaining team in real time, whereas
bargaining was previously conducted behind closed doors such that neither side “goes public to its own members until the entire contract is done. This is necessary because there is so much ‘horse trading’ that nothing is final until the contract is done” (Hess and Kelly, p. 73). Lastly, this sunshine provision presumably upped the ante for reporters to cover proceedings that heretofore needed to be investigated and evaluated after the fact to determine whether negotiations “contributed to or served to undermine student achievement” (Hess & Kelly, p. 73). On November 4, 2014, Colorado voters overwhelmingly passed Proposition 104 as an unfunded mandate.

*Session One: Introductions*

On February 26, 2015 APS and the AEA began its first of five scheduled negotiations sessions. Held at APS in the district’s BOE boardroom, Session One was scheduled to last seven hours. We commenced with lunch provided by APS and proceeded with introductions using the same facilitator who had helped the parties navigate a new six-year Master Agreement in 2014. This was mutually agreed upon prior to the start of our sessions. I took this as a positive sign of trust among the parties as they recognized the importance of having a facilitator who was known to and accepted by both parties and who had prior institutional knowledge of their respective organizations.

Upon entering, I noticed that the room was set up with tables forming a rectangle. I was very deliberate in sitting to the left of our elementary school principal as she had a well-organized negotiations binder and motioned me to sit next to her. To her right sat an AEA member. As a Wall Street salesperson, I wanted to reduce the psychic and physical
distance between the union and me. I sat opposite our CAO, who was flanked by our HR
director who specialized in employee benefits and our high school principal.

When my turn came to introduce myself, I employed the emotional stance
embedded within entry planning—honesty, transparency, and a desire to learn from
others. I expressed my gratitude for the opportunity to join the APS community and to
learn from both parties, including all the educators in the room, so that I could become
better informed about the issues in the context of supporting our students and improving
their outcomes. I noted that although I came from Wall Street I shared a similar calling to
promote effective public school education. Someone from the AEA side mentioned it was
refreshing to get “another East Coaster” in the process and welcomed me.

Given the recent passage of Amendment 104, the mediator made prefatory
remarks about the ‘public observation’ of negotiations in an open forum. Essentially
presenting a primer on public decorum, the mediator read an AEA/APS joint statement to
the audience reminding them that (1) the AEA and APS were here to work as supportive
teams; (2) public observation did not mean public participation; (3) audio or video
recording was prohibited; (4) audience members were expected to be quiet and respectful
observers; and (5) audience members who were unable to respect these requirements
would be asked to leave [and if necessary, would be escorted from the forum]. Quickly
scanning the room, I noticed that the only people in the audience were three BOE
members and two AEA supporters. I made a mental note to always scan the room before
I spoke so that I was aware of both the formal and informal audience. I suggested that we
should hand out a printed version of this “Statement to Audience” to audience members at our future sessions. With these formalities completed the parties got started.

Led by the facilitator, the first few hours of Session One focused on the procedural norms and behaviors to which the parties had agreed, not the least of which was “to come prepared to work.” Next the parties reviewed the topics previously identified for negotiating, starting with joint topics introduced for negotiations. Then we all reviewed and approved the negotiations calendar, agreeing to additional sessions to accommodate legislative activity around the SFA and other related educational bills and budgeting initiatives.

In Session One, we opened up the following articles and topics, in rank order and by designating entity, for discussion: (1) Article 44’s “small size” language pertaining to pilot schools (district and AEA); (2) Article 35’s Teacher Evaluations Timeline as it applied to late hires (AEA); (3) Article 35’s Evaluation Multiple Measures (required by Colorado’s Educator Effectiveness Act of 2010) as it pertained to “Quality Standard 6” (student academic growth)

https://www.cde.state.co.us/educatoreffectiveness/teacherqualitystandardsreferenceguide (AEA); (4) Article 11’s Compensation, December Payroll on Last Teaching Duty Day (APS); (5) Article 15’s Teaching and Learning Conditions, Increased Professional Learning Autonomy for Effective Teachers (AEA); and (6) Article 7’s Teacher Rights and Article 15’s Teaching and Learning Conditions, Secure/Private/Clean Expressing Rooms for Nursing Mothers (AEA).
Only Article 11’s Compensation December Payroll, had material financial impact to the district. The other articles centered on evaluations and/or assessments (Article 35), working conditions such as Professional Development or workspace issues such as lactation areas. Much of the discussion around evaluations pertained to the AEA’s desire to have teachers’ evaluations of “effective” or a higher rating be portable should that teacher transfer intra-district to another school. I personally didn’t think this was an unreasonable request; however, our CAO, a former principal, was resolute in his refusal to allow portability. Apparently, this encroached on the historical rights of principals to rate teachers. What also emerged in the discussion was that there was an inter-rating reliability problem amongst the principals. With approximately 20% annual turnover (10 to 12 principals a year), the district simply couldn’t rely on teacher evaluations. I became acutely aware of this problem later in the school year when discussing our most underperforming comprehensive high school, Central High School. Although 100% of the school’s 110 teachers sported a performance rating of “effective” or higher, the 2014 graduation rate was just under 45%.

The professional-development discussion focused on teacher non-contact time and principals’ ability to require attendance at a meeting or professional-learning activity, provided such activities did not consume more than 25% of non-contact time per week. APS was opposed to providing any relief or autonomy around this requirement.

Article 11’s Item 18 related to salary payment dates of salaries was in the DOF’s wheelhouse. Item 18 stated that

The salary earned by an employee for required duty days in a contract year shall be paid in 12 equal monthly installments on the last day of the month that District
offices are open for business, commencing in August for employees hired after June 30, 1994 and in September for those hired before July 1, 1994; provided however, that in December employees shall be paid on the last duty day of the Month [italics added]. (2014)

I had learned about the December payroll-date anomaly from my entry-planning interview with my payroll manager and from discussions with my controller. Along with the latter and my Warehouse & Print Services manager, Hemme had over 25 years of tenure with the district. Having started in the division as a payroll technician. She knew every operational element of payroll. Hemme staffed payroll with three other full-time professionals. Annual climate surveys consistently showed high customer satisfaction with the department. Their physical space was bright, airy, and filled with both banter and laughter, having an ambiance similar to the renowned outdoor amphitheater at Red Rocks. They were also the first to decorate their office with holiday displays. Payroll’s “hippies” were usually the first point of contact between a district employee and the DOF. In addition to salaries, they dispensed care and concern punctuated with exceptional follow-up.

I thought of each of the departments and the individuals within them who supported my entry and my learning as I considered how to address the AEA when presenting the reasons for changing the December payroll date. My controller had forewarned me that each year since she could remember the district had attempted to negotiate this change in the December payroll date to the last business day (similar to every other monthly payroll date) but to no avail. Like a good Wall Street trader, I scoured the Master Agreement looking for an offsetting “ask.” I found it in Article 9,
Dues Deduction, only to be informed by my CPO that Article 9 had not been identified as open for negotiations. But there it was for next year’s horse trading, Article 9, Section 2:

The Board shall deduct the amount authorized in 12 equal installments over the contract year. Such [payroll] deductions shall be automatic for continuing members...Deductions shall be made in equal monthly installments through and including the last check of the contract year. When the request is received by the Board after the 10th of any month, deductions shall start with the salary check in the following month.

If the district were going to serve as the AEA’s electronic bookkeeper and have its IT/payroll system deduct membership dues and deposit them electronically into the AEA’s coffers, the district should be paid a transaction fee for such accounting services. We could quantify the expense and benchmark the fee against industry norms as measured by both the GFOA and the CGCS.

Unfortunately, I could not leverage Article 9 against Article 11 until the following year. So I tried a more emotive approach. Prior to my taking the floor on this issue, I surveyed the room again, looking for any media or members of the public in attendance. The effects of Amendment 104, at least on this first day of negotiations were minimal. I counted two BOE members and some APS licensed professionals who all wore badges with the letter “R” on them. According to an AEA bargaining communication that was circulated to all of its members, the AEA requested that all of its members support the AEA bargaining team’s efforts by wearing the button, as the “R” stood for “Recruit, Respect, Reward and Retain effective educators for every student” (AEA Bargaining Communication Flyer, 2015). Reconnoitering the room and trying to gauge the audience were lingering involuntary actions established from my days on Wall Street.
I first thanked the AEA for the opportunity to reopen and review Article 11, Section 18 that provides for employees to be paid in December on the last duty day, instead of the last business day of the month. I then asked them if they could help me understand why December continued to be an anomalous? One of the AEA representatives said that he believed it was an accommodation to help our employees manage the holiday season and gift giving. Another suggested it was to advance funds to pay the cost of travel and vacation expenses. In my entry planning I had uncovered the antecedents of this practice and conveyed to the parties the following by invoking the known and respected names of our controller and our payroll Manager. My jottings scribbled in the margin of my copy of the Master Agreement provided the script:

According to Lambert and Hemme, the decision and practice to advance December payroll to the last instructional duty day instead of the end of the month tacks back to the 1980s. At that time the district was a quarter of the size it was today and individuals were known to one another on a first-name basis. The superintendent and his team would take December payroll as an opportunity to distribute paychecks by hand. Besides being a gesture that generated goodwill, the district was acutely aware that banks engaged in “playing the float” by getting paid interest by the Federal Reserve on funds that were deposited by an individual into his or her account but had not yet “cleared” for personal use. Usually this clearance process took up to 10 days. By advancing the payroll date to the final duty day in December, the district was actually ensuring that funds would be available to our employees by the last business day of the month. Electronic deposit, of which almost 100% of our employees opt to do today, was not an option in the 1980s.

I then framed this payroll anachronism in terms of costs, focusing first on the hardship this placed on our teachers as well as our custodial and cafeteria staff. The cost to our employees was that they were mandated to go six weeks, until the end of January, before another paycheck was received. During this period our payroll professionals regularly received a number of calls asking for advancement of pay, which the district
could not do. In addition, substitute teachers often had to wait until the January payroll date to get paid for December duty. By paying employees in mid-December, the district effectively advanced pay to employees before they actually “worked” for the final two weeks of December. The district incurred additional costs in recovering advanced pay to those employees who terminated employment after the last December duty day.

Other costs included the needing to apply for the state’s Interest-Free Loan Program (https://www.colorado.gov/pacific/treasury/interest-free-loan-program) prior to December’s payroll date because of the timing mismatch between the last duty date of payroll (cash out) and the district’s receipt of local property and special-vehicle ownership taxes (cash in). Although the loan itself, in the millions of dollars, was interest free, DOF professionals had to apply for the loan, monitor it, and repay it when tax proceeds were received. In FY 2014–15, APS borrowed $2,646,405 from this facility. In FY 2013–14, APS borrowed $4,087,554. There were significant administrative costs to participating in the state’s program. Lastly I pointed out that this was a win-win for employees and for the district. The only “losers” in this process were the hippies. Payroll had gotten used to running a skeleton crew of one person during the last two weeks of December. After listening to my entreaty, the AEA president said they would consider this request during the caucus session into which we broke.

Given that the district had not advanced any issue other than the December payroll date change, which required only deleting of the “except clause” without adding any new language, our team awaited proposals (and accompanying language) on suggested articles’ changes from the AEA. Our position was to reject, whenever possible,
any changes to the Master Agreement, aiming instead to counterpropose solutions that rested outside of the Master Agreement, in the form of ancillary letters and MOUs, or to seek technical tweaks to already existing language.

Much of the discussion during our 80 minutes of caucusing was spent on trying to determine the motives behind the AEA’s desire to offset the 25% principal-controlled meeting time by adding time to the 75% teacher-controlled planning time. In other words, if school-site leaders mandated meeting time that interrupted a teacher’s planning time, the teacher would be given more planning time (non-contact) by reducing that teacher’s student-contact or teaching time. Granting this request would require additional teachers (in the form of TE), which was not financially feasible for the district.

I didn’t contribute to this conversation. I was more interested in the conversation regarding the “portability” of a teacher’s “effective” rating. Here the argument against allowing portability had to do with the district’s own inter-rater reliability of its principals. Principal turnover within the district stood at approximately 20%. Every year approximately 10 to 12 of the district’s 60 principals voluntarily left, were not renewed, or retired. As noted above, the cost of principal turnover seemed to me to be on par with the cost of our teacher turnover, perhaps even more so. Ingersoll (2003) calculated the cost of teacher turnover within an urban school district to be in the range of $15 thousand to $25 thousand. With the average principal salary approximately 40% greater than the average teacher’s salary, I conservatively calculated that the annual average turnover cost of one principal’s departure ranged between $50 thousand to $100 thousand, or an average aggregate turnover cost of $500 thousand to $1 million per year. Adding our
average teacher turnover of 300 teachers to our average principal turnover of 10 principals meant the district was losing, on the low end, approximately $6.5 million in resources annually. Our district was a feeder system of urban-initiated novice teachers to adjacent school districts with school environments perceived as safer, better managed, and more conducive to classroom teaching.

We resumed joint negotiations in the later afternoon. Led by our facilitator, we reviewed proposed language for the articles in question and reached consensus that each item be placed into the “parking lot.” Parking-lot items would be discussed at the beginning of the next negotiation’s sessions giving the parties time to revise and redraft language for consideration. Our proposal to change the December payroll date was also placed into this holding area after the district rejected repeated attempts by the AEA to link the December payroll date to the district’s acceptance of AEA language on pilot schools. After seven hours of polite dancing we disengaged empty handed. The tired look on my face exhibited both frustration and disgust. As I walked out of the building, the AEA President sidled up to me, smiling, and said “David, don’t look so dejected. You’re in the parking lot. Not the cemetery. You’re refreshing. Our side appreciates your East Coast presence. Focus on teacher compensation and the money. See you in March.”

The Legislature’s Ballroom Money Dance

As it relates to compensation, the district’s strange kabuki dance of negotiations was embedded in and depended on the State of Colorado’s budgeting efforts. Fortunately, the legislative process follows a known timetable (Appendix VI). Early on in my entry, my superintendent and my controller impressed upon me the need to work closely with
our legislative lobbyist and to stay apprised regarding bills that could potentially negatively impact the district. I was responsible for managing the risk profile of the district. This included possible legislation related to workers’ compensation, insurance pools, nutrition services, increased costs due to unfunded mandates regarding student assessment and teacher evaluations, and student (as well as physical-site) safety.

As touched upon in the description of my initial with the controller, she believed a primary reason for her “demotion” to controller from CFO was due to the superintendent’s perception that she had not been attentive to and proactively involved in the “outside work” of her job, particularly keeping abreast of the SFA and with the legislature’s activities. It was the SFA that explicitly drove funding for the state’s 178 school districts. Following the advice of my controller, I attended monthly presentations given by the non-profit CSFP, the stated mission of which was to compile, collect and distribute research-based, non-partisan information and data on topics related to school finance for state and local policymakers. While attending these meetings, I met other CFOs from the metro region and began attending the Metro Area School Business Officials’ monthly meetings. These meetings and the individual relationships that I forged would provide me with nuanced understandings of the state’s legislative and appropriations processes. In addition, these relationships with CFOs gave me, in Wall Street parlance, incredible “color” (market intelligence) as to what other districts were considering related to their own compensation negotiations, including funding constraints, with their respective unions.
I began focusing on compensation when the governor’s budget request was sent to the state legislature in early November 2014. The state’s SFA required the legislature to appropriate funds in the form of PPR. Historically the legislature would finalize SFA appropriations in April as the introduction of bills concluded and the Joint Budget Committee (JBC) would begin its serious work of constructing a balanced budget acceptable to the State Senate and House of Representatives as well as the governor. This legislative funding dance would culminate in the aptly named LONG Bill. The bill itself is not named for its length but rather by its acronym—Legislative Operation Normal Governance. The governor’s cover letter foreshadowed the economic conditions of the state. In addition, through the Office of State Planning and Budgeting (OSPB), the governor communicated inflation estimates, which were projected to be 2.8% in 2015. Paralleling the OSPB, the legislature’s own Legislative Council Staff (Economics Section) announced its inflation expectations of 2.8%. An important input for financial modeling had been agreed upon early.

In January 2015, the district’s demographers finished estimating projected pupil growth based on historical cohort trends, birth rates, and local economic factors. This allowed APS’ Budget department to begin modeling a “funded” pupil count by late January 2015. With an estimated student growth of more than eight hundred students, or a 2.9% increase, this yielded a funded-pupil-count increase of approximately 658 students. With CDE estimating a $7,626 revenue per APS pupil, the district forecasted $7,625 x 41,560 funded pupils, totaling $316,935,313 of anticipated base revenues. The SFA also provided additional funding for at-risk students, defined by free-lunch
eligibility, and for English-language learners. We projected at-risk funding to total approximately $30 million for 2015-16.

One critical offset to the state’s K-12 funding share was a budget stabilization factor. Introduced by the legislature in 2009 as a way to address revenue shortfalls caused by the Great Recession and to balance the budget, this “negative factor” reduced the state’s allocation to K-12 funding. On November 1, 2013, the governor presented his FY 2015-16 budget request to the state legislature, which included “a $200 million reduction in the negative factor from the current level of $894.2 million, down to $694.2 million.” APS received approximately 4.5% of any increase (defunding) and shouldered 4.5% of any decrease (funding) to the negative factor. Any reduction of the negative factor was a one-time event. No competent CFO considered using proceeds received from the negative factor to fund recurring salary increases. Essentially, the negative factor was a legislative balancing scheme introduced by the Legislature in 2009 to contain the fiscal chaos unleashed by the Great Recession. The negative factor was a new strange attractor(s) that caused Colorado’s K-12 funding to advance into a period of unpredictability (Wheately, 1994), I was forced to wade into the historical minutia of state funding, particularly as it related school funding.

State Funding and the SFA

K-12 public schools in Colorado were primarily funded through a combination of local property taxes and state revenues. Historically, the former made up the majority of funding, which meant wealthier communities were able to spend more on buildings and programs. To address unequal funding across districts, the legislature passed the Public
School Finance Act of 1973 so that state funds could be used to raise the per-pupil funding in Colorado’s least wealthy districts (CDE, Colorado School Laws, 2014).

In 1982, Colorado passed the Gallagher Amendment. This was designed to maintain a constant ratio between the tax revenue that came from residential property and from business property. The effect of Gallagher was to reduce the assessment rate (the percent of property value that is subject to taxation) whenever statewide total residential property values increased faster than business property values. As a result of the Gallagher Amendment, the assessment rate for residential property has declined by more than two-thirds over the years because of Colorado’s population growth and because of increases in residential real estate values. The net effect has been a marked decline in revenues collected from property tax, which prior to Gallagher, provided the majority of school funding.

In 1988, the Colorado legislature attempted to improve school finance by passing the Public School Finance Act of 1988. The goals of this legislation were to fund an adequate level of education for every student in the state and to set funding from local and state sources at 50% from each source. This act endeavored to standardize the mill levy in all Colorado school districts. While succeeding in ensuring that the state and local share of school finance were balanced, and equalizing the mill levy in every district, this act failed in meeting the goal of adequacy as funds were cut during several of the six years it was in force.

In 1992, TABOR was passed by popular vote. TABOR prohibited any tax increase without a vote of the people. It also placed strict limits on how much revenue the
state could keep and how much it could spend. TABOR limits were and remain the strictest revenue and spending limits in the nation (The Bell Policy Center, 2003). Any revenue collected in excess of TABOR’s revenue limits must be refunded to taxpayers. With the passage of TABOR, it became increasingly difficult to fund schools: TABOR’s revenue limits automatically cut mill rates in districts across Colorado while the law also limited the state’s ability to support school funding with increased state dollars. As a result, total per-pupil funding did not keep up with the Consumer Price Index during the 1990s, even though Colorado’s economy was growing. The combination of Gallagher and TABOR shifted the burden of school funding from local property taxes to the state’s General Fund. Thus, in 2014, the state’s General Fund provided more than 65% of school funding whereas it used to be less than 40% (Colorado School Finance Project website: [http://www.cosfp.org/CoSFPSchoolFinance101.html#SFTaxesMLO](http://www.cosfp.org/CoSFPSchoolFinance101.html#SFTaxesMLO).

In 1994, the SFA tried to correct educational inequities by determining district funding based on the unique characteristics of each school district. Under the 1994 act, every district received the same base per-pupil amount that was then adjusted for district size, cost of living, personnel costs, and number of at-risk students and English-language learners (ELL). As with the 1988 SFA, the state did not increase school funding enough to keep up with inflation and increasing operating costs. By 2000, school funding had declined in real terms by almost 10% even though the state’s economy had improved significantly. (APS, unpublished January 2014 White Paper).

As the state continued to increase its share of school finance, there was greater demand for accountability, and enacted legislation increasingly eroded the local control
of districts and BOEs. State standards and assessments were established via a new accountability system known as “report cards.” To increase funding to help schools provide an adequate education and to meet the new mandates, Amendment 23 was passed (2000). This required that the state increase the amount spent on public education every year by the rates of inflation and student growth.

Amendment 23 also created the State Education Fund (“SEF”) to help schools buy textbooks, reduce class sizes, retain critical staff, and ensure that the state would be able to keep up with the mandatory per-pupil increases. A small part of Colorado’s income tax (.33%) remains earmarked for the SEF (https://www.colorado.gov/pacific/sites/default/files/15%20SchoolFinanceSEFReport2015.pdf).

In response to the continued school-finance crisis, a bipartisan coalition worked to put Referendum C on the ballot. Approved by voters in 2005, Referendum C imposed a five-year time out from the most harmful provisions of TABOR. Had Referendum C not passed, the state would have been forced to make deep cuts at the same time it refunded hundreds of millions of dollars to taxpayers. During this five-year time-out, the state kept all the revenue it brought in from Colorado’s income and sales tax rates. (Colorado Fiscal Policy Institute; Bell Policy Center; Colorado Children’s Campaign, 2007).

With the elapsing of Referendum C and the advent of the Great Recession came further difficulties for school districts. While Amendment 23 called for school funding to keep pace with the rate of inflation, the legislature decided that Amendment 23 applied only to base funding. Added to this base were “factors” (described within the SFA of
That provide additional per-pupil funds. These factors included poverty, cost of living and student growth and supply a large portion of Colorado’s per pupil funding. To make across-the-board cuts on all districts, starting in 2009, the legislature added a new “budget stabilization” or “negative factor” to the SFA formula. Bounded by its own CAS not to engage in deficit spending, the legislature creatively devised an accounting mechanism. Through this “budget stabilization,” the legislature decided how much to spend on school finance, and then adjusted the negative factor to meet that funding target. For the 2014-15 school year, the negative factor was responsible for a $1,056 reduction in per-pupil funding, which resulted in funding for schools that was about $900 million below what Amendment 23 required (http://www.tornado.state.co.us/gov_dir/leg_dir/jbc/2014-15/edubrf.pdf). According to the CSFP, from 2011 to 2014, approximately $3 billion dollars targeted for K-12 Education under Amendment 23 was siphoned away by the negative factor. Per the Colorado JBC, in FY 2014-15 the negative factor defunded K-12 education by 13.1%, or $894 million of its total program funding. Borne out of the chaos unleashed by the Great Recession’s economic slowdown, the negative factor remains a given input within APS’ CAS.

Session Two: Posturing

At our second negotiations session, held at the AEA’s offices, we sought to finalize work from our February 26th session and introduced topics related to Performance Evaluation under Article 35 (as mandated by law under State Bill 191); Class Size under Articles 11, 15, and 17; Teacher-Directed Non-Contact Time and Professional Growth Plans under
Articles 13, 17, and 35; and Teacher Team Planning (District-lead Professional Development) as part of the Teacher’s 75% of non-contact time rather than part of the 25% accorded to Principal’s directed under Article 15.

The bulk of the day’s discussion revolved around the appeals language related to Teacher Effectiveness and the lack of a defined schedule for mid-year hires. The AEA tried to reintroduce the concept of Teacher Evaluation portability. The district summarily rejected this and any attempts to change the language around contact time. The district also dismissed changing the language regarding class size through a presentation illustrating that the district’s average class sizes in elementary, middle and high schools were 25, 21, 22 and respectively, among the best in the State.

Table 5: Student to Teacher Staffing Ratios Historical 2007-08 through 2014-15

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I noticed that each time the district presented factual data in a clear and concise tabular or graphic form the facilitator would refer to this as a way to move the discussion forward. Our data was accepted as factual and rebuttal was difficult. I therefore communicated to the Budget team that the presentation we were going to make to the BOE on April 7, 2014, should present all of the district’s forecasting assumptions. I mandated that we quote the source of our inputs so that our data could not be impugned as we signaled to the Association that revenues were uncertain and mandatory expenditures loomed large. Given the DOF had proprietary models, “expert” data
informants such as investment bankers and county assessors, and confidential knowledge of the superintendent’s funding priorities, we could control the degree of conservatism applied to the inputs. In this way, we could control how the district’s budgetary projections were communicated to the public while simultaneously running other internal models based on less conservative and arguably higher confidence inputs. In short, we could legitimately influence negotiations around compensation by accentuating intended expenditures and masking expected revenues.

Of the new topics introduced and prior topics revisited, Session Two ended again with no agreement on any of the articles presented for consideration. My greatest contribution to the team was volunteering to get lunch. December payroll remained stuck in the parking lot, a victim of being conditionally attached to other more items deemed important to the AEA. I had written it off for this year’s negotiations. On Wall Street you looked for the leverage. Consequently, I hoped to couple it with a negotiating a monthly AEA-employee transaction fee in consideration for having Payroll deduct AEA membership dues. Next year I would trade Article 9 “Dues Deduction” for December payroll’s date change.

Session Three: Dirty Dancing

On April 8, 2015, one day before our third negotiations session, the legislature’s JBC released March’s economic estimates. These estimates became the state’s “official” economic benchmarks pegging inflation, giving guidance on various factors associated with the SFA, and setting the negative factor. On March 27, 2015 the JBC announced the Denver-Boulder-Greely CPI (TABOR defined rate of inflation)
https://www.colorado.gov/pacific/dola/inflation-denver-boulder-greeley-consumer-price-index of 2.8%. This portended a $246.59 increase in APS’ per pupil funding. In addition, the JBC asserted a negative factor pay down of only $25 million, a $175 million reduction from the Governor’s November Budget Proposal. Assuming an increase of 693 fully funded pupils to 36,765, for APS a $25 million reduction in the negative factor projected a one-time funding increase of $1.25 million, roughly an additional $34 per pupil, for APS. For APS, the difference between the governor’s $200 million and the JBC’s $25 million reduction to the negative factor amounted to an additional one-time $3.75 million funding uncertainty for APS. For the district’s public budget modeling purposes I decided to keep the negative factor unchanged from the previous year until I could be more confident about it. I ran our internal 2015–16 proposed budget planning model using the more conservative $25 million reduction to the negative factor.

Around this time, I also attended legislative information sessions sponsored by CASE and received formal weekly updates from our political lobbyist. The Metro CFOs’ network, MASBO, became a super-critical informational network for me throughout the legislative session. Meeting monthly on every second Thursday, this peer group turned out to be my single most important and reliable professional learning community outside the DOF’s budget and accounting professionals. My frequent contact with MASBO professionals has been captured below in a graph that was tabulated from the 2014–15 Master Agreement Data Source Summary and Plot Line (from my date of entry on October 13, 2014 to June 30, 2015) found in Appendix VII:
Illustration 6: Frequency of Contact With Data Sources

Of the 24 discrete “event” items from the period of entry to operationalizing Master Agreement revisions, Metro-based CFO contact occurred almost 60% of the time. Not including APS’s DOF peers, the other external source coming close to MASBO’s contact frequency was Media (slightly above 50%).
While preparing for the April 8, 2015 session, two unexpected events occurred, each of which potentially negatively impacting our budget forecast. The first event was legislation affecting Breakfast After The Bell (BAB). BAB was an extension of the USDA’s School Breakfast Program designed to provide more Colorado children with access to a daily nutritional breakfast after the school bell has rung. As described in the 2013 House Bill 13-1006, instead of the traditional method of serving breakfast in the cafeteria before classes start, schools in the state would provide morning-meal alternatives such as Breakfast in the Classroom, Grab and Go, Breakfast After First Period, or Breakfast on the Bus (Hunger Free Colorado, 2015, http://www.hungerfreecolorado.org/breakfast/). This was signed into law in 2013.

Beginning 2014–15 school year, school districts were mandated to serve BAB if 80% or more of a school’s student population was eligible for free and reduced lunch. For 2015–16 this threshold would fall to 70%. (See pages 161-163 for details regarding the challenges associated with instituting this program.)

In February 2015, House Bill-1080 was introduced to maintain the 2014–15 BAB’s free and reduced qualifying rate at the 80% threshold. APS’ Nutrition Services Director, Colorado’s Nutrition Services Professional of the Year, was asked to testify against HB-1080. After conferring with our superintendent, I instructed our director to support the lower threshold rate of 70% but to also request additional adequate funding so that “from scratch” food programs such as APS’ were not penalized. Unfortunately, the legislature did not appropriate any additional funding to defray costs associated with this lower threshold. For APS, this shifted the burden of economic risk onto the district’s
general fund, requiring a budget line appropriation of $500,000. A new input into our forecasting model.

The second event was an incentive-based pay scheme proposal known as a retention initiative (a precursor to a district-wide Hard-To-Staff initiative) implemented at Paris Elementary School, one of the district’s most challenged school based on various support risk factors. In addition to having staff mobility/new teachers at 76.7% (defined as the percentage of teachers in their first three years), a new principal, an enrollment capacity of 112%, discipline referral rate of 28.4%, 95.7% of students eligible for free & reduced Lunch, 68.8% of students as ELL, student stability of 70.1% (meaning student turnover of 30%), and three years on the state’s accreditation clock, Paris Elementary bore the brunt of the shock related to the Aurora movie theater shooting in July 2012. The shooter lived across the street from the school in a short-term rental complex. Since it was on Year Three of the accountability clock and operating under the Master Agreement’s MOU, Paris Elementary was seen by the superintendent as ripe for an incentive scheme that circumvented the Master Agreement.

In a communication to Paris Elementary staff on January 9, 2015, our CPO explained the rationale and compensation structure behind such a scheme, presented as a stipend embedded within an Agreement For Services:

As a result of the staff mobility and turnover rates [24% staff turnover in 2012-13; 32.5% staff turnover in 2013-14; and 44.2% staff turnover in 2014-15], Paris Elementary School has been selected as a site for the implementation of a district initiative, the Staff Retention Initiative, aimed at facilitating continuity in instructional practices, efficacy in collegial and collaborative relationships, and achieving school operations efficiencies through increasing staff retention.
Effective beginning with the January 2015 payroll, all Paris Elementary staff members will receive a salary increase equivalent to half of a step on their respective salary schedules. This increase will be paid during the remainder of the employee’s 2014-15 contract year. Any employee who returns to Paris Elementary for the 2015-16 school year will receive the second half of this step increase. Any increases associated with the new Staff Retention Initiative will be prorated based on the amount of time the staff member works at Paris Elementary School. For example, a staff member who works half-time at Paris would only be eligible for half of the salary increases outlined above. In addition, returning Paris employees will be eligible for any salary increase approved by the Board of Education as part of the budgeting process and contract negotiations with the Aurora Education Association.

By enclosing this retention initiative within an Agreement For Services, this compensation structure was deemed pension-excludable [later deemed pension-includable] and therefore avoided the legally mandated 20% contribution rate by the district.

Unfortunately, the superintendent did not inform the AEA of this pilot initiative prior to the elementary school’s staff being notified by the district. The AEA responded swiftly, filing a grievance (described by Article 43 of the Master Agreement) that claimed that the district violated the obligations to act in good faith as required by Article 3, Section 5, which require an “honest attempt to resolve [negotiable] issues to the mutual satisfaction of the parties.” The AEA also filed a grievance under Articles 3(Negotiations Procedures) and Article 13 (Teacher Duty Day and Teaching Hours), stating specifically that all matters covered by the agreement are to bargained by the parties and as such, the salary schedule (i.e., steps) and its application are subjects covered under the collective bargaining agreement. The AEA’s grievance stated: “The Agreement does not permit, and in fact prohibits, arbitrary or inequitable placement of teachers on the schedule by one party to the Agreement.” Prior to filing this grievance, in a conversation with the
superintendent, the AEA president “shared her interest in addressing the problem of teacher retention, but stated her concern that raising the salary of teachers at a single school was a violation of the collective bargaining agreement” (Grievance Filing, January 20, 2015). The AEA expressed an interest to engage in a larger discussion regarding teacher retention that did not apply to only one school.

On April 7, 2015, the day prior to our third negotiation session I presented our preliminary budget assumptions to the BOE. The stated purpose of this annual presentation was to provide the board with a current understanding of the budget outlook using known JBC estimates, CDE projections, and APS demographic-planning projections. Having used conservative estimates, I viewed this as an opportunity to signal to the AEA that revenue increases would not be as robust as the state’s economic growth suggested. This was an opportunity to communicate the projected rate of student growth (1.92%), the projected 2014–15 unassigned ending fund balance ($13 million), the negative-factor $25 million buy-down effect (now $30.38 per student), and the inflation factor of 2.8% ($246.59 per-student increase). Furthermore, we conservatively estimated additional 658–funded pupils for an adjusted-funded pupil count of 34,268. CDE’s PPR was projected to $7,626. And lastly, we projected our assessed-property-value tax to increase by 10%. Although property taxes were offset dollar for dollar from the state’s contribution, two of the district’s mill levies increased when property values rose. A 10% increase yielded another $2 million to the district’s General Fund.

Although it appeared that funding might be flush, I wanted the AEA to have a clear understanding of where else those unassigned and reoccurring funds were needed:
pension contribution ($2 million); Medicare ($2 million); worker’s comp ($1.1 million); AHCA/Nutrition Services ($0.75 million); TABOR reserve (3%); BOE reserve (1%); teacher-equivalent increase ($4.7 million); Exceptional Student Services (ESS, APS’ SPED-equivalent) under an Office of Civil Rights agreement ($6.2 million); ELL ($0.25 million); and the catch-all infrastructure, technology, and analytics. The presentation ended with the 2015–16 Proposed Budget being presented for adoption on May 5th with board consent following on May 19th. This meant that the DOF had to get finalized the 2015–16 proposed budget to the BOE’s secretary by Monday, April 27th. The music was quickening.

Against this backdrop—an unfunded legislative mandate that introduced unexpected financial pressure on the district’s General Fund and a pilot incentive-pay scheme presumably in violation of the Master Agreement from the AEA’s perspective—we reconvened for our third negotiations session, one that revealed the AEA’s thinking and approach to salary and benefits compensation. The April 8, 2015, session had a 11:30 am start time. This time the “Statement to Audience” was made available to all audience members as a printed handout.

As was customary, we began Session Three by reviewing “parking lot” issues. The parties reached agreement on a new, more transparent Late Hire Evaluation Timeline (Article 35) and the district would also now inform all employees of workplace rights associated with Expressing. Three new topics were introduced: an explicit reference to Compensation to attract and retain effective teachers under Article 11, Compensation (including Appendices A, B, and C corresponding to Teacher Salary, Extracurricular
Activities Salary, and Extra Pay for Extra Duty Schedules); Class Size under Articles 11, 15, and 17; and Working Conditions under Articles 13 (Teacher Duty Day), Article 15 (Teaching and Learning Conditions, and Article 17 (School Paraprofessionals related to discipline)). The April 8th session focused mainly on the issue of contact versus non-contact time to provide teachers more (paid) time to work on beginning-of-the-year self-assessments mandated by CDE requirements. The AEA requested a one-hour professional development meeting to provide teachers an opportunity to initiate state-mandated self-evaluation. We had another foray around professional development and autonomy, which the district insisted was already provided for in the Master Agreement. The AEA attempted to link a reduction in class size with improved classroom management, grading, overall learning and teacher retention. Agreeing that class size was important, the district proposed a “joint task force of teachers, site leaders, and administrators” to examine the topic and present findings to the BOE.

The AEA once again broached the topic of contact time as it related to the scheduling of standardized testing. The AEA wished to have the testing period arranged outside of the regular school day. The district rebuffed this citing technology issues and calendar logistics. The district also contended that having the teacher with the students during testing created a familiar environment.

Session Three ended with no agreement on any of the parking lot issues. Smaller groups on both sides continued to work on acceptable language for outstanding issues. As a way to improve school discipline and decrease the non-classroom contact time for teachers, the AEA asked me to calculate the cost of adding paraprofessionals at every
elementary school for every grade level, one for every department within a middle
school, and one for every department within a high school. I would present this at our
next session on April 17th. Not a word was uttered about the retention initiative now
formally filed as a grievance.

Session Four: Jitterbugging Around Compensation

Prior to our April 17th session, I received a request from the CEA’s (Colorado’s AEA’s
national) representative to meet to review the fund balances related to the 2014–15
Readopted Budget. After obtaining permission from the CPO, our district’s chief
negotiator, I met with the CEA representative on April 14th. My field notes show that we
spent the bulk of the discussion reviewing the variance between beginning and ending
fund balances, the previous year’s totaling over $6 million. My controller had identified
these variances during our preparation of the CAFR but could not account for their
origins. I pointed out that these were not recurring funds and thus were not appropriate
for covering recurring compensation.

I also explained to the representative that the line item “Unassigned Fund
Balance” totaling $26.9 million was not recurring revenue but rather one-time funds
prudently reserved for unknown operating contingencies. I suggested that he review “best
practices” recommended by the GFOA regarding unassigned fund balances
(http://www.gfoa.org/sites/default/files/AppropriateLevelFundBalance.pdf). Following
GFOA guidelines, the district’s targeted reserves were to have been 10% of its $392.6
million General Fund revenues, or approximately $40 million. At $26.9 million, the
district’s reserves covered approximately one month’s payroll. With the district’s
impending need to issue municipal GO debt and the ever-present possibility of having to address unforeseen operational and capital contingencies, the district was hardly flush with excess funds. I emphasized to the CEA’s representative that our target for unassigned fund balances needed to be increased by another $10 million to $35 million over the next few years. Paraphrasing the well-known sales tagline of “an educated consumer is our best customer,” I resolved to better educate our BOE and community so that our financial policies and their rationale would be understood, accepted, and adopted. My meeting with the CEA’s representative was the first step in that direction.

I had no idea what was causing such large budgeting variances. After consulting with my controller, I decided that we needed to recruit a qualified budget director at the conclusion of the district’s fiscal year. Our current budgeting team was woefully understaffed, a victim of indiscriminate headcount reduction taken reflexively in response to the Great Recession. I hired an outside consultant respected by and familiar with the district to engage in an operational review of our Budget department. Among other things, he recommended increasing our Budget staff from the current two to five professionals. This would get the department back to pre-recession staffing levels. I tasked my administrative assistant to draft a budget director’s job description and then work with HR to ascertain an appropriate salary range.

I later discovered that our mysterious variance was of our own doing. The district used a teacher-staffing model employing a person-based average TE (or “teacher equivalent,” with an average teacher equaling $72,500 including benefits), whereas in the Budget and Accounting departments we lived in a dollar-based world of actual
expenditures. Our Enterprise Resource Planning (ERP) systems, specifically our HR modules, were not integrated (and, in fact, were never implemented!) with our financial modules, making comparing our average budgeted salaries with actuals a manual process. Given that the bulk of our teachers were novices and our turnover rate was over 22%, we were budgeting an average TE salary of $54,000 when in actuality most of our teachers were hired at an average salary of $38,000. Given the lack of staff required to engage in a mid-year manual reconciliation, this budget-to-actuals reconciliation took place upon the close of the district’s fiscal year.

On April 15th, two days before our next negotiations session, the JBC finalized the next year’s state’s budget, including the SFA. With the $25 million decrease in the negative factor confirmed, the CDE could now calculate base and other risk-factor funding for K-12 education.

At our April 17th meeting (at which our only public guests were three BOE members and two AEA members), the AEA kicked off their compensation presentation by recapping the 2014–15 negotiations. The AEA attempted to frame the previous year’s PPR increases of $16.8 million (6.1% of “new” money minus the state’s CPI of 2.77%, yielding a difference of 3.3%) versus the previous year’s salary increase of 1.5%. The AEA then claimed that the district retained over half of the “across-the-board” increase. Based on the SFA per-pupil funding formula calculated as [[School District Size x [(Per-Pupil Base Funding x Inflation x Personnel Costs + (Per-Pupil Base Funding x (1-Personnel Costs))) + ELL Risk + At-Risk (Free & Reduced)]-Negative Factor] (CDE,
Understanding Colorado School Finance and Categorical Program Funding, July, 2012),
the AEA forecasted approximately $20 million in increased funding from the state.

In addition, they attempted to define salary increases in terms of purchasing power based on the increase in the cost of ordinary goods since 2008–09, which had increased 38.8% versus a 16.6% increase in the CPI. Average teacher turnover of 17.55% (20.26% actual in 2014) was also referenced but without an associated cost to the district. In addition, the AEA wanted to reinstate a step lost since 2011–12 at a cost of about $2 million. The total “ask” was presented as follows:

- A COLA-based (and not CPI-based) Salary Increase of 6.95%
- Steps and lanes increase by approximately 3%
- “Lost Steps” reinstated, costing approximately another 2%

The total percentage increase was nearly 10%. This did not include the district’s additional required contribution for health benefits nor its projected pension-plan contribution of 19.15%, which included a 4.5% contribution known as the Supplemental Amortization Equalization Adjustment. This additional contribution—to address pension liability—could be deemed includable compensation by the district (which the district had never opted to do) for the purposes of salary negotiations. Our one-year-only compensation models forecasted a 1% salary increase and increases in steps and lanes amounting to a 4% overall increase to our licensed professionals. Steps were difficult to model because these increases acted as hidden cost accelerators, especially in a district experiencing high teacher turnover as the professional workforce mix became skewed.

Our district’s workforce was trending bimodal, with our teachers were becoming “greener and grayer” (Ingersoll, Merrill, & Stuckey, 2014). This trend—akin to a fixed-
income “barbell” structure in which risk is known, and bifurcated into a short end (younger teachers) and longer end (mature teachers)—needed more comprehensive analysis. Our reality was that our compensation increases were more correlated with tenure than performance. Because the negotiating parties had co-created the Master Agreement, they accepted the construct as a given. Alternative compensation structures were not considered (the “MOU” was the technical fix) and no one inquired critically as to the nature and form of the contract itself. It seemed to me that the parties were operating in an antiquated 20th-century commercial model that did not allow them to meet the needs of our students, who were facing 21st-century challenges.

This was clearly illustrated in the following charts previously presented to the AEA related to teacher salaries. These two charts highlighted the pay discrepancy between an entering novice teacher and a more senior teacher. An entering teacher with a BA received a starting salary of $38,422 ($46,188 with benefits) versus one with 45 years’ experience (45 steps) receiving a maximum $74,738 ($82,502 with benefits). Insulated from traditional measures of productivity and commensurate rewards, surviving teachers held onto longevity rewards at all costs, costs mostly borne by the taxpayer.
Illustration 7: Base Salary (BA, Step 1)

Base Salary (BA, Step1)

APS compared to the State Average

![Graph showing comparison between APS and State Average salaries for BA Step 1, including Salary, Salary + Emp Benefits, and Salary + Family Benefits.]

Illustration 8: Salary Maximum at BA Level

Salary Maximum at BA Level

APS compared to the State Average

![Graph showing comparison between APS and State Average salaries for BA Level, including Salary, Salary + Emp Benefits, and Salary + Family Benefits.]

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The AEA presumed that the majority of additional taxpayer funding should go
toward salaries and benefits rather than non-salary expenditures targeted to “creating
conditions more conducive to student learning, making teaching a more desirable
occupation, and supporting continuous improvement of the teacher labor force” (Hill,
2010, p. 80). Market-based compensation was excluded from the Master Agreement and
never part of compensation discussions. The failed “teacher retention” pilot at our one
elementary schools was a stark reminder of AEA’s intransigence and the district’s
insensitivity to genuine and sustained engagement around hard-to-staff, hard-to-fill, and
pay-for-performance.

After the compensation presentation, I reviewed the district’s calculation related
to placing additional paraprofessionals in our elementary, middle, and high schools,
which the AEA had requested during the previous session. The cost of these additional
professionals totaled almost $11 million, with the bulk of costs associated with
elementary schools ($7.25 million) and middle schools ($1.65 million). The deputy
superintendent commented, “The district would be better off hiring 150 new teachers. We
could pay for it by foregoing compensation increases.” Given that these expenditures for
additional paraprofessionals were just not feasible, the AEA did not pursue it. Once again
the session ended with my request to change the December payroll date still stranded in
the parking lot.

Session Five: Sacrificing the December Payroll Date

For our fifth session, we convened at the Aurora Chamber of Commerce, which had
conference-room configurations such that we could meet in small work groups as we
exchanged proposals. Under Amendment 104, this type of caucusing was exempt from public audience. We reviewed bargaining expectations and the parties pledged to interact in good faith and with the students’ best interests in mind. We began our session at 8:30 am by reviewing the outstanding issues from the April 17th session. The district agreed to develop language for Article 15’s Professional Development Autonomy that encouraged differentiated professional-learning programs that met the needs of both the professional and the school. The district objected to changing language related to Article 15’s Testing, leaving it as was. On the issue of Article 15’s Class Size, the district expressed “no interest in changing this language.” Responding to Article 7’s Discipline Management, the district cited its Safe Schools Policy Handbook as the appropriate document to which to refer to address concerns outside the scope of the Master Agreement. The AEA asked that we consider adding a phrase related to disciplinary referrals that required a written response within 24 hours. The AEA’s president noted, “It just doesn’t feel good when a student is returned and no action has been taken.” In our working groups, we crafted language implying that a written response would be received in a timely manner, “ordinarily within 24 hours.”

Each “ask” in the form of a language change by the AEA also linked in the December payroll-date change. I firmly believed that the December payroll-date change should stand on its own merits and not be a bargaining chip. I felt that it was not worth giving anything away to get something that equally benefited all parties. With the approval our chief negotiator, I instructed the facilitator to remove it from the parking lot and further negotiations.
Compensation, including what was covered in Appendices A, B, and C, was opened for formal discussion. The Colorado House and Senate had just ratified the SFA and the governor had signed the LONG bill on Friday, April 24th. Although total program funding was known, the superintendent in conjunction with his leadership team and the Budget department still needed time to consider compensation scenarios in light of overall budgetary constraints. The district was scheduled to present the 2015–16 Proposed Budget to the BOE on May 5, 2015. Tactically, we believed it better to negotiate compensation after we had reviewed the proposed budget in public.

Again, our assumptions were extremely conservative in nature. In addition, some legislative funding remained undetermined. Also, property values were still unknown; in late August, the county assessors would be releasing preliminary figures, although we had informal communications from the assessors of a percentage increase in the high teens. We triangulated this informal data with our investment bankers, who were comfortable modeling property-value increases between 10% and 13%. We ran our internal models at 13%. However, in our budget-proposal presentation to the BOE, we stated that the county assessor’s offices would not be releasing preliminary estimates until August and that we had therefore conservatively estimated property taxes consistent with 2014–15 levels (10%).

READ Act funding that targeted at-risk emerging bilinguals was still unknown. The district’s 2014–15 READ Act Allocation was $2.6 million. The district would not receive this funding until October, after the start of the school year in August. Given the high confidence we had that READ Act monies would be appropriated by the legislature
again in 2015, I proposed to our CAO that we “pledge the General Fund” and advance 80% of last year’s READ funds for early release to schools in March 2015, seven months before the state’s actual allocation of funds. If READ Act funds were less than the previous year, the General Fund would absorb the blow; if they were increased, we would make an additional allocation to eligible school sites in October. In this way, we locked up instructional resources in March, well before our adjacent competitor districts did. By accelerating resources in a risk-adjusted manner, we demonstrated to the CAO that we could be flexible and nimble. This was seen as a significant cultural change within the DOF.

The AEA wished to discuss increasing compensation for department chairs and extra-duty activities. The district asked that the parties defer all compensation issues for the last scheduled negotiations session on May 13th to be held at a district high school. The parties decided to address compensation and compensation-related issues in this final session.

Then the AEA introduced a new provision related to Article 16 and the Working Conditions of Exceptional Student Services (ESS) providers. Pointing out the differences in these specialists’ workload, they wanted to provide additional days of non-contact time for ESS specialists. The district averred that it was unable to make workloads the same. Was the AEA asking for different positions to receive different compensation? If so, this might provide an opportunity to introduce performance-based compensation in future negotiations. The AEA asked the district to look at language that might be acceptable and
that recognized the unique burden of Individualized Educational Plans (IEPs). The district agreed to do so.

The final new issue for consideration pertained to the Middle School Task Force. Formed under Article 13’s MOU, it was charged with identifying and considering all aspects of the middle school environment. The AEA sought to narrow the task force’s focus to examining the problems associated with class size and TE-staffing ratios. At 11:30 am the teams recessed for lunch and we went into separate rooms to caucus.

I spent much of the time during the caucuses in telephonic conversation with my controller as we worked on clarifying the assumptions related to the district’s projected 2015–16 revenues. Our superintendent and leadership team had completed their review of the major educational initiatives, staffing needs, technology and infrastructure demands, and mandated programs. This was another minuet orchestrated by the superintendent and managed by the DOF. Curiously, this dance did not include a systemic examination of current programs and their effectiveness. The pruning and truncating of wasteful or ineffective programs had not been entertained. Each division’s current budget served as its “base” funding that was then incrementally added to or subtracted from depending on the issue at hand. Contemplated new expenditures were evaluated in terms of their probable effectiveness in meeting the problem or objective being considered. This perpetuated incrementalism, at the expense of a zero-based, budgeting approach. I kept hearing the voice of a CFO from a large urban district on the East Coast whom I “shadowed” in September 2014 in preparation for my entry: “The budget is the reflection of the priorities of the district.” As far as I could tell, our budgeting approach did not
compel leadership to align programmatic efforts with our stated strategic objectives. My efforts to discuss a zero-based budgeting approach at the divisional level were politely declined. My superintendent’s retort to “just hit singles” became his common refrain. I associated “hitting singles” with technical as opposed to adaptive problem solving. It was not in line with who I authentically was—and in my designated disrupter role—to readily embrace a single hitter’s mindset. Instead, I constantly scanned for the ripe opportunities and small wins that could influence and change organizational conditions.

While in caucus, I reviewed with my controller Colorado’s state statute 22-22-108, Preparation of the Budget, discussing how we could best meet its requirements pertaining to our 2015–16 proposed budget to the BOE. According to statute, the proposed budget described “the major objectives of the educational program to be undertaken . . . and the manner in which the budget propose[d] to fulfill such objectives” (Colorado Department of Education, 2014, p. 539). The budget needed to be submitted to the BOE at least 30 days prior to the beginning of the next fiscal year, beginning on July 1, 2015. By state statute, the BOE needed to adopt a budget on or before the end of the current fiscal year, ending on June 30, 2015. Our proposed budget presentation included the following description and expenditure increases (totaling $16.3 million):
2015-16 Proposed Budget
Major Issues and Objectives

• Accelerate learning for every APS student
• Recruit and retain high quality staff
• Meet state and federal mandates
  – Provide support for special student populations
  – Affordable Healthcare Act
  – PERA increase
• Manage student enrollment growth
• Support facility capacity needs

5/5/2015
Accelerating learning for every APS student, every day.
Revenue assumptions for proposed budget:
- Developed while legislation remains pending
- Does not include buydown of negative factor or increase for at-risk funding
- State per pupil funding = $7,349 + $268 = $7,617
  - 2.8% inflation rate funded
- Enrollment increase of 693 students (658 funded)
- Property taxes consistent with 2014-15 level
- READ Act budgeted at 80% of 2014-15 level
The budget discussion between my controller and me centered on the superintendent’s directive to “not reflect any salary increases in the budget. The budget was to [reflect] continuing at status quo” (Munn, email, April 17, 2015). My controller and I were both under the impression that our superintendent had wished to show a 1% salary increase (totaling approximately $6 million) in the proposed budget. Our internal models relating to revenues projected a surplus of funds between $6 million on the low side (conservative) and $10 million on the high side (expected). We now needed to reabsorb this expected additional funding into the budget to show a zero allocation to compensation so as to “continue at status quo.”
Fortunately, beginning in March, we signaled to the BOE that our assumptions and estimates were very conservative estimates and subject to change. I knew that presentations provided to the BOE became part of the public record. As such, these presentations no doubt informed the AEA’s position on compensation. As a former Wall Street salesperson, I was sensitive to the three main audiences in the room—the BOE, the AEA, and the public. I tried to influence the negotiations by reducing the projected amount of unassigned and reoccurring dollars and increasing our recurring expenditures. Because SFA funding continued after the signing of the LONG Bill and preliminary property assessments would not be known until the end of August, we were able to represent a much more conservative funding scenario than we expected. As long as our projected student count (which for the last five years was within 1% of estimates) held, we anticipated our funding to be toward the high end of our estimated range. We reinstated cuts made to certain community and differentiated-support programs within the superintendent’s budget and increased our “sinking fund” reserve for anticipated principal payments beginning in 2019 related to $30 million in Certificates of Participation or “COPs” issued in 2014. This $30 million COP offering, used to build a new P-8 school, did not require voter approval; it was a leasehold obligation backed by the General Fund rather than the taxing authority of the state. The district’s intention was to seek ballot approval in November 2016 to issue general-obligation bonds and retire these COPs. Once this was accomplished, the “sinking fund” dollars earmarked for the COPs’ principal repayment would revert back to the General Fund as “one time” monies. By employing this technical change, we positioned the district for a one-time future
increase to its General Fund, a windfall I hoped would be used to bolster our Unassigned Fund Balance to better manage operating contingencies.

While waiting for the AEA to provide language for our consideration, and guided by the steady and veteran hands of my controller, we were able to develop a proposed budget that ostensibly held compensation to the status quo; allocated increased revenues to unassailable line items such as Special Education, the Affordable Healthcare Act, Transportation (our bus fleet was the oldest in the state), and COP reserves; and removed all increases to salaries. We successfully zeroed out anticipated surpluses as described below:

Sent: Friday, April 17, 2015
From: Controller
RE: Perhaps the best option at this point
Ok, made the revenue page agree to the expenditures – both revenue and expenditures are $362,315,015.
Eliminated the 10% AV increase. I eliminated the $25M negative factor buy down. I reduced BFB [Beginning Fund Balance] by $2,736,204.

Sent: Friday, April 17, 2015
From: Controller
Subject: RE: Perhaps the best option at this point
The list of adds minus the salary increases equals $7,295,353 with the items that still need to be put into the budget, which we will work on today.
The total expenditures with these estimates added equals 362,315,015
The total revenues and fund balance minus transfers out equals 368,296,373 (this is based on a 10% assessed value increase and a 25m one time buy down of the negative factor)
$362,315,015 2015-16 anticipated expenditures
$368,296,373 2015-16 anticipated Revenues
$5,981,358 Surplus

After reviewing the salient changes with the superintendent, our 2015–16 Proposed Budget and May 5th presentation were released to the BOE for its review.

The April 29th session included our team’s first extended caucus period. In particular, our CPO as chief negotiator and our deputy superintendent partook in small meetings with their AEA counterparts. The district wished to reach agreement on
language for Article 15 pertaining to Professional Development and Testing, and Article 7’s Teachers’ Rights related to Expressing Locations. While this wordsmithing continued, and perhaps to break up the monotony of a long day, the district’s team playfully debated the best song of all time. Each person selected his or her song of choice, to which we listened. I chose Rufus’s and Chaka Khan’s “Tell Me Something Good.” For some reason, on that day I just grokked that song. And on that note, we broke from our caucus to resume our public joint negotiations.

Walking up to my chair, I noticed that someone had placed a plant on it with a card attached to it. I looked around the room to see whom I might thank as I opened the card. While I read the card, the president of the AEA smiled and said, “A little present from us to you”.

*Illustration 12: The AEA Bargaining Team handwritten thank you note*
I reciprocated with a heartfelt thank-you. The four staff members of our Payroll
deptartment, accustomed to having the last two weeks of December off, were not as
pleased.

*Session Six: The Compensation Waltz*

On Monday, May 11, 2015, during our superintendent’s leadership-team meeting, the
CPO was asked to provide an update on the proceedings thus far. After reviewing the
mutually agreed-upon changes to articles, the CPO stated that he believed we would not
be successful in agreeing on compensation in our final session on Wednesday, May 13th.
He highlighted the AEA’s compensation presentation from April 17th. The superintendent
then asked me for my assessment related to compensation.

Reviewing my jottings from this May 11th meeting, I remember pointing out that
a number of adjacent districts had reached agreement with their respective teachers’
associations, with increases ranging between 1% and 2.8%, (the Denver-Boulder-Greeley
Inflation Rate). One district had locked into a two-year agreement at the 2.8% level but
without steps and lanes. Another district had recently prevailed in salary mediation
against its union. The MASBO network gave me confidence that we could reach an
agreement but that it would be closer to a 2.8% rather than a 1% increase. Our challenge
was that a 1% salary increase plus steps and lanes was projected to cost the district an
additional $6.6 million. Any significant increase above that amount would put pressure
on the district’s Unassigned Fund balances to subsidize one-time-only program and
capital expenditures. The model-driven compensation chart below highlighted the
complex interaction among salaries and the hidden accelerators (steps and lanes), as well as pension and Medicare costs.

*Table 6: 2015-16 Compensation Scenarios*

<table>
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<tr>
<th>#</th>
<th>2015-16 COMPENSATION SCENARIOS</th>
<th>Classified</th>
<th>APT</th>
<th>Licensed</th>
<th>Licensed % Increase</th>
<th>Total</th>
<th>PERA &amp; Medicare</th>
<th>Total Cost</th>
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<td>C1 &amp; APT 1%</td>
<td>$407,755</td>
<td>$237,214</td>
<td>$3,628,184</td>
<td>2.9%</td>
<td>$4,217,153</td>
<td>$863,379</td>
<td>$5,137,532</td>
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<td>C1 &amp; APT 1%</td>
<td>$407,755</td>
<td>$237,214</td>
<td>$3,628,184</td>
<td>2.9%</td>
<td>$4,217,153</td>
<td>$863,379</td>
<td>$5,137,532</td>
</tr>
<tr>
<td>3</td>
<td>C1 &amp; APT 1%</td>
<td>$407,755</td>
<td>$237,214</td>
<td>$3,628,184</td>
<td>2.9%</td>
<td>$4,217,153</td>
<td>$863,379</td>
<td>$5,137,532</td>
</tr>
<tr>
<td>4</td>
<td>C1 &amp; APT 1%</td>
<td>$407,755</td>
<td>$237,214</td>
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I ended my comments by noting that I was very confident that we would be able to negotiate a fair and reasonable compensation outcome but cautioned that we maintain a very conservative approach during this phase of our negotiations. Drawing from my Wall Street experience, I counseled slowing down the process and extending discussions into the evening; I believed we maintained a stronger bargaining position by dragging negotiations late into the night. If the parties remained onsite and we engaged in good faith but at a snail’s pace, I was convinced that we could wear the AEA down and get a compensation agreement on terms more favorable to the district. My final remark to the leadership team that this organizational mindset set the tone for the outcomes we would receive in these negotiations. We needed to maintain a positive—and banish any negative—outlook.

I am not quite sure why the parties selected Rangeview High School to be the site for negotiating compensation, but I felt a wave of hostility as I walked into the conference room. Our respective parties sat opposite each another and the public
audience section was filled with five BOE members and a large contingent of AEA members sporting the white badges with a large red “R” that I mentioned earlier. Yes, it was clear that they were bargaining to “Recruit, Respect, Reward, and Retain effective educators for every student.” The session began promptly at 8:30 am. Given the large number of teachers and administrators present and a continuous movement of people entering and leaving the room, the facilitator asked the public audience to review the “Statement to Audience” handout. The facilitator reminded the parties that this session would address previously unresolved work-related issues as well as compensation.

On Tuesday, May 12th, the AEA had presented a draft agenda for the district’s consideration. The AEA believed that all matters could be concluded by 5:30 pm. Our chief negotiator suggested that we start the meeting with financial presentations. He also notified the AEA that the district had no interest in revising Article 13 as it related to Specialists. The AEA opened and reviewed its prior presentation made to the district on 17th. I then reviewed the proposed budget presented to the BOE on May 5th. During my presentation, one of the AEA’s members accused the district of hiding money and not being transparent in its good faith dealings with the AEA. Her outburst centered on a prior grievance settlement for which she believed the district had manipulated the projected and actual costs, and thereby “saved” an additional $317,000. Having no knowledge of this prior settlement and wanting to establish positional superiority, I took umbrage and admonished her for impugning the DOF’s and my professional reputation. Looking straight out into the public audience, I assured her that we took our responsibility in stewarding taxpayers’ funds very seriously and that we did not engage in
financial chicanery. I was relieved when the AEA’s president apologized for the outburst and blamed it on the high emotions around compensation. I accepted the apology and presented the district’s opening compensation offer recommended by the CPO and deputy superintendent.

I am not quite sure what happened next, but when I announced the district’s opening offer of a GSI of 3%, my team became aghast and the AEA’s side came alive. I used the term GSI to convey a 3% salary increase applied across the entire salary schedule. I was not aware that historically the AEA associated the term GSI as separate from but also including steps and lanes. To the AEA, steps and lanes were an annual entitlement and not separate items to be negotiated. For my fellow team members, each of whom (except my controller) came from the teaching ranks, GSI was detached from steps and lanes, and all elements of compensation were to be negotiated. When I later searched “GSI” in the Master Agreement, I did not find any language that supported the AEA’s construct. In fact, the district’s internal compensation models clearly incorporated the distinction between GSI, and steps and lanes. Realizing that I may have made a gaffe, I apologized and switched to very plain English as I restated the district’s offer of a 3% salary increase only, no steps and no lanes. According to our compensation models, a 3% GSI (without steps or lanes) would cost the district $6.7 million, which for at least the first year was equal to a 1% GSI plus steps and lanes. It dawned on me that I had no idea of the impact of a straight GSI versus a GSI plus steps and lanes over time. Shockingly, the DOF never developed a long-term (five-year) forecasting model, primarily because HR retained ownership of the data and ran its own compensation model that was not
shared with the DOF. I failed to address this prior to negotiations, but I vowed to develop such a model for the district’s future use. The district blindly kept drawing down our beginning fund balances that were miraculously renewed each year when the budgeted-to-actual salary variances were realized. I would learn about our not having a five-year model much later in the evening.

Trying to recover from my blunder, I failed to hear the facilitator’s suggestion that the parties retreat into caucus to try to accelerate the work. At around 10:30 am, both sides agreed to retire from the public spotlight. Our side had no intention of returning to joint negotiations unless and until an impasse was acknowledged. It was stupid of us not to notice that holding negotiations on compensation at a large comprehensive high school was not the best venue for cool and calm engagement. There were just too many white buttons with large red R’s in the room.

Once ensconced from the public’s view, the senior members of the district’s negotiations team engaged in another round of shuttle diplomacy with their AEA counterparts. For this final negotiating session, I invited my controller, the former CFO, to join me in these proceedings. Lambert was very familiar with the district’s compensation model maintained by HR. I had found the compensation model poorly constructed, as it did not accommodate an assumption table so that what-if scenarios could be quickly evaluated. Percentage increments outside the compensation model’s 0.5% increase required manual calculation. I had repeatedly asked HR to provide access to its compensation model so that we could modify it to accommodate our real-time needs during negotiations. Unfortunately, like my Budget department, HR was also
critically short staffed and had only one functional analyst. Compounding the lack of ERP integration, the HR functional analyst was extremely protective of the division’s data. Data sharing between HR and the DOF often required the CPO’s intervention.

While in caucus, we tackled work-related issues first. The district was keen to extend the Article 13 MOU, which was to sunset on June 30, 2015. The MOU allowed traditional schools (versus pilot and innovation schools) to obtain relief from certain provisions of the Master Agreement such as extended school hours and non-standard student-contact times. It was in the interests of both parties to extend the MOU, which acted, in Wall Street terminology, as a “safe harbor” to pilot different innovation concepts. Because the AEA wished to establish a work group charged with researching and exploring the current needs of middle schools as well as class size throughout APS through an MOU, the parties reached consensus on extending this article. Article 13 MOU was extended to the end of the current contract (June 2020).

Two other work-related issues impacted compensation. First, Exceptional Student Services (ESS) teachers sought more realistic caseload assignments and improved scheduling to ensure that they met students’ needs and legal requirements related to IEP reporting. The district committed to having ESS professionals train all paraprofessionals placed in center-based programs. In addition, HR agreed to identify substitute teachers who were qualified to meet students’ needs when ESS providers were absent. Using Article 13’s MOU, the district also agreed to offer ESS providers up to two days of additional compensation at per diem ($385) in order to complete legally required paperwork. In addition to this recognized need (10% of the district’s students were
designated ESS), the per-diem payment created much goodwill with our ESS professionals at an estimated cost of $670,000.

The other items that would increase expenditures related to Appendix C Extra Pay for Extra Duty rates were staffing-chair and department-chair rates. The district agreed to an across-the-board increase of 10%. This increase was estimated not to exceed $140,000. Again, these increases garnered goodwill at our school sites. The district held off on agreeing to these two work-related items while we waited for a counteroffer on compensation from the AEA.

Our CPO and deputy superintendent were the main negotiators during this session’s caucus. I recall the CPO sending and receiving text communications from our superintendent. Using a football metaphor, as a general rule, the rest of our negotiations team remained on the “sidelines” like special teams’ units ready to enter (and exit) the playing field when directed to do so. The rest of us spent much of the time editing the AEA’s suggested language changes or crafting alternative language. During one prolonged break, our CAO sketched a diagram on the white board that “explained” the district’s Differentiated Support Structure, or “DSS” (http://equityinlearning.aurorak12.org/dss/).

To many in the district, myself included, DSS was regarded as a black-box process controlled by the CAO and the superintendent. Whereas the superintendent was convinced that site leaders had a transparent view into the DSS, from my site visits and discussions with principals, I knew that most site leaders found the process inscrutable and unpredictable. Because internal-grant applicants were evaluated solely by the
Division of Equity and Learning and then reviewed by the superintendent, principals mistrusted the process’s insular design. In an attempt to shake up the mid-afternoon monotony associated with shuttle diplomacy and nitpicky wordsmithing, and poking fun at our superintendent’s tendency to explain things in football’s X’s and O’s, our CAO presented DSS accordingly:

*Illustration 13: DSS “football” “X’s” and “O’s”*

Around 3:30 pm, the deputy superintendent informed us of the AEA’s compensation counteroffer of 3% GSI, steps, and lanes (totaling a 6% increase); and the recovery of the 2011–12 lost step. There was heated discussion amongst the team related to the AEA’s actual expectations. As the CFO and through my Wall Street lens, I tried to use the “bid” and “offer” construct equity traders’ employ in assessing what price to pay or at what price to sell that will result in a transaction. I noted that we had presented, in the form of a sole 3% GSI increase, a near equivalent of a 1% GSI plus steps and lanes. I suggested we give the AEA a little more, up to a 1.5% GSI plus steps and lanes. I advocated that we take a “braking” approach to GSI increases whereby we became more discrete in our bidding strategy using increments of 0.25% until we reached the 1.5% mark. I believed that the district could support an overall increase of $7.75 million
without courting financial jeopardy should our 2016–17 projected funded-pupil enrollment and at-risk students not materialize. By slowing down the process in this way, we would discover a more exact price point acceptable to all parties that would “clear the market” by resulting in a transaction. The process might take longer, which given the AEA’s expectation of completing our work by “around 5:30 pm,” could work to our advantage if we could get the AEA to stay longer. I believed that the longer into the night we went, the more fatigue would play a factor in the district’s favor.

Then the unexpected happen. In another round of shuttle diplomacy related to language around ESS providers, the deputy superintendent said the AEA president indicated that a compensation offer of a GSI increase of 2.5% plus steps and lanes would receive “serious consideration” by the AEA team. The deputy superintendent, supported by the CPO, suggested offering a GSI of 2% as well as steps and lanes. I argued vociferously against this approach, noting that our more affluent, adjacent sister school districts could afford pegging their annual salary increases to the CPI (2.8%), but that we could not. As with the Oakland A’s, a small market Major League Baseball team with limited resources depicted in the best-selling book *Moneyball* (Lewis, 2004), our district needed to acknowledge the “raw disparities” (p. xii) among adjacent school districts and focus more on how we spent our money rather than on how much. Unfortunately, I suspected that our two senior leaders were susceptible to “deal heat.” In Wall Street vernacular, deal heat is an offshoot of groupthink (Janis, 1972; Cain, 2012) and it describes the pressure that one party feels around closing a deal such that it blindly offers terms substantially above market.
Sensing that the AEA’s acceptance of compensation terms might be close, the deputy superintendent and the CPO agreed to present a 100% increase from our opening offer— a 2% GSI plus steps and lanes. I suggested to my controller that we go outside to get some fresh air. Why would our chief negotiator so quickly endorse a response that increased our financial commitment from $6.62 million to $10.77 million? My controller, who had spent the last six months onboarding and mentoring me, led me outside so that I could vent in private. As we walked around the high school’s perimeter, the controller used gallows humor to rebalance me emotionally and physically. Referring to a Salomon Brothers trading term I occasionally invoked to describe a situation moving in a very bad direction, my controller exclaimed, “Well, I guess we are ‘going tapioca’ on this one!” Refreshed, we ventured back inside to our caucus room.

As we moved toward agreeing upon common language for what the district construed as “differentiated” pay for ESS professionals, a MOU extension, and an increase in Extra Duty Pay, the AEA team remained silent regarding our 2% GSI offer. The discussion turned toward dinner. Like competitive athletes, we opted for high-carb Italian. Someone joked about our superintendent’s picking up and delivering our pizzas. At no time during or between any of our six negotiations sessions did the superintendent check in with us as a team. It seemed as though communications followed a top-down command-and-control structure from superintendent to CPO.

At around 7:00 pm, the AEA president and her CEA representative asked to meet with the CPO and the deputy superintendent. I asked my controller to access the compensation model located on the district’s secure network. I saw consternation on her
face as she informed me that the district’s network was down. Fortunately, I had saved
the most recent version of our compensation model on my laptop. Given the model’s
construction, the calculation of steps and lanes required HR input. HR’s functional
analyst had left for the day, as had the DOF’s functional analyst. We could do a manual
calculation of a salary increase based on our current employees and projected 2015–16
TEs, but we could not, with confidence, extrapolate steps and lanes. The financial impact
of these hidden accelerators was not linear. So as not to alarm the other non-financial
members of the district’s negotiations team, I announced that my controller and I were
retiring to a smaller conference room to work on our financial modeling. If we needed to
do our calculations manually, I wanted our conversations to be taking place somewhere
where we could quietly and privately check our arithmetic.

As we were getting ready to leave, the CPO and deputy superintendent returned.
In caucus mode, the AEA’s leadership countered with a GSI of 2.25%, to the district’s
2%, plus steps and lanes. I asked the CPO to contact the superintendent while my
controller and I worked on the financial model to ascertain the expense to the district.
Once again, I relied on the experience and knowledge of my controller. Like a master
teacher, she confidently and competently mapped out the calculation for salaries on a
white board. We then approximated the financial impact of steps and lanes. We estimated
a total first-year cost to the district of approximately $12.25 million. As we went about
rechecking our calculations, I asked the deputy superintendent to independently calculate
the cost of a 2.25% GSI plus steps and lanes. I also checked in with our CPO, who
informed me that our superintendent was at a public event and could not be reached for
another hour. Seeing that our Italian food had arrived, I took a platter back into the small conference room so that my controller and I could enjoy our meal in private as we rechecked our financial calculations.

I knew that this would be my controller’s last salary negotiation given her planned retirement in February 2016, and I had insisted that she attend this final session. She was concerned that her presence would detract from my emerging stature as “the CFO.” I assured her that having two CFOs in the room would be in the best interests of the district. To get her to agree, I shamelessly appealed to her sense of service so that I had a failsafe should chaos occur. In this shared sacred moment, I expressed my gratitude to her, especially for her unselfish service to the DOF and for mentoring me. Our moment was tearful and eternal. Thankfully, I had the courage to let it happen.

Confident that our financial estimates were accurate, we rejoined the rest of the district’s negotiating team. The deputy superintendent estimated the cost to the district to be between $11.5 million to $12 million. This triangulation increased our confidence that $12.5 million was a reliable estimate. As we waited for the superintendent to affirm our making this offer on behalf of the district, I asked my controller if either HR or the DOF had a long-term forecasting model to quantify the interrelationship among GSI, steps, and lanes. We seemed to be relying on the district’s rule of thumb that a step and a lane were the equivalent of another 3% increase in salary. She turned to me with a big grin and noted that this would be an ideal project for the DOF after these negotiations were concluded.
Anticlimactically, around 9:30 pm, the superintendent approved increasing the GSI to 2.25%, and included steps and lanes. We broke from caucus and resumed joint negotiations shortly thereafter. Now in a room with fewer people sporting red R’s, our facilitator reviewed to what the parties were agreeing. After each side’s chief negotiator affirmed acceptance, the teams shook hands, relieved that agreement had been reached on all the issues. The superintendent’s letter to the BOE on May 14, 2015 (Appendix VIII) recapped the average compensation increase, which included the district’s contributions to the state’s pension plan, of 6.25%. Important, the superintendent emphasized that “this increase [allowed] APS to maintain its compensation standing in the metro school district market.” My controller said she would oversee the necessary changes within payroll to operationalize the revisions made to the Master Agreement after ratification by the BOE and AEA’s membership.

On the drive home, I tried to focus on our team’s success in reaching agreement on all the negotiation issues rather than on my nagging feeling that we had given up too quickly on our 1% GSI increase. Should our students’ growth and at-risk assumptions not materialize, the district risked a worst-case revenue shortfall of approximately $6 to $8 million. Regrettably, this feeling would became our reality in 2015–16 when the district experienced flat student growth for the first time since the Great Recession.
Findings on the Strange Kabuki Dance of Master Agreement Negotiations

Negotiating is a highly complex process, even more so when it impacts individuals’ workplaces and future compensation. As this case study shows, teacher negotiations have a shape, ebb, and flow that involve separate, but intertwining, CASs. Making sense of the process; uncovering the relationships and tools necessary to successfully and responsibly execute do the work; and cultivating mutual trust, safety and respect amongst parties dependent on one another to succeed are exhausting but professionally satisfying tasks. Entry planning helped me uncover a treasure trove of useful historical data. Prior years’ negotiations “binders,” climate surveys, anecdotal stories, and their insights accelerated my onboarding process. Whereas the Chart of Accounts, CAFRs, adopted budgets, and state-law manuals provided essential factual information, people—the parties to the negotiations, other CFOs, educational reporters, policy reformers, think-tank professionals, legislators, and lobbyists—breathed life and new understanding into those documents written words. Taken together, these two different kinds of data sources gave me a more nuanced contextual understanding of the proceedings and of what would be expected of me in my role as CFO.

I mapped the more significant intertwining calendar events and dates as well as individual relationships and data sources (Appendix VII), which enabled me to better understand event impact. What stands out is the importance of legislative activity and my attempts to convey the meaning of that activity to the BOE and the educational community during the negotiations cycle.
My first year of experience in teacher collective bargaining did not support the findings suggested by McDonnell and Pascal (1979; 1988) that “teacher organizations first bargain over and obtain increases in salary and fringe benefits; they then move on to working conditions and job security, and only lastly, to issues of education policy” (1979,
Rather, I found that collective bargaining is captive to the state’s budgeting process. A school district has no choice but to wait until funding appropriations are known before it can prudently address, as stewards of taxpayers’ monies, the union’s salary and benefits demands. In CAS terms, the legislative calendar imposes binding constraints on salary negotiations that neither the district nor union members can accelerate.

Outside compensation, issues around the workplace still take precedence. Student-contact time versus teacher-planning time was a constant point of friction. Professional development—usually categorized as teacher led versus site-based leader led—was another area of contention. The teachers’ negotiators struggled to preserve the paternalistic elements of work rules and steps/lanes-based pay schedules while simultaneously arguing for the 21st-century necessities of flexibility, autonomy, and accountability (Ingersoll, 2003) demanded by an altruistic profession charged with educating children. Hence, the joint recognition of the importance of Article 13’s MOU as a temporary fix to find a way forward while preserving the Master Agreement in its current form.

The Master Agreement emerged as the most important document. As a negotiated instrument of commerce, the CBA is a contract that embodies good faith and mutuality. Its terms matter because the words therein define the limits of administrative authority. Because the Master Agreement tries to influence the CAS through its work-related controls and consents, the document itself needs to be continually studied. The Master Agreement is not just a physical document. There are emotions embedded in the words.
Because the parties have to go home together (Gustafson, 2016), I found it useful to climb up to the metaphorical balcony to better understand the nature of the long-standing relationship between teacher and administrator. As Brooks (2015) emphasizes, emotions significantly impact the climate and substance of negotiations. “In negotiations that are less transactional and involve parties in long-term relationships, understanding the role of emotions is even more important than it is in transactional deal making” (Brooks, 2015, p. 58). Although the logic behind moving the December payroll was unassailable, the fear of loss associated with giving something up and doing so without a commensurate gain elsewhere was an impediment. Shifting my perspective allowed me to see the other side’s need for space and time to consider and agree to this change. Shifting and braking gave me the patience to let things sit in the “parking lot” until the issue was ripe enough to be addressed by the AEA.

During our private caucus sessions, in our discussions I tried to link to money, time, and resources deployed to student outcomes. As Hill (2008) reminds us, spending decisions within school districts are customarily done by separate divisional entities that are responsible for certain functions (e.g. teacher hiring, instructional materials, professional development, and technology systems) without consideration of allocating capital to maximize overall school performance. Hoxby (1996) suggests that teachers use collective bargaining as a way to maximize two very different production functions. In one, the teacher shares the same objectives as parents, increasing student achievement and students’ civic participation. Because they have superior information related to
students’ educational needs or a superior ability to optimize inputs, teachers are viewed as “efficiency enhancing” (Hoxby, 1996, p. 676).

Their other production function is “rent-seeking” (Hoxby, 1996, p. 676). In this case, teachers’ unions seek inputs that do not maximize students’ outcomes. Under this function, teachers hope to secure market-exceeding salaries (that are increased based on longevity rather than productivity), increase union representation, decrease class size (raising spending), and adhere to a model of “wage compression” (Coulson, 2010, pp. 161–2) as manifested in tight bands around salary ranges, steps, and lanes. Applying this model in a monopolistic or quasi-monopolistic market (which is the case with a school district) increases expenses and decreases productivity.

During negotiations I found my own colleagues (all former teachers) usually arguing that the AEA was a rent-seeking organization disconnected from its rank-and-file members. My own experience was similar to that described by Hess and Kelly (2010)

Teachers unions exist neither to defend children nor to plunder the public treasury. Rather, they are commercial entities created to serve the needs of members, who seek (among other things) job security and compensation. Member demands sometimes coincide with those of students but may also conflict with the interests of students, parents, taxpayers, and district leaders. It is vital to keep that inevitable tension in mind when examining the world of teacher collective bargaining. (p. 54)

A final word about the Master Agreement. Our document seems to impose a structural dynamic similar to an iron cage (DiMaggio & Powell, 1983). The organizational code, supported by all parties to the document (administrators, teachers, the BOE, and the AEA), embraces the Master Agreement as a given construct. For the most part, the negotiated changes to it are technical in nature and by definition
exploitative. One wonders if the parties who are both so vested in and imprisoned by this construct can imagine a contractual relationship in which teachers and administrators redefine their professional relationships based on the 21st-century needs of students and engage in the exploration necessary to transform it. Certainly, the MOU recognizes the tension between the AEA’s need for uniform terms and conditions for its members, and the individual school’s need to give administrators and teachers the degrees of freedom to substantively have an impact given their learning community’s unique characteristics. Perhaps if the parties could acknowledge their iron cage, this recognition could open a seam of opportunity for the parties to create a different professional and relational construct.

As noted earlier, I was informed that I was part of the negotiations team via email. The two sentences in my technical job description related to negotiating conveyed little more than that I was expected to keep employee groups informed, ensure that settlements were affordable, and be a member of the negotiations team. The district’s strategy was one of defense. We did not brainstorm any new initiatives. I was not invited to and did not attend any strategy meetings. We were far from a coordinated team. Our interactions reflected the top-down organizational structure of the district. Our CPO regulated all activity, which as a rookie member of the team I found anxiety reducing. Upon completing the negotiations, we did not meet as team and review our collective and individual experiences. In addition to recommending a “CBA postmortem,” I suggested that we extend our strategic thinking out for the next five years to coincide with the Master Agreement’s ending date of June 2020. My superintendent encouraged me to
concentrate on my own sphere of operational concern and focus on “hitting singles.” Without the support of the superintendent, who positioned me more in the responder’s role during negotiations, I was unable to shift our team’s defensive approach to strategic.

Outside the issue of compensation, I was relieved to be a more junior member of the team as it afforded me a quieter observational perch from which to learn. Being a new entrant had privileges. The AEA saw me as “someone new [who held] the potential for new action and new results” (Jentz & Wofford, 2012, p. 9). At all times throughout the proceedings, I behaved authentically, demonstrating that I was open to communication and excited by the possibilities of our joint mission. I projected a desire to build a strong partnership based on respect and civil disagreement, and the AEA’s “heartfelt gift of the removal of the early December paydate from our contract” confirmed that I achieved that goal. The card, with its message of mutuality, is prominently displayed in my office.

Through authenticity comes relational trust.

I had the analytical and informational advantage. As the CFO, I had access to sophisticated financial models and a network of experienced fellow CFOs that gave me an informational edge in our compensation negotiations. The district’s legislative lobbyist (as well as professional financial organizations) ensured that I was well informed regarding potential bills that might adversely impact the district’s funding. Our investment bankers provided insights regarding property valuations and mill-levy impacts. I knew the compensation sensitivity of adjacent districts and the general status of their collective bargaining efforts. Whereas the AEA had access to the current budget and audited financials for the current year, I had forecasting models through which I
determined the impact of various inputs. To the public, I presented conservative
projections and built budgets from those projections. For the superintendent, I ran “likely
scenario” models, which if our assumptions held (which would not be known until the
district’s October student count), would adequately fund strategic and instructional
initiatives. I also had a team of budget and accounting professionals with more than 75
years of collective financial experience who could engage in “what if” modeling with
deep insight and dexterity. I could even make our projected surpluses disappear by
shifting revenues into existing line items that later could be reallocated during a mid-year
modification process to produce a balanced re-adopted budget. As the financial and
budgetary expert, I felt I had better knowledge of, access to, and command of sources and
uses of funds than anyone at the table.

As a process, I genuinely found negotiations to be tedious. Except for the final
negotiations session held in the high school, the public’s engagement granted under
Proposition 104 turned out to be a non-event. Much of our discussions devolved into a
ping-pong dynamic around workplace rules such as evaluations, testing, assignment,
minutes of student contact, and class size. From the perspective of a strategic CFO, this
dynamic prevented the parties from tackling issues related to the highest and best uses of
resources, particularly money. A more serious impediment to changing the negotiations
dynamic was the district’s lack of data systems’ integration between HR and the DOF.
APS had never implemented its Oracle-based HR models during its ERP integration in
the mid-1990s. This prevented the district from having a real-time Position Control
System. Our payroll was also siloed. Lacking an integrated management-technology
platform, we conducted most analysis by downloading data into Excel spreadsheets. Each separate download risked importing information that could be corrupted by the end-user. Because addressing the problem would be both costly and time consuming, the district had repeatedly de-prioritized evaluating and improving the HR-DOF management-technology infrastructure. In addition, our accounting categories were too broad, focused on site location rather than job-position hierarchy, not offering the data granularity necessary to better spend money that supports “innovation, [the spreading] of good ideas, and [the replacing] of less effective practices with more effective ones” (Hill, 2008, p. 247).

Although negotiations ended, implementing modifications to the Master Agreement remained. While the superintendent communicated to the BOE and the larger educational community, I worked closely with my DOF leadership team, HR, and Information Technology to ensure that our systems incorporated the Master Agreement’s financial changes. Whereas I was under the impression that the 2.25% GSI, steps, and lanes applied to licensed employees (including teachers) and our classified employees, I was surprised to learn in late July 2015 that as an Administrative and Professional/Technical (“APT”) Employee, I (as well as the superintendent and others on his leadership team) was eligible for this increase. As an APT, my total salary increase included a 2.25% GSI and a step increase (employees below the range midpoint progressed toward midpoint, and those at or above midpoint received a performance-based increase tied to annual compensation). For 2015–16, my total increase was 5.15%. I was surprised to find this out almost two months after negotiations had concluded. Soon
thereafter, I hired a dedicated strategic data analyst as a direct report whose first project was to create a DOF model that captured the full impact of the new compensation structure on the district’s budget.

I relied on my veteran payroll manager to develop a timeline for implementing the December payroll change and an informational campaign to educate our employees. I threw a pizza party to acknowledge that I recognized the impact and inconvenience of this new end-of-month December date on our payroll professionals. Lastly, reviving a custom from my salesman’s days on Wall Street, I sent handwritten notes to the members of both negotiations teams, thanking them for the experience and acknowledging that our relationship was ongoing and evolving.
Case Study Two: Brahmins in the Kitchen

*Brahmin:* 1. a member of the highest Hindu caste, that of the priesthood; 2. an educated person who belongs to a high social class *(Merriam-Webster Dictionary, 2015)*

On September 22, 2014, I shadowed Matt Stanski, CFO of the School District of Philadelphia. Serving 128 thousand students in traditional schools and 62 thousand students attending charter schools, while much larger than APS, this K-12 urban district had similar demographics. The first half of our day was devoted to his scheduled calendar of community-engagement, departmental, and one-on-one meetings. Stanski emphasized that the CFO must develop trusting relationships with the COO, chief HR officer, and CAO. The major takeaways from our morning session were (1) if the CFO and the COO trust and respect one another, much can get done; and (2) a school is in the “people business,” and the CFO needs to support initiatives that improve the hiring, professional development, and retention of employees.

I also joined Stanski at his weekly staff meeting, which was attended by the deputy CFO (a former Harvard Strategic Data Project partner who had worked under the deputy superintendent), controller, budget director, and title and grants funds manager. The purpose of these weekly staff meetings was to cross-fertilize ideas, keep the finance leadership team informed, and provide a venue for discussing actions and resources that could help people do their jobs better. Stanski also held weekly one-on-one meetings with his direct reports and monthly meetings with Debt Manager, Treasury, Payroll, Risk Management, and Special Finance departments that included Medicare, Medicaid, and Special Education-based child accounting. In this staff meeting, Stanski’s controller
informed me that in the nine years she had been in her position, she had worked under four different CFOs. This CFO turnover rate was similar in the district I would be joining.

In our afternoon one-on-one session, Stanski shared his experiences around entry. Formerly a CPA working within an urban district overseen by a supra School Reform Commission, Stanski urged me to make certain that my controller and budget director were capable and experienced. He advised me not to make any structural or other major changes during my first 30 days. Stanski emphasized the need to learn about the organization at the division and district levels. He stressed the need to build relationships but to be circumspect regarding the board and board politics. “The CFO should remain impartial and avoid the fray,” he noted. Lastly, he pulled out a copy of APS’s organizational chart, focusing on the DOF. He drew a big circle around the Nutrition Services Department (NSD). His parting words to me were, “David, do yourself a favor and get rid of Nutrition Services. Not sure why that reports into Finance, but it would be better to hand it off to your COO. One less headache.”

On Tuesday, October 28, 2014, I met the diminutive but resolute NSD director Mona Martinez in my offices to conduct our entry interview. I had reserved approximately 90 minutes to review with her the entry-planning questions (Appendix I) I had distributed upon my joining the district. My intention here was to engage in collaborative inquiry to help me establish a strategic direction and goals for departmental, divisional, and district improvement. Because an entry plan’s outcome is only as good as the information received, I emphasized that in order to engender trust and elicit candor,
our interview would be confidential. For the purposes of this case study, Martinez agreed to let me paraphrase and quote from our interview, which I recorded using the Rev software application and later transcribed.

The interview questions were designed to extract personal and career, operational and functional, and significant relationship information. I also offered each direct report the option to prepare a PowerPoint presentation as a way to respond to the interview questions if he or she felt more comfortable doing so. Martinez began with her PowerPoint presentation, which she remarked had made her focus and think about her key issues in a formal way. This made me see firsthand the reciprocal nature of the entry conversation. Entry catalyzes organizational learning, as participants become aware of their own (and other people’s) thinking. As Jentz (private email, February 2016) underscored, “With awareness comes questioning, reconsidering, and perhaps change.” Martinez’s presentation started with her own entry into food services, her career progression, and her impact on the district’s food services operations. She assumed I was unfamiliar with the daily operations of NSD.

A CFO’s Necessary Historical Document Review

Prior to my conversation with Martinez, I reviewed the relevant sections pertaining to the Nutrition Services Fund found in our 2014–15 Adopted Budget Book. According to the description of the fund,

The nutrition services staff is responsible for the operation of the school lunch and breakfast programs, serving nutritious meals to district students and adults. Staff operate the summer feeding program, the after school snack program and offer nutrition education and in-service programs to its employees. The staff is responsible for hiring and training all employees. (p. 400)
The staff engaged in the following activities for the district:

- Processed all free- and reduced-meal applications
- Prepared federal reimbursement claims, operating reports, and annual budget
- Prepared and administered all bids for food, supplies, and equipment
- Handled and distributed food commodities to the school-breakfast and school-lunch programs (in coordination with Warehouse professionals)

I also reviewed information related to food-services operations on the CDE website. The CDE devoted an entire section of its website to the management of Nutrition Services (http://www.cde.state.co.us/nutrition/nutritionfinancial). The site had a very comprehensible “Questions, Answers, and Changes, Updated September 2014” section explaining the state’s reclassifying Nutrition Services’ Operations from an Enterprise Fund to a Special Revenue Fund beginning in the 2014–15 fiscal year (http://www.cde.state.co.us/nutrition/osnfinancialfoodservicefundchangesqa). This reclassification to a Special Revenue Fund was driven by the need to avoid the implications of Government Accounting Standard Board (GASB) 67 and 68, which required allocating a portion of the district’s unfunded pension liabilities to an Enterprise Fund. Reclassifying NSD into a Special Revenue Fund of the district’s General Fund involved considering state-board rules and state statutes, Office of Management and Budget Circular A-87, the new OMNI Circular, and GASB particulars. The district’s outside auditors assisted in this conversion process, painstakingly detailing the accounting changes in the district’s 2014–15 CAFR.

Unlike other school-district departments, while an Enterprise Fund, NSD’s expenditures and revenues were not commingled with the district’s General Fund. Essentially, NSD operated like a private and separate business in that its revenues were
expected to meet or exceed its expenditures. The department operated under the
guidelines set forth by the USDA (particularly its reimbursement rates) and promulgated
in its National School Lunch and School Breakfast Programs.
separate fund designed to break even or generate a slight profit, NSD oversaw
commodity food items donated by the USDA to its School Lunch Program; inventory
consisting of purchased food, supplies, small equipment, and cleaning items; capital-
equipment replacement; salary and benefits costs; and federal reimbursements. I took
note that salary and benefits constituted approximately 41% of its total expenditures. The
school district determined the department’s contract structure, salary increases, and
benefit packages. During the 2014–15 academic year, average lunch reimbursement rates
were $1.95 for an elementary-school student, $2.45 for a secondary-school student, and
$3.45 for adults such as teachers, parents, and visitors.

In the 2014–15 budget year, NSD’s projected operating revenue was $18.8
million. Including its beginning fund balance of $4 million, NSD’s total projected
revenue was $22.8 million, an 8% increase from 2013–14 ($21.1 million). Projected
expenses for 2014–15 totaled $19.1 million (compared to $17.8 million the previous
year). Salaries ($6.3 million) were 33% of expenses; employee benefits ($1.8 million)
accounted for 9.4% of expenses. On a percentage basis, these amounts were within 1% of
the previous year’s expenditures. The Nutrition Services Fund’s ending balance,
essentially its unassigned operating reserves, totaled $3.7 million, or about 19.5% of expenditures. Clearly, the budget numbers suggested that Martinez ran a very tight ship.

**Mona Martinez, RD**

A native of Colorado and proud Latina, Martinez received a BS in Food Science and Human Nutrition and a minor in Restaurant Management from Colorado State University (CSU) in 1985. She completed a three-year internship with an adjacent school district in food services that emphasized community-scale management and institutional food preparation. She became a registered dietician in 1991. Martinez’s first slide was titled and bolded: **EDUCATION**. Her overriding message was that she had achieved a high level within her profession, bolstered by her technical and professional training. She was college educated, clinically trained, and professionally licensed.

In our entry conversation, Martinez shared with me that during her internship while at CSU she became very interested in cooking from scratch. This influenced her career approach. In her own words,

[At my internship district] I grasped how school food services operated. We were cooking from scratch, doing catering. I learned all the ins and outs and how do to every position. After I graduated from CSU, I went to work for the CDE in the Nutrition Services Department as a consultant. There I learned all the regulations. (Martinez, entry interview, p. 3, ll. 47–51)

While at the CDE, Martinez developed an expertise in the school-breakfast program, the residential-childcare initiative, training, and technical assistance to school districts struggling with their nutrition departments. After graduating from CSU, she spent six years with the CDE gaining an insider’s knowledge on the state’s approach to oversight and assistance. From 1996 through January 2004, Martinez served as the
nutrition services supervisor in the Brighton School District, where enrollment grew from about four thousand to more than ten thousand students. There she designed 12 kitchens and helped develop a purchasing cooperative with 10 other school districts. Describing her experience there, she noted,

I loved the job. I loved the people. It was growing, but I was getting bored. The only place for me to advance with my particular degree was to move on to a larger district. I moved on to Greeley, even though my commute was extended to an hour each way. There I was not only the director of Nutrition Services, but I also oversaw the print services, mailroom, the warehouse, and purchasing. … Would I love to be [supervising] the warehouse now? Yes. (Martinez, entry interview, p. 3, ll. 67–83)

Martinez’s last utterance triggered a eureka moment that gave me more insight into the tension I had discerned between her and our 28-year APS veteran who ran Warehouse, Purchasing, and Print Services in my new weekly staff-leadership meetings. I had two very passionate professionals, each of whom relied on the other to execute their job responsibilities, vulnerable to one another’s criticism. As highly performing managers, their ability to work together was important for my having a smooth entry. I relied on these two managers to inform me of their respective business operations. I could not afford to have them performing less well due to interpersonal issues. I chose to employ humor and commitment to purpose as my two primary tools in managing their “love-bird spats.” I refused to play the blame game, which eventually became one of our DOF leadership team’s group norms.

Martinez joined APS in July 2009 as NSD director. In addition to being responsible for our more than 350 kitchen employees, Martinez has five direct reports: a culinary chef-coordinator for menu development, three production managers, and one
bakery manager. Her unified job description of “providing training, coaching, materials, and resources to the nutrition services employees to aid them in providing high-quality nutritious meals and excellent customer service to our customers” does not adequately capture the scope and scale of her overall management responsibilities. The NSD provided and/or oversaw the following:

- 16 thousand breakfasts daily
- 22 thousand lunches daily
- Meal service to seven of the district’s charter schools
- Breakfast After the Bell (“BAB”) at 32 school sites
- Universal (100% free) meals in four schools via the USDA’s Community-Eligibility Program (“CEP”) (first district in the state to launch a CEP)
- Farm-to-Fresh Initiative
- EPA-Approved Food-Waste-Reduction Program (http://aurorak12.org/2016/01/15/awcpa-students-help-donate-more-than-34000-servings-of-food-2/)
- After-School Snack Programs in 19 schools
- Summer Meal Program
- State’s only K-12 full-service bakery operation

Soon into our entry conversation, I realized that Martinez was the equivalent of a master teacher or master principal in her field. The district was reaping the benefits of her knowledge-of-practice as she helped students shape successful futures one meal at a time. Driven by her zeal for providing high-quality fresh food, Martinez transformed the NSD from being a distributor of prepared and pre-packaged foods into a creator and provider of “from or near scratch” meals. Capitalizing on her bakery manager’s experience and professional commitment, Martinez accelerated expenditures on the bakery’s capital equipment, which now supplies every school kitchen with freshly baked goods such as buns, rolls, and muffins. Thanks to Martinez and our bakery manager, Barb, APS had the only full-service school bakery in the state.
Commenting on the NSD recipes that must adhere to USDA’s nutritional standards developed without regard to how the food may actually taste, Martinez snapped, “Our lasagna doesn’t taste like Mom’s lasagna. But it is good and it is very nutritious” (Martinez, entry interview, ll. 710). Using a standardization model similar to Starbuck’s, Martinez provided each school kitchen standardized recipes and ingredient lists so that they could uniformly produce high-quality, tasty meals.

NSD had the additional challenge of addressing the food preferences of the district’s growing refugee student population. Recognizing the district’s growing refugee population from East African countries, the NSD’s culinary team developed meals that catered to these food preferences. As Martinez recounted,

We have dal, we’ve discovered that our refugees like cooked vegetables more so than they like raw vegetables. I actually had a dietetic intern who was from the Middle East and had her prepare some authentic recipes for us. We provide them at those high-refugee-population schools. … We do offer brown rice every day as well for them. I couldn’t in good conscience offer white rice. We try and meet the needs of our clientele. (Martinez, entry interview, ll. 729–40)

It was clear from our conversations that Martinez had a “calling.” She repeatedly stated that it was the NSD’s responsibility to feed the district’s students by providing nutritional food choices, preferably throughout the calendar year. The majority of the district’s student population faced food insecurity. Our students were not always sure from where or when their next meal would come. Over 70% of APS’s students qualified for free- and reduced-meal status. From her experience, current school-kitchen fieldwork, and community interactions, Martinez was convinced that many of our students would simply starve if the district did not have these programs. “We cannot hold these parents responsible. If they have $10 to spend for a meal, they are going to buy cheap white
bread, a package of bologna, and potato chips to feed their family. They feed their family, but the calories are empty” (Martinez, entry interview, ll. 682–4).

To ensure that the district did its utmost to alleviate food insecurity, Martinez required her kitchen coordinators to be inside school sites at least 50% of the time. These coordinators worked with our school-based kitchen managers and staff inside schools to improve meal preparation and plate presentation. Through these efforts, NSD delivered food service, including the check-out line, in a courteous and caring manner.

Running a large-scale food operation for which the federal government sets reimbursement pricing is a daunting challenge. Per the USDA (Ollinger, Ralston & Guthrie, 2011), federal reimbursement rates to school food authorities cover, on average, about 82% of the full cost of meal service, including delivery. According to Martinez, APS adjusts the meal costs for paying (unsubsidized) students to recoup this variance.

Further stressing this part of our CAS, the USDA recently mandated increased breakfast serving sizes for fruits and vegetables without a commensurate increase in reimbursement rates. According to the School Nutrition Association, in its “SNA Urges Congress to Ease Financial Pressure on Schools” (September 2014), these unfunded mandates related to increased portion sizes, additional servings of fruits and vegetables, new sodium restrictions, and whole-grain requirements caused local school districts to absorb $1.2 billion in additional food and labor costs in FY 2015 alone. In 2015, federal reimbursement rates increased six cents for lunch, but no additional funding was provided for breakfast. For the state’s BAB program, Colorado’s legislature imposed a lower 70% free-and-reduced-meal qualifying threshold, down from the current 80%
level. According to Martinez, APS’s break-even point for BAB was the 80% threshold; reducing the coverage threshold from 80% free-and-reduced to 70% would result in a loss of about $173,000 in paid-student revenue. Paid-student (no federal subsidies) reimbursement rates for breakfast were 30 cents versus a reimbursement rate of $1.36 for students eligible for reduced meals and $1.66 for students qualifying for free meals. Yet the per-student cost to produce the meal did not change.

BAB required eligible schools to provide breakfast to all students at no cost. Martinez believed that she could offset these incremental costs by reorganizing NSD’s management, streamlining reporting, and improving productivity. With the superintendent’s and my blessings, Martinez, together with other districts’ food-services directors, testified before the state legislature advocating that nutritional meals be provided on a “universal” (free) basis. Martinez and her colleagues also requested that increased funding accompany the legislature’s lowering of the 80% threshold to 70% to avoid shifting the financial burden onto already resource-constrained school districts. Unfortunately, the state legislature did not act on this request to provide a funded mandate and affirmed lowering the 80% threshold to 70% without any funding increase.

BAB created other problems that were unknown and unrecognized by reformers and politicians. These unintended outcomes emerged and became visible only after the BAB program was instituted during the 2013–14 budget year. As it turned out, classrooms were not designed to accommodate food consumption, and teachers were not the ideal food-service professionals who could maintain strict food-disposal procedures. In many instances, teachers would enlist their elementary students as “assistants” to
distribute and then improperly dispose food. Although welcomed as a way to deliver food to hungry children in the classroom without decreasing teacher-contact time, BAB became another unwelcomed teacher duty.

Another problem arose when teachers kept uneaten fruit and other snacks to give to students during club and extracurricular time, which attracted fruit flies and rodents. This overwhelmed our already-taxied custodial staff. The milk teachers held aside for students soon curdled, and disposing of it clogged disposal pipes. These unintended consequences increased the school’s operating costs.

Moreover, our cafeterias and kitchens were not designed to execute such an extension program, lacking sufficient preparation space, refrigeration, and kitchen storage. Improvising, kitchen staff packed large plastic thermal/cooler containers on wheels. Students would retrieve containers, roll them to the respective classrooms, and then bring them back to the cafeteria. The program’s logistical complexity could only be understood through observation, which like California’s mandated reduction in kindergarten classroom size detailed by Hanushek and Lindseth (2009), resulted in unimagined outcomes that could have been understood by policy makers only through having professionals in the field test it. In hindsight, there should have been a pilot program to test BAB before it was fully implemented statewide. Piloting within a CAS allows for emergence and may have resulted in policymakers more accurately identifying the costs related to logistics, food disposal, and staffing, especially the impact of providing affordable healthcare to more classified workers.
The financial viability of NSD was threatened by the potential impact of the Affordable Healthcare Act on our kitchen staff. Obamacare required APS to offer health coverage to any employee who worked 30 hours or more per week. During my site visits to our schools’ cafeterias, I learned that the majority of our kitchen staff enrolled in Medicaid rather than the district’s health plan for medical coverage. They just could not afford the monthly premiums for family care. Our kitchen staff were the working poor. They spent all of what they earned in income to pay for their daily living expenses. I began to think about how the district might use a mill-levy override designated for compensation increases for our classified employees. These brahmins in the kitchen, and their custodian and transport-driver cousins, deserved a sufficient wage to purchase, as well as have access to, affordable district-provided healthcare.

The HR department estimated that these employees’ eligibility for health benefits could run as high as $1 million in increased expenditures for the district. After discussing with the CPO the district’s potential financial exposure to increased healthcare costs through increased eligibility, I advised the superintendent of our need to reserve $500,000 for this contingency in the 2015–16 budget. This was the first request for a NSD support subsidy. By reserving this $500,000 for the NSD, I demonstrated to Martinez that the district was committed to ensuring the financial integrity of our nutrition services operations. I wanted to be responsive to her expressed need of having a leader “who is extremely supportive and understands the needs of our employees” (Martinez, entry interview, ll. 1086). With this reserve, we avoided instituting a second shift of employees to prevent kitchen staff from reaching a 30-hour workweek, the qualifying yardstick for
coverage under Obamacare. I was also able to deliver a meaningful win for this employee class (Weick, 1984; Gabarro, 1987; and Quinn & Meyerson, 2008), showing NSD’s leadership the value of my political and positional leadership.

In contrast to the district’s professional staff, who did not reside in the communities in which they taught, more than 85% of our NSD staff lived within the district. Their children attended our schools, and they understood the challenges and strengths of our community in a far different way than our teachers. Our classified employees were invested in their communities through their houses of worship, civic groups, and political associations. Our kitchen staff were our registered voters who could influence ballot outcomes.

Charged with managing more than 350 employees, Martinez expressed her frustration with the district’s culture of “protecting tenured employees so well in this district” (Martinez, entry interview, ll. 378–9). Other entry interviews had highlighted the difficulty of dismissing an individual who was an at-will employee, so this particularly caught my attention. For example, first-year probationary employees needed only to be told that their position would not be renewed and then be dismissed, whereas non-probationary employees required a documented improvement plan and written performance reviews detailing how they did not meet objectives before these poorly performing individuals could be terminated. According to Martinez, and later confirmed through conversations with other department heads, the district made it extremely difficult to fire employees who had completed more than one year of service. Martinez recollected,
Before, I thought you had to be here for a certain number of years, this was the case in my previous positions with other employers, but here you’re essentially protected. We don’t get to let you go without some severe documentation, over, and over, and over. You’re very well protected. (Martinez, entry interview, ll. 447–50)

According to Martinez, our only way to expediently remove low performers was to announce a departmental reorganization, and then revamp job positions and descriptions. This then required each current employee to apply for these new positions. Those employees who were not hired for these reorganized positions would be given the opportunity to find voluntary employment or be involuntarily placed elsewhere in the district. The district’s CAO had employed such a strategy to revamp his division. Martinez wished to engage in such a restructuring process to expedite the removal of a poorly performing but “tenured” assistant director and to hire new two assistant directors. Once Martinez informed her current assistant director of her intentions to reorganize, this longstanding employee announced her retirement to take effect at the end of the 2014–15 academic year. Unlike in the private sector where a manager can hire and fire at will, in the public sector even though employees are legally considered “at will,” a manager must expend so much time and energy in a bureaucratic process to remove low-performing employees.

As an aside, I believe this behavioral construct led our instructional professionals not to impose high standards of measurement pertaining to teacher effectiveness. For instance, in the district’s worst-performing high school as measured by its graduation rate of 44%, 100% of the teachers at this school site received a rating of effective in 2014–15. I personally could not condone this kind of educational mismanagement and stated as
such to both my superintendent and the CAO. I strongly conveyed to the DOF’s
leadership team that we needed to impose high standards of performance when evaluating
our divisional employees. I set the example by documenting and then dismissing our
lower-performing employees when warranted.

Martinez concluded our entry-planning interview with the observation that the
principal was the single most important individual influencing NSD’s operational
effectiveness at a school site. “That principal’s leadership sets the tone. It filters down”
(Martinez, entry interview, ll. 929–30). The next most important was the custodian who
worked in tandem with the kitchen manager to ensure kitchen, cafeteria, and classroom
cleanliness. Her parting advice to me was to always know the principals’, kitchen
managers’, and custodians’ names; and to always introduce myself to the kitchen staff
when I visited a school site. During a subsequent high school visit, Martinez advised me,
“David, they [cafeteria employees] always know when district leadership is in a building.
If you visit and don’t stop by, they think you don’t care. Go into the cafeteria.
Administrators and teachers see you serving these kids [in your chef’s jacket and hat].
When you leave, a little of you stays behind” (Field jotting, May 2015).

After Martinez departed, I reviewed the division’s organizational chart, the one in
which Stanski had drawn a circle around NSD when he advised me to transfer it to the
Division of Student Services. Had I hit the ground running, I would have done just what
Stanski recommended I do. But entry planning and conversational interviewing was
slowing me down and transforming me into an active listener and learner. In Martinez, I
was fortunate to have an experienced operator. She was a district veteran who was
incredibly knowledgeable as to the actual workings of school sites. She was passionate, fierce, and warrior-like. She was a survivor, having battled cancer. I saw in Martinez the same grit and tenacity I valued in myself. Retaining the NSD within the DOF provided me endless opportunities to visit school sites. By visiting these schools and their kitchens, I was presented with different balconies and dance floors from which I could observe and learn. Principals accepted my presence as they watched me walk into the cafeteria and roll up my sleeves to get to work. A number of principals invited me back to observe classrooms and teachers and became invested in my professional onboarding and development. Site leaders began sharing with me their observations, needs, and frustrations in a more informal, and candidly, more useful way than the data-driven superintendent’s site visits. Following my controller’s advice to visit elementary schools to rediscover why I served in an educational community, I adopted a new first-year elementary school teacher and read *The Diary of a Wimpy Kid* monthly to her class of first-graders. I was becoming accepted.

*Illustration 15: The Two CFOs Cuatro and Cinco in A Cafeteria Vignette*

*The Two CFOs: Cuatro and Cinco*

“He’s too slow. Just let him serve the pie.”
Why is NSD so important to me? Before I entered APS, I was advised by a seasoned urban K-12 CFO to transfer NSD to another division. It is a low-status department. Our kitchen managers get little respect—from school principals, staff, and students (mostly in middle and high school). But to me, they are my most important and valued employees. They touch our kids, no matter what color or ability, and feed them. I see our kitchen staff as efficient and effective allocators and managers of our resources. I know because I was relegated to serving dessert until I learned how to be faster in portioning out food. I love to visit and observe these critical caregivers. When I walk into their arena, they acknowledge me as “CFO Cinco,” a joking reference to the fact that I am the fifth CFO in the district’s history and the fourth CFO in five years. In Spanish, it sounds musical. I learn from them what their challenges are in affording our healthcare offerings, what it means to be in their socioeconomic class, how the school’s leadership is doing, etc. Because most live in our district, I get a vested community view as well.

Our superintendent is African American and the first individual of color to lead our educational community. As member of his leadership team, I go with him to visit the district’s most challenging schools. Because I am the most inexperienced professional on the team, I focus on how my colleagues on our leadership team interact with the teachers, students, support professionals, and administrators. I keep a keen eye on my superintendent because, like me, he is a new entrant who is learning how to do his job. He is under my observation, but he doesn’t know it. I watch him arrive at schools, go into the principal’s office for the perfunctory “dog and pony” show. I wonder if this time he will see and acknowledge the invisible brahmins who are everywhere, especially those in
the kitchens. Many times, he walks right by the cafeteria filled with our students, out the school’s front door to his next appointment or event. I watch the cafeteria staff follow him with their eyes into and out of their school. I hurt inside as I don my white “CFO Cinco” serving jacket and black chef’s hat—presents from NSD—and walk through the cafeteria and into the serving kitchen. I apologize for the superintendent, telling the white lie of “an emergency that required his immediate attention.” And then I serve. And sometimes I have that magical moment when I meet that special child who touches my life.

It happened a few weeks ago at Virginia Court Elementary School. I didn’t know his name was David, just like mine. I also didn’t know that he allowed only his paraprofessional, Danielle, to interact with him. I was ignorant of this dynamic as I reached out to have that human moment between two individuals. He responded, grabbing my hand and holding it for five minutes. I did not wrest myself away. I had braked completely. For me, time just stopped.

*Illustration 16: David and David in an elementary school*

When our moment was over, I walked to my car where, safely inside, I cried.
The Aurora Public Schools Nutrition Services department is a well-oiled machine that prepares high-quality, nutritious food to support learning. The 300-member team of support staff, cooks, servers and more provide over 15,000 breakfast and 20,000 lunch meals to our students every day.

Nutrition Services also offers numerous educational programs, including Go, Slow, Whoa, which helps students and parents learn how to make healthier food choices. They even operate a summer meal program to ensure that all students maintain a balanced diet during the break.

One integral component of this “machine” is the APS Bakery, a wonderfully-aromatic space where countless bread products are made from scratch. Our bakers never use preservatives and ensure that each recipe meets nutrition requirements. After whipping up hundreds of
batches, they slice, package and send the products to 58 school sites every day.

“I love my job knowing that we can make a difference in students’ lives by serving them well-balanced meals,” said APS Bakery Manager Barb Stembel, who will soon retire after serving APS for nearly 30 years. “I have worked with amazing people and would not retire if it were not for my age.”

Stembel helped open the APS Bakery in 1991 and will leave a legacy of quality over quantity.

I don’t take credit for Barb, but I do take credit for the “Quality Before Speed” banner. I worked with our designers in Print Services and our Warehouse & Purchasing manager to surprise Barb with her favorite saying. Fortunately, I nixed this other design, playfully made by my Warehouse & Print Services manager, but kept it (as did Barb) as a keepsake:

*Illustration 18: bite me! “Quality Before Speed”*
Findings on Brahmins in the Kitchen

By using entry planning and adhering to a “hit the ground learning” orientation, I was able to avoid the knee-jerk reaction of reorganizing NSD and transferring it to Student-Support Services. The RIA construct embedded within the entry-plan approach provided a welcomed decision-making process. RIA empowered me to (1) embrace confusion; (2) assert my need to know; (3) structure interactions; (4) listen reflectively to learn; and (5) openly process through dialogue, finding my way to make sense of things (as opposed to going off by myself to try to self-process and not letting anyone know I didn’t understand things). I was fortunate that the NSD director developed a PowerPoint to frame our conversation, and to accelerate my own learning and understanding of her leadership role and the complexity of the business that she ran. An anomaly within the organizational milieu, NSD was a revenue-producing enterprise operating under the confines of federal reimbursement guidelines and statutes that limited its net cash resources to an amount not to exceed three months of average expenditures.

Given my formal business training and private-sector experience, I was well versed in understanding and analyzing for-profit enterprises. I asserted my need to know by studying NSD’s financial statements under the district’s General Fund. NSD generated a small profit inside a larger educational organization that seemed indifferent to measuring resource use and cost effectiveness. By having NSD under the DOF’s umbrella, I could protect its revenue reserves from being cannibalized by the district to fund other strategic or instructional needs at the expense of NSD’s ability to control and pay for planned replacement of capital equipment.
My structured entry-planning interview with Martinez increased my understanding of NSD’s strengths and challenges. The intimacy of our entry conversation enhanced my ability to listen reflectively and to openly process my efforts to make sense of things. I concluded that I had an exceptionally experienced leader-manager who ran a highly effective operation critical to the well-being of the student community we served. Unlike what Stanski had suggested, this department was no headache. Rather, NSD was an effective analgesic providing essential food services that reduced hunger and promoted health. The NSD staff provided essential services. They ensured our students received nutritious meals so necessary for properly functioning brains and bodies. Along with serving food, these professionals dispensed care and concern, lessening the harmful byproducts of food insecurity—anxiety and fear. These brahmins in the kitchen delivered a healthier school environment, which our students and their parents recognized even if administrators sometimes did not.

Overseeing NSD gave me a bona fide reason and purpose to enter school sites. The cafeteria and its kitchen provided me different balcony-to-dance-floor perspectives from which to gain practical insights about food operations, schools’ and students’ needs, and my own personal growth. I was in close proximity to the poverty and food insecurity of our students. I engaged in genuine dialogue with our district’s working poor as well with our students. These insights would foster a pilot exercise in which middle school students worked with our nutritional professionals to improve our lunch menus in the hopes of reducing plate waste from uneaten food. I saw the harm and experienced the challenges of unfunded mandates that resulted from the efforts of well-intentioned
reformers and legislators who did not or could not take the time to enter and understand our unique CAS.

My retaining and supporting NSD unpredictably turned into a home run for me personally and for the district. It turned out to be Martinez’s year. In April 2015, the Colorado Nutrition Association recognized Martinez as Nutrition Services Director of the Year. The NSD also received the “Public Health Hero of the Year” award given by the Tri-County Health Department. This award recognized the department’s steadfast efforts to promote healthy eating and active living in the school setting. Healthier U.S. Schools recognized our efforts at the school-site level to improve the school-nutrition environment, helping children eat healthfully and be more physically active. While the district was struggling in its efforts to raise academic achievement, the NSD was first in its class.

Why did I identify so much with NSD and its employees? During a field visit to a middle school where Martinez and I audited the breakfast-in-the-classroom service, Martinez illuminated some of the connections she saw between NSD and me:

David, everything you do revolves around providing people with food. On your first day of work [in the district], you brought us bagels, cream cheese, fruit, and coffee. You ask me to surprise the superintendent with our breakfast sweet rolls from our bakery. At our DOF leadership-team meetings, you provide lunch. You try to hide it, but you have a big heart. You really connect with our kitchen staff. There was only one other CFO [#2] who liked to serve food in our cafeterias. But he left after only a few months to become a superintendent [in an affluent K-12 district in the deep South]. You are in the kitchen because you identify with our kitchen employees. You recognize the importance of putting healthy food on our kids’ plates. You know the importance of making sure our kids eat good food because they cannot learn if they are hungry. The staff and the kids see that. We just need to teach you how to serve faster! (Martinez, private conversation, field notes, November 10, 2014)
I believe it had to do with my always supporting the underdog. There is virtually no literature examining the social impact of urban-school nutritional and kitchen staff. I found only one article—on the social impact of school custodians—that might have a direct application to the above question. This dearth of literature on their role and influence within school sites suggests how little these employees are regarded. Given a similar absence of research on the educational CFO, CFOs and kitchen and custodial staff may share a similar invisibility and lack of respect within school districts. Rafky (1972) chastised “social scientists and educationists [for investigating] almost all the elements in the school system” (p. 349), except those who occupy the least prestigious roles within the system. This neglected rank of employees, the “‘gray’ people who are not part of the ‘academic house’” (Rafky, 1972, p. 350), includes custodians, cafeteria workers, and security guards. Rafky further posits that these people, who may initially be seen as on the operational fringe of schools, are neglected by researchers because of these actors’ “lowly status” (1972, p. 350). Some 40 years later, Rafky’s call for ethnographic inquiry into these presumably low-caste employees remains unanswered.

Perhaps the answer to my identification with these brahmins in the kitchen is best explained by social-identity theory. Sözen (2012) references Salancik and Pfeffer (1977) in highlighting the link between “organizational power with the uniqueness of an individual’s contribution to critical contingencies of the organization” (p. 489). In the private sector, the CFO is recognized as holding formal power. Organizationally, the CFO occupies the positional rung just below that of the CEO. Yet in K-12 public schools, the CFO is viewed as an adjunct to and not an integral member of district culture. In
urban districts where economic needs and academic challenges are exacerbated, an experienced and highly credentialed CFO may be able to transcend the low status of a budgetary and compliance manager for the more elevated role of a strategic financial partner. In doing so, the new education CFO increases the capacity, status, and visibility of his or her division.

Employees’ relationships formulate and reformulate within the organizational boundaries of a CAS. In essence, each employee as well as that employee’s departmental group occupy “a unique constellation of relationships” (Kulik, Bainbridge, & Cregan, 2008, p. 216). I was hired by my superintendent to be a positive deviant, an irritant who could help catalyze change. I entered APS with unique professional, academic, social, and relational attributes. I brought my personal high status to the district and to my division. Researchers consistently find that organizationally “an actor’s status influences the opportunities and constraints that the actor [and others associated with that actor] experience” (Chen et al., 2012, p. 299). Using the entry, action, and emergence heuristic, from an “input” perspective, my entering influenced the interactions within the CID. In the case of NSD, I understood its business dynamics, its role in providing the conditions necessary for student learning, and the power of its brand. I applied my own personal and professional status to NSD and used my positional platform to tout its important contributions to the welfare of our district.

In my role as an authentic school-district leader, I have a desire to promote equity so that the playing field accommodates each child. I have a revulsion towards chronic child hunger, especially when our country is relied upon by world citizens to respond
with food in the face of human catastrophe elsewhere. I grew up in a family of seven; when food was put on the table, you ate it quickly so that you had an opportunity for seconds. According to my mother, my father experienced food insecurity growing up. His family raised chickens so that they had a secure source of protein. To this day, my father will not eat chicken after having watched, as a young boy, his mother literally wringing the neck of the “pet” chickens in the backyard.

My father and mother owned and operated a local pharmacy that included a lunch counter and fountain area. I still remember sitting at the lunch counter. Behind that counter were the people who prepared and served food to customers. I lived in a predominantly white community and attended its elementary and middle schools. For high school, I found myself within a student body that was mostly black and Latino. My father and mother were one of the few business owners in our community who hired people of color. These employees relied on my parents to prudently run their business to ensure steady paychecks. So I think I see in our NSD professionals those lunch-counter employees from my childhood.

Without APS, many of our 350+ kitchen staff would not have steady employment. Many are first-generation Americans, immigrants who like my own Jewish grandparents experience discrimination and micro-aggressions on a daily basis. Most cannot afford our district’s family medical benefits, opting instead for Medicaid. Fortuitously, I am in a position to support and publicize the good work being done by this department, and these unselfish, underappreciated members of our community. When I see my fellow C-suite leaders enter and leave school sites without acknowledging this
segment—my segment—of our school community, it angers and upsets me. These brahmins have much to teach us, and we have much to learn from them as we try to discern those small changes that can yield large effects within our urban schools. An ethnographic study of these less prestigious roles within our urban K-12 educational system could provide insights as to how these under-acknowledged members of our school communities who interact with our children on a daily and significant basis could be more effectively leveraged to help improve student outcomes.
On November 3, 2014, a few weeks after I joined APS, Colorado held its state elections. Nineteen school districts within the state presented their voters ballot questions seeking permission to build new schools, and athletic and fitness centers; equip classrooms with 21st-century technologies; make major capital improvements; address critical infrastructure needs (roofs, HVAC, safety); and upgrade transportation fleets. According to the Colorado School Finance Project (November 2014), the bond issuances requested totaled $1,449,888,787. Out of the 18 bond ballots seeking approval to issue general-obligation bonds (GOs), 9 passed, for a total of $710,618,787. Mill-levy overrides (MLOs) experienced similar results, with 15 out of 26 ballot questions passing for a total of $17,363,369. Whereas GOs were used to fund “hard” expenditures like physical infrastructure and capital investments, MLOs were deemed more appropriate to finance “soft” expenditures related to operating expenses, such as salaries (for teachers; classroom assistants; and reading, physical-education, music, art, or other subject-matter specialists), textbooks, software tools, and faster-depreciating assets like technology and transportation. With TABOR-mandated tax refunds looming and a state legislature inventing a negative factor applied to K-12 education to balance the state’s budget, GOs and MLOs—financing sources immune to TABOR and the SFA—were Colorado school districts’ financing vehicles of choice to address their growing and, in the case of APS, pressing capital needs.

While researching APS prior to interviewing for the CFO position, I learned that 37 out of 47 district school sites were at 90% or greater student capacity, and 27 out of 47
schools were at 100% capacity. Given the district’s growth trajectory of around 2%, I knew that having Wall Street experience, especially in fixed-income issuance, would serve me well. Having an insider’s knowledge of the investment banking world, I knew how to manage financial-advisory relationships. I also was aware of the Municipal Securities Rulemaking Board’s (MSRB) Rule G-36 that would require municipal advisors to be held to a fiduciary role that included the duties of loyalty and care. The regulators wanted to see municipal entities like school districts engage advisors who were legally responsible for making sure clients were adequately and impartially advised, a role separate and distinct from underwriters, who were engaged to structure and execute a bond sale. The Securities and Exchange Commission was reviewing Rule G-36, and it was expected that they would approve it before the end of December 2014. During my interview with the superintendent, I underscored my competency in this area.

During my hiring process with the district’s controller, she strongly suggested that I stay legislatively informed, reminding me that our superintendent had both a policy and legal background. He expected his CFO to be proactive in these arenas. Aware of the outcome of the 2014 elections and knowing that the best opportunity to get a GO passed for capital needs would be during the 2016 Presidential election, when voter turnout was anticipated to be high, I decided to focus on educating my superintendent and our BOE in municipal-bond issuance as a preliminary and necessary step for a successful bond-ballot election. With the district’s 2014–15 Readopted Budget (which required the bulk of my time and attention) approved in January 2015, I now had the capacity to fulfill this
strategic teaching role. Knowing that our board and our superintendent had limited prior experience with municipal financings, I wanted to start early to demystify the process.

In addition, I wanted to be ahead of other school districts and other municipal entities that would also be requesting services and advice from our investment bankers. I needed our bankers’ attention and modeling resources to compensate for the DOF’s lack of analytical capacity. I also needed to be schooled by our bankers in the intricacies of Colorado’s state laws regarding municipal financings, how these laws impacted APS’s capital-raising options, and what were other school districts’ capital-raising requirements and their impact on APS’s bond offering. I knew that the services of our investment bankers, advisors, and bond counsel would be in high demand, especially during the summer of 2016 when school districts and other municipal entities would be considering the mechanics of ballot language and financing structures. By engaging our bankers early, I was able to leverage their resources and secure their attentiveness.

I first had to educate myself regarding the district’s current capital structure and future capital needs. Here I again leveraged the experience of my mentoring controller, who was only too eager to free herself from having to interact with the district’s investment bankers. Given my prior Wall Street career, I gladly assumed responsibility for these relationships. Finally, I was in my curricular element.

Because the 2016 election was more than 18 months away, I decided to focus entirely on bond issuance and not ballot language or electioneering. Similar to how I prepared for the Master Agreement negotiations, I started with historical documents. The 2014–15 Readopted Budget described three segregated funds associated with the two
types of district debt: (1) general obligation debt, which is backed by the full faith and 
credit of the taxing authority; and (2) certificates of participation (“COPs”), which are 
solely backed by the asset (in this case, a school building) built with the proceeds from 
the COP offering. Unlike GOs, which require ballot approval, COPs are authorized 
directly by the BOE. COPs circumvent voter approval and are backed by the physical 
asset.

Why would a school district opt to authorize the issuance of this lease-purchase 
financing instrument? The answer is one of timing. COPs do not require ballot approval 
and thus can address immediate or emergency capital-funding needs that cannot wait for 
an election cycle. However, a COP’s principal and interest are paid out of the General 
Fund, which is subject to annual appropriations by the BOE; as such, investors assume 
this “non-appropriation” risk whereas a board might not approve the annual expenditures 
related to the COPs. A COP’s “non-appropriation clause” is a provision that limits the 
liability of the school district to a maximum of one year of payments. In Colorado, 
TABOR precludes school districts from entering into any contract, including leases, 
longer than one year. The “non-appropriation clause” allows the school district “to 
terminate the lease at the end of a fiscal year if the school district has appropriated 
insufficient funds to make the lease payments in the next fiscal year” (Gamkhar & 
Koerner, 2002). Rightfully so, investors generally view COPs as having more risk than 
GOs and therefore require the issuer of COPs to pay a higher interest rate. For the issuing 
school district, COPs are a much more expensive form of debt than GOs.
As described in the 2014–15 Readopted Budget book, the Bond Redemption Fund accounted for the revenues and expenditures related to general-obligation debt per the guidelines in Colorado Revised Statute 11045-103(b). The property-tax dollars collected in the Bond Redemption Fund were to be used only for the payment of principal and interest on obligations of the school district having a term greater than one year and approved at an election. Pertinent debt limits to this fund were 20% of the district’s property-tax-assessed valuation, including tax-increment districts, or 6% of actual (market) valuation. Not considered a high-growth district (3% or more) for three consecutive years, APS was not eligible for 25% of assessed property values. For the budget year 2014–15, the mill-levy\(^2\) rate remained at 20 mills. As of July 1, 2014, APS had a bonded (issued) debt outstanding of $329,190,000 and a corresponding debt limit of $361,298,244. That meant the district had $32.1 million of debt issuance remaining, not quite enough for the construction of one K-8 school.

The Building Fund accounted for the proceeds received from (1) bond issuance; (2) revenues from other sources; and (3) capital outlays such as for land/existing buildings, grounds improvement, building construction and rehabilitation, and capital-equipment earmarked in the related bond issue and authorized by the BOE. In November 2008, taxpayers approved a bond referendum to (1) increase the number of schools and classrooms to relieve overcrowding; (2) construct a new high school and a PK-8 school;

\(^2\) One mill is one dollar per one thousand dollars of assessed value. The mill levy is the equivalent of a tax rate that is applied to the assessed value of a property.
(3) remodel and enlarge (where possible) older schools; (4) make major repairs and improvements to every school district-wide; (5) make roof, infrastructure, and life-safety improvements; (6) modernize security and energy systems; and (7) upgrade school-site computer and Internet-related technology as needed. The district issued $133 million GOs of varying maturities in December 2008, and the remaining $82 million of GOs was issued in September and December of 2010. Historically, it appeared that the district preferred to issue bonds every five to seven years. Its $150 million issuance in December 2012 was a refunding issuance that allowed the district to retire previously issued higher-cost debt with less expensive GOs. For school districts that were relatively property poor (due to low assessed valuations) and that could access the municipal-finance market, a lower interest rate was the one benefit of the 2008–2010 Great Recession. The Building Fund was projected to have a zero ending balance at the end of the 2015–16 budget year, indicating that any new construction projects would require a new issuance of GOs or COPs.

The last fund relevant to district’s debt structure was the Capital Reserve Fund. This provided funds for the acquisition of school buses, land, and structures; improvements to structures; construction of structures or addition to existing structures; and acquisition of equipment and furnishings. The Capital Reserve Fund was typically funded from General Fund allocations. In January 2014, the BOE authorized the sale of COPs to fund the construction of a new P-8 school on the Aurora Community Campus, adjacent to the Buckley Air Force Base. Thirty million dollars in COPs were sold in March 2014, with the funds being held in a Capital Reserve Capital Projects budget,
where the funds would be accounted for during the construction of the new school estimated for completion in September 2015.

My controller had provided me with the Official Statements from the district’s two most recent financings. According to the MSRB, the Official Statement is a document prepared [the issuer’s underwriter with review by issuer’s bond counsel] by or on behalf of a state or local government in connection with a new issue of municipal securities. In some respects, an official statement is comparable to a prospectus for a corporate equity or debt offering. An official statement describes the essential terms of the bonds. It typically provides the most detailed description of the terms and features of the bonds through maturity, unless and until these terms have been modified. (http://www.msrb.org/EducationCenter/Municipal-Market/Lifecycle/Disclosure/Official-Statements.aspx)

In reviewing the Official Statement’s front cover dated February 2012, I discovered the following essential information:

- State’s Intercept Ratings Moody’s Aa2
- Issuer Credit Rating Moody’s Aa2
- Tax-exempt (from federal income) for qualified purchasers
- Maturity structures of the bonds
- Use of proceeds
- Underwriter, Underwriter’s Legal Counsel, District’s Outside Legal Counsel
- Paying Agent responsible for distributing principal and interest payments to bondholders
- Legal name of the school district and the counties located therein
- Types of securities being offered

Given that an Official Statement’s contents are regulated by the Securities and Exchange Commission’s guidelines, I saw its contents as a “briefing” aide noted in EntryPlanning. Briefings allow a new entrant to acquire the knowledge needed to handle daily job responsibilities while he or she continues to research, inquire, and learn.

I zeroed in on several topics, shifting my vantage points between the CFO-as-issuer and the individual-as-investor. The most useful sections were entitled Introduction,
District, District Financial Information, Debt and Other Financial Obligations, and Miscellaneous. If I ever were to interview for a position in another district, the first thing I would read is the district’s most recent Official Statements. I got an immediate snapshot of the district, including its underlying property values and tax base, its governance structure, enrollment and growth trends, types of charter schools, facilities’ conditions, and financial information (state funding, total program funding, historical uses of general funds, budgeting process, labor relations, state limits on taxing and spending, and retirement and pension concerns). Here was the ingredient list of every item about which a sophisticated investor would want to know before purchasing the district’s bonds. It was the ideal list to be aware of and consider before a hiring interview.
A credit-enhancement program with which I was unfamiliar was the State Intercept Program. Promulgated under state statute (Colorado Department of Education, 2014), the State Intercept Act guarantees that taxes will be retained, including the state share payment (calculated under the SFA) to ensure repayment of principal and interest. By participating in the Intercept Program, a school district signaled to taxpayers that in the event that the participating district failed to make payment (from taxpayers’
collections) to the paying agent (a third party described in the Official Statement) to meet its principal and interest obligations to investors, the state’s treasurer would “step into the shoes” of the district and make the required payments to investors. The treasurer would then recover these payments by withholding amounts from the school district’s unreceived share of equalization funding, and from property tax and specific ownership tax (e.g., on vehicle ownership) collected by the county treasurer on behalf of the school district. In short, in the event of mismanagement or malfeasance, the investor had assurances that the state’s treasurer would make principal and interest payments. Given this state-provided “insurance,” the district had a solid Aa2 rating from Moody’s, two notches away from the highest rating of AAA.

Any proposed offering to the market needed to assuage investor concerns, and a school district’s credit rating did just that. The offering structure (dollar amounts, use of proceeds, coupons, maturities, etc.) had to be acceptable and attractive to the superintendent, the BOE, voters, and potential investors; otherwise, no transaction would be done. Executing a transaction on terms most beneficial (cheapest) to the district would be the subsequent challenge. As a former Wall Street salesperson, I began thinking about how to convey all these considerations in a manner that would be comprehensible to our district leadership. Like a highly effective classroom teacher, I started warehousing curricular ideas, contemplating pedagogy, and mapping sequences of instruction to impart these financial and sales concepts to my students—our spreadsheet-averse superintendent and the seven individuals on the BOE.
In the meantime, I began to meet with the investment bankers who underwrote the district’s most recent GO offerings (in 2008 and 2012) and COP offerings (in 2014). Because municipal financings are very state and locally dependent, successful investment banking professionals tend to garner reputational capital, remain at a single firm, and build a tremendous repository of information pertaining to particular districts’ economic and funding histories. This was the case with the district’s investment bankers, whose offices were located just a few miles from ours. Similarly, the district had longstanding bond counsel. These professionals were chock full of insights regarding the district’s funding activities. Given their tight-knit and overlapping professional community, I was also eager to learn what other districts were considering for future debt financings and creative ideas that might allow the district to take advantage of historically low interest rates.

I really hit the jackpot with these investment bankers, who had a wealth of technical and anecdotal information. They explained to me that in 2007, legislative action froze the district’s local property-tax mill levy for general education at 26.10 mills to maintain local funding equity for public K-12 education. However, mill-levy rates for GOs needed to be set annually by the district. As the CFO, I advised the BOE on the setting of our mill-levy rate annually to ensure that the county assessors collected a sufficient amount of tax dollars to pay investors’ principal and interest.

Then there were the MLOs. As explained to me by both our bankers and bond counsel, MLOs were exempt from the school district’s total program funding. In other words, tax revenue raised through MLOs did not offset either state or local funding
amounts. For property-valuation-poor districts, MLOs provided an additional and “exempt” predictable annual revenue stream. However, MLOs were bounded by the district’s total program funding. Per statute, they could not exceed 25% of the state’s total program funding plus a one-year (calculated in 2001–02 fiscal year) cost-of-living factor. Noteworthy, the amount of the school district’s total program funding was before the application of the negative factor. Thus, the maximum MLO amount tied to total program funding was not affected by any state (legislative) decision to increase the negative factor. Except for a very rare circumstance, total program funding generally increased each year because of the district’s growing student base (that included charters), its demographics (particularly “at risk”), and a positive inflation rate. Our bond counsel informed me that the majority of school districts would be going to the ballot in 2016 for both GOs and MLOs.

For the 2014–15 budget year, the district’s total program funding before the application of the negative factor was $334.4 million. This resulted in an MLO maximum constraint of a little over $83.6 million. The district was collecting $36.9 million from property taxpayers, reflecting a utilization rate of 11.04% of its total program funding. Including the cost-of-living factor, the district had an additional $46.7 million in MLO capacity remaining, 25.47% of its total program funding. The district’s net assessed valuation (property and special ownership of automotive and recreational vehicles) total was $1.789 billion.

The challenge remained, how does a CFO represent a complex set of data, including three types of funding sources (through mill levies) that would be readily
understood by the superintendent and the BOE? Until I could strengthen the DOF’s financial analytics and modeling capacity, I decided to leverage the analytical and modeling resources of our investment bankers. I re-executed the G-17 engagement letter (Appendix IX), which assured our investment bankers that the district would use their firm in a negotiated rather than a competitive offering arrangement. This meant that our bankers would lead the offering and, upon execution, be certain of fees rather than have to compete with other investment banks to purchase the offering, thereby risking its firm’s capital, and then resell it to investors. With a negotiated offering, the investment bank did not have to risk its own capital. In addition, I decided to hire a municipal advisor to serve as our fiduciary advisor as we worked with our investment bank. Starting to understand the scope of APS’s capital needs and requirements, I expected that the district would have to consider a $300 million GO offering, almost a 50% increase to its 2008 offering and the largest in the district’s history.

I quickly tapped R.A., a 30-year veteran senior financial analyst at our investment bank, explaining that I wished to begin the process of educating our superintendent and then our BOE in a three-step process I affectionately referred to as Bonds 101. First, I wanted to canvass my superintendent and individual BOE members to ascertain their existing knowledge base. This would be the assessment stage. From this assessment, I then wanted to prepare and offer board members a short presentation, limited to no more than five to eight slides comprehensible to the majority, with the working title, “Introduction to Municipal Bonds.” Based on feedback, including any expressed desire for more information, I would then prepare and deliver a more in-depth presentation,
“Understanding Bonds and Related Issues,” which would introduce the district’s historical bond issuance, factors to consider for future bond issuance, and possible financing structures. Prior to presenting this more comprehensive presentation to the BOE, I planned to meet with them in groups of two at a time maximum; in this way, I was not holding a “public meeting,” which would require public notification and a public forum.

In collaboration with R.A., I developed the following content slides, which I believed were essential conceptual building blocks:

*Illustration 20: Property Tax Mill Levies Over Time*

This first slide captured the three different types of levies that provide revenue streams to the district. The school-finance levy (red) of 26.010 mills was the local levy
contribution to the district’s total school funding fixed by state legislative action in 2007. The bond-fund levy (blue) of 20 mills was set annually and backed by the district’s full unlimited taxing authority to pay the interest and principal of the outstanding GO debt. The MLO, or mill-override levy (purple), was 20.606 in 2015. Including the district’s 1.019 mills received for property tax abatements, the sum of these revenue streams equaled 67.635 for 2015, the second highest aggregate mill-levy rate in the state.

The next slide illustrated the “property poor” effect. This slide was designed to highlight the district’s challenge in relying on mill-levy increases to fund essential services.

Illustration 21: “property poor” effect

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<th>MAIN COUNTY</th>
<th>FTE PUPILS (Net)</th>
<th>NET ASSESSED VALUATION</th>
<th>NET ASSESSED VALUATION Per Pupil</th>
<th>TOTAL MILL LEVY RANK</th>
<th>TOTAL PROGRAM MILLS RANK</th>
<th>VOTER APPROVED OVERRIDE MILLS RANK</th>
<th>BOND REDEMPTION MILLS RANK</th>
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As the red line of text highlights, the district ranked second to last in the amount of net assessed valuation per pupil. An optical consideration arose from this, namely, did the district wish to pursue additional MLOs to meet funding challenges and occupy the unwanted top spot state-wide in terms of its total mill-levy collections?

Calculating the district’s GO bonding capacity (the district’s remaining amount of available debt funding) based on its projected assessed-value growth was the final piece of funding puzzle. As a “standard measure” growth district, APS’s bonding-capacity limit was maxed out at 20% of its assessed value. During the 2014–15 budget year, the district had outstanding GO debt totaling $329.2 million. How could I best demonstrate the district’s GO bonding capacity assuming (by consulting with investment bankers) a conservative 10% and a more aggressive 20% growth in assessed valuation? That led to the creation of the bonding-capacity-sequence slides.
Illustration 22: District’s Current Debt Outstanding

The district’s last “new money” GOs were issued in 2008. Total outstanding GO debt totaled $329.2 million.
By leaving the district’s GO mill rate at 20 mills, assuming 10% assessed-valuation growth, the district would collect $39.4 million to meet principal and interest obligations totaling $34.2 million. This would result in $5.2 million in excess balance. This “excess balance” could be used for opportunistic open-market purchases of the district’s GOs, thereby retiring debt ahead of schedule. A 20% increase in assessed-valuation growth would yield another $3.5 million in excess balance. Retaining the mill-levy rate at 20 mills rather than reducing it to 19 mills would mitigate the psychological impact of a later mill-levy increase associated with a 2016 GO offering. “Yo-yoing” the taxpayer with a slight mill-levy decrease for one year only to be followed by a more substantial mill-levy increase to support a new GO issuance the next year would be
counterproductive. However, by maintaining the mill-levy rate at 20 mills, I risked the district having the highest mill-levy rate in the state in 2016. I decided to hold firm on 20 mills, thereby increasing our excess balance, an approached utilized by the district from 2000 thru 2006.

*Illustration 24: APS Bonding Capacity (10% assessed value growth)*

**APS Bonding Capacity (10% assessed value growth)**

![Graph showing APS Bonding Capacity with details on debt capacity at CYE 2016 (assumes 10% 2015/16 AV Growth).](image-url)
The two final bond-capacity slides illustrated the district’s predicament of needing to raise funds that were in excess of the district’s current GO bonding capacity under the 20% of assessed-valuation calculation. Because APS was a “standard measure” district, its bonding capacity based on 20% of assessed-value growth of 10% was approximately $111 million. If the district realized assessed-value growth of 20%, then its debt capacity would increase to $148 million. The district’s Long-Range Facility-Advisory Committee (LRFAC) was asked to “address the capacity to support projected enrollment growth and academic program needs through the 2021–22 school year” (“Five Year Capital Construction Plan: New School Requirements,” 2015 district document). As a standing member of this committee, I knew that the LRFAC and the superintendent were
considering $250 million in projects in addition to retiring $30 million in COPs and $10 million in a contemplated direct bank financing related to school buses and maintenance vehicles.

In 2016, the BOE would have a decision to make: (1) operate under the 20% “standard measure” and if assessed-value growth were to increase to the aggressive but realistic 20% rate, prioritize capital projects aligned to the $148 million debt-capacity under this 20% scenario; or (2) present a ballot question requesting debt capacity be alternatively calculated at 6% of market value rather than 20% of assessed value, raising debt capacity to more than $700 million under the 20% assessed value growth scenario ($596 million under the 10% assessed-value growth scenario). If the district were to keep the “standard measure” calculation, under statute it would still be able to ask voters to authorize an issuance greater than the debt limit but would not be permitted to issue debt above the standard measure until property values supported such issuance. The BOE had three separate yet interconnected decisions to consider in terms of balloting: deciding on the dollar amount of a GO offering, including an MLO, and changing to a market-value approach to determining debt capacity.

On Tuesday, April 21, 2015, in an executive session with the BOE, I presented “Introduction to Municipal Bonds.” I had invited our two investment banking professionals, one of whom was R.A., as “experts” to answer any technical questions. I wanted them present to observe and evaluate the BOE’s individual and collective level of proficiency so that we could revise the material to improve conceptual understanding. I stressed that the goal of our discussion was to provide them with a “bond primer” that
would serve as a useful reference. I started with simple questions such as “What is a bond?” or “What do investors look for when purchasing bonds?” The content of the slides presented, shown below, is self-explanatory (note the use of GOB for general-obligation bond instead of the Wall Street term GO).

_Illustration 26: What is a Bond?_  

**What Is a Bond?**

- Contractual agreement between an issuer (the “borrower”) and investor (“the purchaser”).
- Comprised of a principal amount and interest.
- Usually, a bond’s payments of interest and principal are due to the buyers of bonds every 6 months.
- In the aggregate, a bond issuance is made up of smaller $5,000 pieces which have separate maturity dates and interest rates associated with those maturity dates. These denominations are sold to different types of buyers.
- Typically the final maturity of a bond issue is 20 years, but it can be longer, depending on tax impact considerations determined by the issuer.
- Most school districts primarily fund capital facility needs through the issuance of General Obligation Bonds (GOBs).
What Do Investors Look For When Purchasing Bonds?

- Ability of the issuer to pay principal and interest until maturity
- Credit rating of the issuer
  - APS currently has a credit rating of Aa2 (Moody’s)
- Local Economy
- Demographics
- Financial Performance and Budgeting
- Quality/experience of Management and Board support
- Outstanding and anticipated debt
Some Terms Related to Bonds

- **The Issuer**: The school district

- **Issuer Legal Counsel**: Assists in reviewing and approving all legal documents from ballot question to bond issuance documents. Serves on behalf of the APS governing board and administration.

- **Bond Counsel**: Assists in preparing ballot question language and all election related legal requirements. After the election, prepares documents which ensure the legality of the bonds being sold to investors.

- **Underwriter/Municipal Advisor**: Assists with providing financial advice related to tax impact of a potential bond issue, potential bond issue structure, and other financial advice, as needed, leading up to the bond election. After the election assists with preparing documents necessary for bonds to be sold to buyers, and prices (determines market interest rates at which bonds will be sold) and markets bonds to investors.

- **Others**: Rating agencies (Moody’s Aa2 and S&P AA-) whose credit rating helps facilitate bond marketing efforts. Paying Agent/Registrar which makes the actual bond payment on behalf of APS.
Illustration 29: What Is Needed To Issue Bonds?

What Is Needed To Issue Bonds?

• Colorado school districts, in order to issue GOB’s or debt must receive authorization from its voters in order to issue bonds.

• Voter authorization can be presented to voters at a general election (even years) or coordinated election (odd years) each November.

• Not only does voter authorization allow the issuance of debt, but it also provides a separate source of repayment for the bonds, from property taxes. A separate source of repayment allows districts like APS to build and improve school facilities without using general operating money.

• While other facility financing can be used (like a Lease Purchase Agreements or COP’s – used to provide interim financing for the new P-8 facility), the customary way of financing large scale capital improvements is with a bond.
  • COP’s are not optimal, except for interim financing of projects in-between bond issue cycles, because the annual lease payment must be paid with operating funding.
Illustration 30: Actual 2008 Bond Ballot Question

Actual 2008 Bond Ballot Question

BALLOT ISSUE 3B:

SHALL JOINT SCHOOL DISTRICT NO XYZ DEBT BE INCREASED $215 MILLION, WITH A REPAYMENT COST NOT TO EXCEED $475 MILLION, AND SHALL DISTRICT TAXES BE INCREASED NOT MORE THAN $36.5 MILLION ANNUALLY FOR THE PURPOSE OF PROVIDING SCHOOLS AND CLASSROOMS THROUGHOUT THE COMMUNITY TO ASSIST IN RELIEVING OVERCROWDING, ENHANCING STUDENT SAFETY AND LEARNING OPPORTUNITIES, AND PROVIDING OTHER CAPITAL ASSETS FOR DISTRICT PURPOSES, WHICH MAY INCLUDE BUT ARE NOT LIMITED TO THE FOLLOWING:

- BUILDING A NEW HIGH SCHOOL;
- BUILDING A NEW PRESCHOOL THROUGH 8TH GRADE SCHOOL;
- REMODELING AND MAKING ADDITIONS AND IMPROVEMENTS TO OLDER SCHOOLS;
- MAKING REPAIRS AND IMPROVEMENTS TO EVERY SCHOOL DISTRICT-WIDE;
- PROTECTING STUDENTS BY MAKING ROOF, INFRASTRUCTURE AND LIFE SAFETY IMPROVEMENTS TO SCHOOLS AS NEEDED;
- MAKING SECURITY AND ENERGY EFFICIENCY IMPROVEMENTS TO SCHOOLS AS NEEDED; AND
- ADDING MODERN COMPUTER AND INTERNET TECHNOLOGY AT SCHOOLS AS NEEDED.

AND SHALL THE MILL LEVY BE INCREASED IN ANY YEAR, WITHOUT LIMITATION OF RATE AND IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON SUCH DEBT OR ANY REFUNDING DEBT (OR TO CREATE A Reserve FOR SUCH PAYMENT), SUCH DEBT TO BE EVIDENCED BY THE ISSUANCE OF GENERAL OBLIGATION BONDS, INSTALLMENT SALES AGREEMENTS, LEASE PURCHASE AGREEMENTS OR OTHER MULTIPLE-FISCAL YEAR FINANCIAL OBLIGATIONS BEARING INTEREST AT A MAXIMUM NET EFFECTIVE RATE NOT TO EXCEED 6.5%; SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE, FOR A PRICE ABOVE OR BELOW THE PRINCIPAL AMOUNT OF SUCH SERIES, ON TERMS AND CONDITIONS, AND WITH SUCH MATURITIES AS PERMITTED BY LAW AND AS THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION OF THE DEBT PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF THE PREMIUM OF NOT TO EXCEED THREE PERCENT; AND SHALL THE DISTRICT BE AUTHORIZED TO ISSUE DEBT TO REFUND THE DEBT AUTHORIZED IN THIS QUESTION, PROVIDED THAT AFTER THE ISSUANCE OF SUCH REFUNDING DEBT THE TOTAL OUTSTANDING PRINCIPAL AMOUNT OF ALL DEBT ISSUED PURSUANT TO THIS QUESTION DOES NOT EXCEED THE MAXIMUM PRINCIPAL AMOUNT SET FORTH ABOVE, AND PROVIDED FURTHER THAT ALL DEBT ISSUED BY THE DISTRICT PURSUANT TO THIS QUESTION IS ISSUED ON TERMS THAT DO NOT EXCEED THE REPAYMENT COSTS AUTHORIZED IN THIS QUESTION; AND SHALL SUCH TAX REVENUES AND THE EARNINGS FROM THE INVESTMENT OF SUCH DEBT PROCEEDS AND TAX REVENUES BE COLLECTED, RETAINED AND SPENT AS A VOTER APPROVED REVENUE CHANGE UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

This introductory presentation was well received. The BOE asked how mill levies were calculated, what the impact of a mill was on new debt, what the tax impact would be on homeowners, and what would be required of the district should it seek the 6% market-valuation limit. The BOE did not ask any questions related to the tranches (“slices,” or portions) of a bond offering, the impact of a bond offering on existing outstanding debt, fees, or the agency-versus-fiduciary nature of the advisory. Following the presentation, I again worked in concert with our investment bankers to develop a comprehensive Bonds 101 presentation to be reviewed in a public session on Tuesday, June 16, 2015.

The comprehensive Bonds 101 presentation included all the content from “Introduction to Municipal Bonds” and a number of more technical slides addressing the
questions from our April 2015 meeting. I added a flow-of-funds diagram detailing how funds are accounted for once the district sells and investors buy bonds.

_Illustration 31: Bond Flow of Funds_

As this diagram illustrates, the proceeds received from GOs are deposited in a segregated Building Fund (Project Fund) and tax receipts are placed in the Bond Redemption Fund. A trustee (a U.S. bank) is the fiduciary intermediary assuring that collected taxes and levies are paid to investors of record.

Before making this public presentation to the BOE, I actively solicited input from my leadership peers who had successfully help navigate the district’s last GO offering in 2008. Our COO suggested a content slide showing the “critical overlap period” between completion of all projects funded by the 2008 GOs, and the ongoing project needs stemming from the district’s capacity issues and antiquated facilities. This slide proved to
be very informative as it framed the winding down of one building cycle and the gearing up of another five-year capital-projects plan.

*Illustration 32: Facility Support Timeline*

This next slide introduced two possible debt structures—one, 12-year deferred amortized, and the other, level debt—using a $250 million example.
Illustration 33: New Debt Service Options - $250 Million example

This slide challenged the presenter and the BOE “students.” During our small-group input sessions, I received feedback that the deferred amortization of the coupon payment and the overlapping debt service concepts were quite complex. Our investment bankers suggested that I use the analogy of a consumer’s home mortgage to explain these debt structures. The deferred-amortization option would look like an interest-only mortgage for the first 12 years with larger principal and interest payments beginning in year 13, whereas the level-debt option would resemble a traditional mortgage requiring periodic payments of principal and interest.

Once I started using this practical metaphor of a home mortgage as a “concept on-ramp,” the BOE students were less intimidated and more inclined to ask questions. I decided not to broach the topic of premium coupon bonds, which are bonds that pay a higher-than-market coupon rate and for which investors will pay a premium, as a way to
raise $300 million in proceeds while issuing only $275 million GOs. I also needed to curtail R.A.’s sales creativity; he wanted to illustrate a modified $325 million alternative structure that relied on a debt service “step down” in 2028, when the majority of the district’s current $329.2 million of existing debt would be paid down. That structure would preclude the district from offering new GO debt until 2028. It was just too alien a concept for a district accustomed to issuing GO debt every five to seven years. Much to R.A.’s disappointment, I exercised my executive authority and nixed it.

Because the BOE is an elected body and sensitive to taxpayers’ concerns, I had to answer the question of mill-levy impact on new debt. Once again, I used the example of a single homeowner who finds that his or her home appreciated by 20% after only one year of ownership. In this scenario, the homeowner has experienced an increase in his or her home equity; however, the cash impact is unrealized until the homeowner either sells or borrows against this increased value. By keeping the mill-levy rate at 20, the impact of a subsequent mill-levy increase on a $250,000 home was marginal. The mill-level impact to the taxpayer under the scenario of a $250 million new GO issuance was projected to result in a 1-mill increase under the 12-year deferred-amortization structure and 4.5-mill increase in the level-debt scenario. This mill-levy impact of a new $250 million GO issuance is illustrated below:
After showing the effect of a $250 million GO offering on mill levies, I translated the impact in dollar terms, assuming 20% assessed-value growth and a 25% home-value increase.
Using the assumptions noted on the slide, the owner of a single-family home valued at $250,000 was projected to experience a $19 increase in his or her tax bill under the 12-year deferred-amortization structure and an $89 increase in the level-debt scenario. This, of course, begged the question of how many homes in the district were assessed at a value of approximately $250,000, especially since 70% of the students in the district were eligible for free or reduced-cost lunch.

On Tuesday, June 16, 2015, our investment bankers and I presented the college-level version of Bonds 101 (Appendix X). Either because the small-group meetings were so effective or the BOE was too intimidated to ask probing questions that might show a lack of understanding while in the public domain (most likely a combination of the two),
we received a number of positive comments from individual BOE members regarding the thoroughness of the presentation, its conceptual logic, and informational content. We were asked if we could continue to meet with BOE members in the small-group format to revisit these materials after the BOE election in November 2015 and as the district began to consider a possible bond election in November 2016.

During the period that I was introducing Bonds 101 to our BOE, I also initiated a request for proposal to select an independent municipal advisor. As previously noted, in response to Dodd-Frank legislation curtailing underwriting abuses in the financial-services sector, the MSRB had made explicit that a municipal-bond underwriter could not also serve in a fiduciary role. I wanted to ensure that best practices were followed as recommended by both the GFOA and Great City Schools. The DOF interviewed five advisory firms, eventually selecting a firm with more than 60 years of public-finance advisory experience. This engagement was to serve as the district’s fiduciary and to help APS evaluate different municipal-financing options, including structure and cost, proposed by our investment bankers, who would be our underwriters. While interviewing the selected advisory firm, I learned that this fiduciary had advised and managed a $10 million transportation lease-purchase financing for an adjacent district. Our district had the oldest bus fleet in the state. I was keen to modernize it, and in the process realize energy efficiencies, improve the fleet’s environmental impact, and increase safety; and change the brand of our “resource challenged” district. From this brief mention emerged another creative financing approach that would halve the average life of our bus fleet and allow us to use proceeds from a GO offering to repay leases early. The day I presented
this idea to my superintendent, one of our buses caught fire, which was reported on the local news. My superintendent directed me to meet with our COO, who was responsible for our transportation fleet, to develop a comprehensive financing plan that would modernize it.

I intentionally started this educational process with the BOE about 12 months earlier than necessary for the reasons previously stated. I wanted to sensitize them to the district’s interdependent decisions as to whether to proceed with the following: a GO offering of an amount driven by the capital projects identified by the LRFAC; adoption of a 6%-of-market-value limit on the district’s overall debt via an election ballot; and an additional mill levy to fund initiatives that would require stable and recurring revenues, determined through an election ballot. By producing both a primer and a more advanced presentation on the district’s financing challenges and considerations, I opened the way for ongoing dialogue with individual BOE members. As a collective, the BOE will begin deciding on the scope and scale of projects recommended by the LRFAC in the summer of 2016 and authorize the district to proceed with a bond election, coinciding with the efforts of the third-party non-profit Aurora Citizens for Excellent Schools to fundraise and spearhead the election campaign. Meanwhile, I continue to work with our investment bankers and advisors as we determine financial structures that will provide us the required proceeds at the least cost and prepare to support my superintendent during community engagement and investors’ roadshows.
Findings on Teaching Bonds 101

A school district sorely lacking in resources depends on financing avenues above and beyond state and local program funding to address its long-term capital-projects requirements. This challenge is greater in districts considered property poor, where average assessed valuations are substantially below state and adjacent districts’ averages. Financing options are shaped by state statute and the binding constraints associated with assessed property values, debt limits, voters’ approval, and the district’s student population and economic-growth characteristics. In addition to the mainstay financing GOs provide, APS had access to “end-around voter approval” instruments such as COPs and competitively bid lease-purchasing facilities provided by commercial banks. Not requiring taxpayer approval, COPs are ideal for addressing financing needs outside the normal election cycle. Because COPs and direct bank lease-purchase arrangements are collateralized by physical assets funded by these sources and not by the district’s taxing authority, they have higher issuance and interest-rate costs. In addition, these non-GO financing vehicles use proceeds from the school district’s General Fund, which is funded annually through its total program funding, diverting monies normally used for instructional and staff needs associated with the daily education of students.

A school district’s CFO is formally responsible for advising the superintendent and the BOE regarding its school-financing strategy and optimal debt composition. This includes the type of financing instruments and amounts. A seasoned CFO who is well informed about the district’s short- and long-term funding needs and who is cognizant of taxpayers’ and investors’ concerns related to amounts, types of debt maturity structures,
and the district’s ability to meet repayment obligations can serve as the district’s knowledgeable representative. During the election process and financial roadshow, when top officers engage their community and investors, the CFO is seen as the point-person with credit-rating agencies, investment bankers, fiduciary advisors, and potential investors. In addition to the district’s ability to pay, investors look to the quality and stability of its management team.

Because the BOE is the authorizing authority for any debt-financing issuance, it is imperative that the school district has a knowledgeable board that understands the district’s current capital structure, payment obligations, and ability to issue and repay any future debt. The BOE also should be advised regarding interest-rate cycles, level (fixed principal and interest payments) versus deferred-amortization instruments, and any statutes defining or limiting the amounts of debt issuance. Financings under consideration need to accommodate projected student growth, projected economic growth, current school-site capacities, and legacy infrastructure requiring repair.

Capital projects financed with debt instruments should be evaluated against the type and duration of the instruments being issued. For instance, as the Bonds 101 presentation and actual ballot language illustrate, a school district will use broad language describing the uses of funds. Bond counsel and investment bankers recommend encompassing language to provide a school district with flexibility to deal with the CAS. The financial instruments being considered should be the right ones for the job. A CFO should discourage the use of funds derived from long-term debt instruments to purchase short-term assets prone to obsolescence and accelerated depreciation. While providing
the latest technology in the classroom plays well with the educational community, using funds derived from long-term sources to purchase quickly depreciating technology assets. such as tablets, Chromebooks, laptops, and computers, does not comport with best practices. To purchase these types of quickly depreciating assets, I held that the district should allocate monies from its General Fund or through predictable revenue streams explicitly derived from MLOs.

MLOs are an essential and worthy financial companion to GOs and other debt. Similar to GOs, MLOs usually are excluded from total-funding-program calculations and are therefore a separate, sustainable source of funds. If voter approved, these funding sources are an ideal way to support competitive pay-for-performance initiatives, hourly staff (such as custodial, transport, and nutrition services) employees, and classroom-based technology. Again, political considerations must be weighed as districts wish to avoid the stigma associated with high mill levies.

Soon after my entry, I realized that the DOF lacked the ability to engage in financial modeling and creative inquiry. Although our accounting professionals were required to have a college degree in their subject area, our budgeting professionals, especially our “budget analysts,” were not required to have an undergraduate degree in business, finance, or statistics. We hired individuals with high school diplomas and good intentions who worked eight-hour days; scrupulously took their lunch and work breaks; and when they exited the building, left their work behind. Although these employees were productive during their working day, their level of education limited them. I resolved to recruit more ambitious and capable individuals.
I was responsible for advancing the superintendent’s and BOE’s understandings of municipal finance in general and GO debt financing in particular. Because of my prior Wall Street experience, I used my knowledge-of-practice and tried to make the curriculum relevant, understandable, and amusing. I saw myself as a creative educator as I prepared material and tested its delivery through different media forms. In an iteration of my Bonds 101 presentation to the LRFAC, I posed the question “What is the best bond?” and through a YouTube video introduced actors who have played James Bond. Of course, the lesson being that the best bond is the one that gets the job done with the least expense. Although this little video short made the room laugh, I decided it was inappropriate for a formal presentation made to BOE in a public forum.

I found teaching Bonds 101 to be an exhilarating and rewarding professional experience. The superintendent and leadership team commented on numerous occasions that I was “in [my] element” while presenting. They told me I showed “a genuine command of the material” and that I had “a presence” as I guided, encouraged, and challenged the BOE. My overriding goal was to elevate my board’s understanding and appreciation of public finance related to education.

An educational community’s hopes and dreams surface in conjunction with the prospect of a GO issuance. Parents, students, principals, teachers, and other community stakeholders want to know what specific projects will benefit their neighborhood school. A successful bond issuance requires an equitable distribution of capital projects across a school district. Important, a bond issuance needs to convey that the capital projects to be funded are in alignment with a school district’s strategic plan.
Due to legal restrictions, the CFO is not allowed to “stump” for the planned underwriting nor engage in fundraising efforts to support the bond initiative. I found this separation of duties a challenge. To make certain I understood the do’s and don’ts of bond elections and electioneering, I reached out to our district’s general counsel. He provided me with an informational flyer (Appendix XI) of the state’s Fair Campaign Practices Act. I learned that the CFO should not discuss a bond offering until it is approved by the BOE. I refrained from emails that identified possible donors to third parties engaged in fundraising and electioneering. During electioneering, I would need to stick to the district’s financial facts and figures and eschew remarks that supported an affirmative vote of the district’s ballot initiatives.
CHAPTER 4—CONCLUSIONS AND EPILOGUE

Conclusions

I faced the challenge of entering an unfamiliar system—a K-12 urban school district—and figuring out how to make sense of this new CAS while learning what I could do to improve our students’ educational and career outcomes. In accepting the opportunity to become CFO of APS, I transitioned into an organizational system that prior to my matriculating into the Penn GSE and my hiring by APS was an abstract idea. Not until I assumed the position of CFO—a position I never before held but, given my prior MBA education and Wall Street experience, was qualified to pursue—did this abstraction become a reality. I personally acted on Canada’s challenge to join the losing team. I only wish I had been provided a set of instructions on how to do it. This autoethnographic study, which is framed by two research questions and three different case studies, attempts to provide such an induction manual for private- and public-sector professionals who, like myself, face the challenge of entering the idiosyncratic world of K-12 education and occupying the CFO-suite.

It is telling that no research has been done on CFOs who toil in large, complex K-12 urban educational systems and who are responsible for stewarding the billions of budgetary dollars collected from taxpayers. As I write this chapter, the cities of Chicago, Detroit and Los Angeles confront financial turmoil and face the very real possibility of bankruptcy and reorganization. As superintendents and their leadership teams fail to focus on the cost effectiveness of instructional expenditures such as salaries, curriculum (its development, materials, adoption, and assessment), professional development, and
employee retention, taxpayers and students pay an expensive price for poorly performing educational institutions. I entered such a failing educational system, one where student graduation rates were below 56%. So what did I do during entry to make sense of this CAS? And how did I make a difference in the educational community I chose to serve?

In each of the three case studies—Teachers’ Master Agreement Negotiations, Nutrition Services, and the Teaching of Bonds 101—I relied on the Jentz’s and Wofford’s (2012) entry-planning approach. My plan anchored me during this chaotic period of entry and provided a blueprint for the systematic uncovering and collection of data, mutual inquiry, and reflective learning as the basis for effective action planning and implementation. My reputation entered APS on the day my hiring was announced, a month before I physically showed up.

As a positive deviant, I was the person my superintendent believed “held the potential for new action and new results” (Jentz & Wofford, 2012, p. 9). Heifetz and Linsky (2002) use the term “abnormality” (p. 231) to describe the person who has the capacity to “require a culture to undergo some change in its norms” (p. 231). Whether imported from a different environment or promoted internally, this individual has “the capacity to entertain silly ideas, think unusual and perhaps ingenious thoughts, be playful in life and work, even be strange to the organization or community” (Jentz & Wofford, 2012, p. 231). As Shamir and Eilam (2005) emphasize, an effective leader is one who understands his or her meaning system and actively works at reducing the dissonance between self and role. In effecting my entry into APS, I better aligned my person with
role; I entered APS with childlike innocence and employed a confidential conversational dialectic that created the conditions for sharing and learning.

Whether an external hire or an individual elevated from within, a new CFO has to place himself or herself in a position to learn. I adopted entry planning as a way to learn in and to reduce the probability of entry failure (Kambil, 2010; Watkins, 2013). By hitting the ground learning, I conveyed to employees and the organization that I was comfortable in not knowing certain aspects of the CFO job. I rejected the notion that my prior roles and experience would immediately allow me to hit the ground running.

Through the RIA model (Jentz & Murphy, 2005; 2006), I intentionally slowed down so that I could become better acquainted with this unfamiliar CAS and ascertain the phase spaces where I could influence change from my CFO position. By braking in this way, I avoided the knee-jerk reaction of immediate action.

In retrospect, I should have taken more time reviewing the district’s technical job description of CFO with my superintendent prior to entry. I missed an opportunity to understand how the superintendent saw the role of CFO, and how or whether he envisioned me as a strategic partner. Kambil (2014) notes that the CFO’s strategic orientation depends extensively on the context of the organization and level of permission from the organizational leader. He suggests the following four orientations for the CFO—responder, challenger, architect, and transformer. A CFO can occupy multiple orientations. Each orientation is determined by the corresponding level of permission from the CEO, operational context, and financial and organizational capabilities to occupy any given orientation.
Illustration 36: CFO’s Strategic Orientation

<table>
<thead>
<tr>
<th>Responder</th>
<th>Challenger</th>
<th>Architect</th>
<th>Transformer</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Permission</strong></td>
<td>Generally, low permission from CEO for CFO to engage in strategy</td>
<td>Strong permission from CEO for CFO to challenge</td>
<td>Acceptance by business-unit leaders in strategy process</td>
</tr>
<tr>
<td><strong>Typical context</strong></td>
<td>Highly decentralized businesses or where other executives are primarily responsible for strategy</td>
<td>Decentralized or non-performing businesses seeking capital from the corporate for future investments</td>
<td>Finance is already viewed as a contributing partner to the businesses</td>
</tr>
<tr>
<td><strong>Required finance capability</strong></td>
<td>Strong centralized FP&amp;A capabilities</td>
<td>Strong FP&amp;A and access to relevant data to evaluate value and risk in business strategies and plans</td>
<td>Strong finance capabilities to partner with the businesses on strategic planning, complemented by strong FP&amp;A expertise</td>
</tr>
<tr>
<td><strong>Required organizational capability</strong></td>
<td>Strong strategy capabilities in the business</td>
<td>Strong strategy capabilities in the business</td>
<td>Strong partner to finance in the businesses</td>
</tr>
</tbody>
</table>

(Kambil, 2014, p. 3)

Within APS, the CFO’s technical job description defined my sphere of responsibilities and gave insight as to how the superintendent strategically viewed the CFO position. Its exclusive focus on preparing, administering, and advising on budgetary and financial matters; business functions of accounting, payroll, budgeting, accounts payable, nutrition services, purchasing, warehousing, printing and grants; and only a 10% of time allocated to providing strategic leadership positioned the APS CFO as a responder. In hindsight, using this matrix, I could have enlisted my superintendent to describe how he envisioned my being an irritant, on what levels and to what degree. To truly be a disrupter beyond the four corners of my technical job description, I would have required either strong permission from my superintendent to challenge others on the leadership team or robust support from my superintendent to have a seat at the strategy table. Although I received permission from my superior to disrupt within the DOF, I discovered that he was the sole shaper of district-wide strategy. I developed effective financial and planning capabilities within my own division but was precluded from
having a larger strategic role, particularly in evaluating the cost effectiveness of educational programs, influencing the educational mission, or fundamentally changing the district’s strategy. By not employing the CFO’s technical job description as a discussion topic, I missed the opportunity to co-define and enlarge my strategic role within the district prior to entry with my superintendent. By not doing this, I failed to disrupt the organization’s historical view of the CFO as primarily a budgetary and compliance manager. Consequently, I created tension whenever I sought to influence or impose my strategic views on other operating divisions, especially as it related to optimizing expenditures, which I saw as my purview but failed to establish at entry. However, within the DOF, I had free rein in being the operator, steward, catalyst, and strategist (Kambil, 2014) as long as I focused on my own sphere of operations.

Entry planning was essential in helping me identify the information, relationships, processes, and tools I needed to do my job and to make sense of this new CAS. In each of the three case studies, I needed to identify essential documents or risk drowning in data. Especially when it came to the teachers’ Master Agreement negotiations, I needed to do so quickly to become an effective contributing member to the BOE’s negotiations team. As previously noted by researchers (Heifetz & Linsky, 2002; Jentz & Murphy, 2005; and Jentz & Murphy, 2006; Sargut & McGrath, 2010; J. Lytle & Sokoloff, 2013), making sense of a complex situation is a challenge of the highest order. Lacking the context of previous negotiations to guide me, I had no choice but to immediately triage information. In meeting the challenge of understanding the CAS, I needed to play a less cluttered game, one that met complexity not with complexity, but simplicity.
In the interregnum between job acceptance and start date, I conducted a series of meetings with my controller. My intentions were to generate relational trust with this 31-year district veteran, fine-tune my entry plan’s interview questions, and confirm who the necessary respondents were that I needed to meet. I knew that she was critical to my onboarding, providing me with the mentoring and training that were essential to my surviving the first 261 days of transition. This time period incorporated the 90-day period after which the entering individual is no longer a deficit learner, and the 270-day break-even point, when an individual has contributed as much value to his organization as he has consumed (Watkins, 2003). As a new outside hire who transitioned from the private sector and knew neither the organization nor the industry, I found that it took more than 270 days to no longer be a deficit learner; my break-even period was closer to a full year. This has important implications for districts that wish to hire new entrants who transition from the private sector to education. Like myself, these positive deviants may require substantially longer induction periods than those of internal hires.

During our conversations, the controller gave me her perspective on the division’s challenges, departments needing capacity building, technology needs, and the superintendent’s expectations. We discussed the difference between the private sector, where people were motivated by profit, and K-12 education, where people were motivated to contribute to and be in service of the collective good. The controller and I reviewed some of the office rituals related to meetings, birthdays, and behaviors. We constructed our own confidential rules of engagement, establishing that what we said in our private meetings was not shared with others. She accepted the role of teacher and I
accepted the role of learner. Her assistance and guidance were instrumental in my succeeding during entry.

In addition to my controller, I looked for other caring adults who were willing to invest in my success. For example, as it pertained to negotiations, I allowed the CPO and the deputy superintendent to scaffold my experience. I embraced my position as a “rookie” on a team composed of experienced members—both the BOE’s and the AEA’s negotiations team. Once again, I found these individuals, many of whom were previously teachers and principals, were unselfish with their time. They shared their experiences as they instructed me in the finer points of the Master Agreement contract. The more I expressed my own not knowing, the more these educators responded. I used the vulnerability of being a new entrant who shared the common purpose of improving our students’ outcomes as an asset. At the margin, I believe my innocent, almost childlike stance of inquiry was what made it safe for the AEA to capitulate on the December payroll date without receiving a corresponding quid pro quo.

I realized that individuals within the CAS could direct me to the appropriate historical documents to study, which improved my research efficiency and greatly accelerated my learning. Important, these same individuals could tell me which documents they felt could be skimmed or ignored. I relied on the departmental managers and those individuals who executed operations on the ground to guide me in this triaging of documents and data. With this human input, I streamlined my own learning process.

In searching for those elemental inputs and processes that could enhance my understanding of the CAS, I also conceived of a diagnostic tool to assist me in identifying
the phase space within the CAS where problem-solving actions might lead to adaptive change. As a research practitioner, I was constantly engaged in uncovering the opportunities in which small or large actions might improve organizational performance. As I crouched within my autoethnographic stance of inquiry, I conceptualized the “Discerning the Phase Space for Change” model. It emerged out of a dialectic and synergy of inquiry, knowledge, and practice and from the intentional conceptual blurring of theory and practice, knowing and doing, conceptualizing and studying, analyzing and acting, researchers and practitioners, and public and local knowledge. (Cochran-Smith & S. Lytle, 2007, p. 3)

The “Discerning the Phase Space for Change” heuristic is based on the CAS model advanced by Uhl-Bien, Marion, and McKelvey (2007) previously reviewed and presented below:

**Illustration 37: The Emergence Dynamic**

The emergence-dynamic framework depicts the CAS as a network dynamic situated within a bounded interactive ambiance and affected by certain mechanisms or dynamic components.

The emergence-dynamic framework depicts the CAS as a network dynamic situated within a bounded interactive ambiance and affected by certain mechanisms or dynamic components.
patterns of behavior that produce complex outcomes. These outcomes are transformative, finding expression in emergent creativity, learning, and adaptability. Transformational outcomes can occur at any or all levels of the organizational system and vary in magnitude of importance. Oftentimes, leadership is the enabling factor for transformative action. These researchers envision three “entangled leadership roles—adaptive, administrative, and enabling—that reflect a dynamic relationship between the bureaucratic, administrative functions of the organization and the emergent, informal dynamics of the complex adaptive systems” (Uhl-Bien, Marion, & McKelvey, 2007, p. 298). The nature of the leadership is determined by where it occurs within the organization. Adaptive leadership is a “collaborative change movement that emerges nonlinearly from interactive exchanges from the ‘spaces between’ agents” (Uhl-Bien, Marion, & McKelvey, 2007, p. 306). Administrative leadership refers to the actions of individuals and groups in formal managerial roles “who plan and coordinate activities to accomplish organizationally prescribed outcomes” (Uhl-Bien, Marion, & McKelvey, 2007, p. 305). Enabling leadership “catalyzes the conditions that allows adaptive leadership to thrive and mediates the conflict between the bureaucratic (administrative leadership) and emergent (adaptive leadership) of the organization” (Uhl-Bien, Marion, & McKelvey, 2007, p. 305).

I questioned two assumptions embedded within the emergence-dynamic framework. One was that it regarded the CAS as a separate and distinct system that sat outside, yet was entangled with, its bureaucracy. Accordingly, the CAS provided the adaptive capability for the organization, and the bureaucracy provided an orienting and
coordinating structure. However, a CAS’s bureaucracy cannot lie outside its CAS. As noted by Morgan (2006), Wheatley (1994), and Lorenz (1963), a CAS is a holistic ecological structure having finite boundaries that change shape as the system advances into a period of unpredictability. By definition, a CAS contains all the elements that comprise it, including its bureaucratic structures.

The other assumption I questioned was the absence of the individual leader as change agent within this framework. The authors noted the existence of a “knowledge swirl” (Uhl-Bien, Marion, & McKelvey, 2007, p. 308) but did not examine it as the place where the individual as positive deviant engaged in understanding, assessing, and reflecting; and generated the tension within the CAS that enabled adaptive change. As an individual change agent just entering the CAS, I engaged in vantage-point shifting to understand, assess, and reflect on the knowledge swirl’s interactive dynamic. This vantage point shifting was akin to the balcony-to-dance-floor movements prescribed by Heifetz and Linsky (2002).

I designed an input/output model so that I could better understand the CAS and identify the opportunities for change. I actively searched for the organizational seams in which taking action might result in creative and adaptive learning. I used this model to help discover the relevant relationships and documents that could enlighten my understanding of the CAS and increase my chances of solving problems and improving organizational outcomes.
I did so by employing an inside-out stance as contemplated by the RIA model (Jentz & Murphy, 2005). What emerged was the “Discerning the Phase Space for Change” model.

Illustration 38: Discerning the Phase Space for Change

In this model, I captured the stages of my entering—Entry, Emergence (of insights within the CID), and Action (where and when conditions were ripe for organizational acceptance). Through my entry-plan conversations, I acquired a deeper understanding of the structures, codes, routines, norms, and behaviors that defined APS’s culture. Respondents steered me to historical documents, artifacts, and other outside relational networks such as CASE, CASBO, GFOA, CSFP, and the MASBO CFOs. I used relationship networks to help me find documents relevant to each of my three case studies. In approaching the teachers’ Master Agreement negotiations, I triaged the historical documents to accelerate my own learning of the district’s Master Agreement and Colorado’s SFA. Although complicated and copious, the data itself was not too complex to master. The kabuki dance of negotiations and the larger legislative dance
were highly stylized. The media, lobbyists, and professional organizations and individuals quickly evaluated the economic impacts of educational and related funding bills.

As for NSD, I relied on my formal MBA training and private-market experience to understand a new business enterprise. I studied the relevant sections of the district’s budget book, paying particular attention to the accounting statements and notes within the CAFR. I applied a Wall Street analyst’s perspective on the business nature and financial health of the department. The cafeteria was also my classroom. I went there first to observe and then to participate in its daily operations. By mapping the delivery of inventory from the warehouse into the kitchens’ refrigerators and freezers, I was able to get an operational feel for the business. I rolled up my sleeves and served student meals side by side with my kitchen staff. I ate the food prepared in our kitchens. I breakfasted and lunched with employees and students, learning from their conversations at the dining tables. In addition to being the inquisitive and demanding CFO, I was also the caring and congenial Everyman.

I was in my wheelhouse in teaching Bonds 101. Having spent more than 20 years working on Wall Street and sitting on trading floors, I was familiar with the elements of this CID. I knew that the district’s preliminary offering statements were chock full of financial and descriptive information. I reached out to our investment bankers, municipal advisor, bond counsel, and outside accountants who were only too willing to give me tutorials on the nuances of school districts’ funding, issuance constraints, ballot language
and timetables, and competitive market forces. In the arena of municipal finance, I was the subject-matter expert.

I next assessed the environmental input. I included in this category regulatory, political, economic, and social factors that defined, encouraged, or impacted the district’s operational or educational funding. In the teachers’ Master Agreement negotiations, I kept a watchful eye on any legislative bills related to schools. I tracked the state’s quarterly economic reports, particularly inflation rates, economic activity, and JBC’s guidance pertaining to the negative factor. I could have done a better job in addressing the district’s need for a funded mandate to defray costs associated with the state’s new 70% free-and-reduced-meal threshold for Breakfast in the Classroom with our state representatives. We became the first urban district in the state to qualify for the USDA’s CEP. Here we took advantage of economic and social factors to qualify for universal free lunch in four of our elementary and middle schools. Not only did this increase our federal lunch reimbursements, but it also removed the stigma typically borne by our students who received federal assistance. As part of my preparation for teaching Bonds 101 to the superintendent and the BOE, I reviewed the statutory requirements related to bond issuance and assessed property values. I anticipated the possible need for a ballot initiative to change debt limits from 20% of assessed value to 6% of market value of the residential and commercial property within the district.

I investigated the current state of our technologies, chiefly the district’s ERP software. As the CFO, I had a vested interest in knowing how our ERP promoted data sharing and enabled financial modeling. I also needed to understand how our data
systems and organizational structures supported one another in two very distinct
processes, hiring and procurement. The hiring process included every step in the hire-to-
pay continuum. Knowing that approximately 83% of our school district’s budget was
spent on people in the form of salary plus benefits, I found it necessary to trace the
information systems’ processes upon which the district relied to attract new talent (job
posting), hire and onboard them (payroll and benefits), and evaluate performance
(position control).

I realized that our district was woefully behind in integrating HR and DOF data;
our hiring and payroll systems required manual entries to connect the two. Our problem
was one of legacy. In the mid-1990s, when the district selected its current ERP
technology platform, it decided to implement the financial software first. The district
never implemented the human-capital modules. Consequently, our financial and HR data
were not linked.

Between instability in the CFO-suite and the superintendent’s and chief
technology officer’s lack of resolve, there was no internal champion producing
significant tension that might lead to the reformulation and reorganization of our ERP
infrastructure. Absent a catalyzing agent, district leadership tolerated the segregation of
these systems. When the DOF wished to engage in financial modeling, for example
around compensation, I had to make that request directly to the CPO, whose division
controlled access to this data. The DOF could extract data only from the current date and
was not able to generate historical data queries. I was unable to garner buy-in from the
superintendent and my fellow divisional chiefs to start the long, arduous, and costly
process of evaluating and then modernizing or replacing our current ERP system. The
district did not have enough intellectual and financial bandwidth to commence such a
multi-year project as it began to implement its 2020 strategic plan. The district settled for
maintaining an Oracle IT system that required periodic and expensive upgrades
presumably until Oracle no longer supported these products. Unfortunately, the DOF
continued to rely on importing and exporting data from multiple sources into Excel
spreadsheets, raising concerns about data integrity and modeling accuracy. Unfortunately,
the CAS rebuffed these concerns and my efforts to stimulate district leadership’s interest
in evaluating our ERP architecture. Although the CPO and I wished to review it, other
leadership members, particularly the superintendent, did not. ERP was just not ripe
enough to be acted upon.

As a new CFO transitioning into a K-12 urban school district, I myself was an
input. As Gleick (2008) asserts, an individual’s act of entrance has a way of changing the
rules of the game. I saw myself as a positive deviant who through entry and inquiry could
generate tension among other individual actors. I sought to change the rules of the game
by asking district leadership to entertain new ways of thinking, and to consider innovative
approaches that might improve and make more transparent our district’s use of limited
financial resources in the mission of improving our students’ outcomes. Although entry
planning slowed me down, it did not eradicate the core attributes that defined me. Prior to
entering this K-12 urban school district, I was immersed in the crucible of Wall Street. I
was expected by colleagues and clients to respond rapidly to changing market conditions.
I enjoyed complex situations and brought a sense of urgency to solving problems. As a
former Wall Street salesperson, I prided myself in making complicated concepts understandable. I was skilled at stakeholder management. I harnessed my passion and I rejected fear. After joining APS, I had to recalibrate my behavior, especially my will to take on big challenges and, after developing an action plan, to drive change quickly. I was frustrated in my inability to sync with my fellow C-suite colleagues, whose authentic career attributes were shaped by their work experiences in education or law, and who were by profession and perhaps by nature more circumspect in response. I bristled at being told to “hit singles” when I believed bolder action could result in bigger and more impactful outcomes.

The most difficult part of my transition into K-12 urban education was navigating a district culture that valued consensus building over direct and challenging discourse. As a new entrant transitioning from Wall Street, I had high social intelligence, but it was based on execution and not emotional intelligence. In my prior working world, my focus was to develop relationships that would lead to transactions. In my new K-12 urban environment, I found my private-sector tenacity was misconstrued as driving my own agenda at the expense of not taking the time to value other people’s views. Unlike on Wall Street where I challenged people’s statements and behaviors and they would defend their positions in a well-understood mutual learning process, by continuing such a mode of discourse at APS, I risked my credibility. I eventually learned that the phrases “We need to move on,” “We will need to discuss this at another time,” and the more direct “I need you to stop” were understandable epidemiological responses to these perceived unwelcomed aspects of my positive-deviant behavior. Even though I was hired to be an
irritant, I learned that my superintendent had notions of the limits and degree of irritation that he had neglected to share with me. I found that the more I assessed and reflected on my own behavior, the more adroit I became in understanding this human aspect of APS’s CID. To survive entry, I learned how to interpret a landscape where individuals valued consensus building over individual action, where the networking dynamics were driven by individuals who worked hard at developing high levels of emotional intelligence and empathy rather than the private sector’s profit-making or cost-effectiveness imperatives. I had entered a world that culturally was the antithesis of Wall Street’s highly competitive, transaction-based, pay-for-performance ethos.

When relational tension became too great or remained unresolved, I enlisted leadership coaches, one to make sense of the organization and another to read the relational landscape to help me become more adept at vantage-point shifting and assessing emotional responses—both mine and colleagues’. Without these critical friends, I could not have survived extended periods inside the knowledge swirl collecting, analyzing, and trying to understand the interactive dynamics of the CAS. These coaches were my thought partners who helped me understand my own biases and illuminated my own relational blind spots. In retrospect, transitioning from a more transactional environment like Wall Street to a job like this, I should have negotiated an allowance for relational coaching as part of my employment contract.

Once I had identified and assessed the inputs unique to APS’s CAS, I ventured into the knowledge swirl where the challenges resided and where the ideas to promote change emerged. Here ideas, resources, and relationships interacted and collided. To help
me make better sense of this swirl, I engaged in vantage-point shifting as I assessed situations, and considered acting or not acting on a problem or challenge. I also considered the degree of ripeness of a problem or challenge as well as the organization’s willingness to accept change proposed by my problem-solving calculus.

Whereas I had considered restructuring NSD prior to entry, by applying the RIA model, I learned during my interviews that a very capable manager led this department. NSD was a model operation, producing fresh meals from scratch that were valued by both students and the community. In the APS community, where a majority of students experienced food insecurity, food mattered. I came to see the cafeteria and its kitchens as my classroom laboratory where I could gain direct insights and feedback from staff who worked in the field and who lived in our district. By keeping NSD under the DOF’s umbrella, I preserved my right to be in schools and to be visible to site leaders. In this way, I earned the respect and appreciation of the entire school community. Similar to my controller who visited kindergarten classrooms to remind herself of why she mattered, to boost my emotional resonance, I donned my serving jacket and chef’s hat and ventured into our bakery and kitchens. By doing such, I protected myself against what McKee (2005) terms the “sacrifice syndrome” (pp. 58–59), a phenomenon whereby succeeding in executing organizational missions and goals actually degrades a leader’s ability to maintain balance in work/life/play boundaries and threatens his or her physical, emotional, and mental well-being. As a strategic educational CFO, I needed to see the tangible results of our mission to connect financial and in-kind resources to the school site.
Moreover, I found that sitting isolated in my office did not engender the trust and learning necessary to align APS’s resources. I discovered that by getting into our cafeterias and our kitchens I garnered students’, teachers’, administrators’, and staff’s acceptance and goodwill—not because I just showed up, but because I showed up caring, listening, and noticing. By getting out into the field and witnessing the realities of teachers’ workspaces, I became a better problem solver. By walking around schools and volunteering in classrooms, I produced a higher degree of trust and credibility with school administrators.

I previously reviewed how teaching Bonds 101 allowed me to exploit and apply my financial knowledge and practitioner expertise in a new setting. Just as important, this case study also answers the research question of how I generated trust and promoted learning among the superintendent, fellow chiefs, and the BOE.

Within my first 90 days on the job, I introduced my superintendent to the deputy director of the Bill & Melinda Gates Foundation, secured a 2014 Cadillac CTS for our Pickens Technical College’s automotive program from General Motors, and increased the district’s participation in a pilot program designed by Naviance to introduce college planning and post-work-force readiness (a pillar of the district’s new 2020 strategic plan) at the elementary school level. I did this without my efforts being publicly recognized. I was disappointed to learn that although my personal contributions were included in the district’s publication on educational reform, I was noticeably absent in its section describing “Human Capital Foundations for Change”:

In APS, we believe that the success of its reform strategy requires both people and an organizational culture that are dedicated to the mindset of accelerating
achievement. To this end, our leaders have taken multiple steps to shift the organizational culture regarding change to ensure that all stakeholders are focused on the success of every student. Only by doing this will [APS] be able to achieve significant gains in student outcomes.

Since 2013, APS has been building this culture shift as demonstrated by:

- A new Superintendent
- A new Chief Academic Officer
- Introduction of Unified Job Descriptions
- New P-20 learning community leaders who oversee principals
  (Aurora Public Schools, 2015)

Although I was left out by title in Education Reform in APS, my superintendent did include the initiatives I introduced and that greatly benefited the district. Two mentioned were

- Engaged in APS Turnaround “Think Tank” hosted by Bill & Melinda Gates Foundation – April 2015
- Accelerated staffing and budget allocation processes – February 2015 (Aurora Public Schools, 2015)

When I suggested that the district’s hiring of a new CFO be included in this reform document, my superintendent responded that he was “trying to avoid this from becoming a list of everything we have done in the last two years” (Munn, district email, October 2015). Here is the stark reminder noted by Hovey and Boser (2014) that a K-12 educational CFO is “not always a [valued] part of district management culture” (p. 9).

As a strategic CFO, I pictured myself as someone who could unify people and pull in resources. I chose to work in a resource- and performance-challenged K-12 urban district because I believed I could bring my intellect, passion, will to succeed, and academic and philanthropic relationships to bear in improving the infrastructure and culture of the district.
I believe my early successes and my building of genuine relationships with school leaders disquieted my superintendent, who by nature and training was circumspect and reserved. Whether my superintendent was aware of it or not, his management style contributed to the siloing of our different divisions. He preferred to compartmentalize problems and discuss them with the one or two individuals on his leadership team that he saw as the “SME” or subject-matter expert(s), then he made decisions in isolation. Not having a leadership coach, he never examined his management approach. He particularly disliked leadership retreats and team-building exercises, an outlook he conveyed to the leadership team on numerous occasions. All of this shut down discussion. As our leadership team became increasingly dysfunctional, the superintendent addressed our situation by outsourcing the challenge of developing a better functioning team first to a new chief of staff and then to an outside consultant.

In contrast, I took the information and insights from entry planning to transform the DOF’s culture. After learning that the DOF’s leadership team remained silent regarding their reservations about the $1 million procurement of a budgeting software tool by a former CFO that went unused by the district, I apportioned time during our DOF leadership-team meetings to read and discuss articles such as the “Abilene Paradox” (Harvey, 1974), and “Bell Curve” (Gawande, 2006) that examined concepts related to groupthink, group performance, and risk-taking. We discussed the importance of trust, respect, safety, and dialogue; and explored the conditions individuals needed to take risk and to drive change in their own departments and throughout our division. It took about nine months of group work, including a few catalyzing incidents during which managers
needed my assistance and support in dealing with employment issues, to coalesce as a leadership team. I also found that team building empowered my managers to solve problems directly, which increased my own degrees of freedom to explore the CAS, as I knew that the division’s day-to-day work was getting done.

One area in which I was allowed to be both an architect and transformer was in anticipating and addressing the district’s capital funding needs. I had the technical knowledge and real-world experience to promote adaptive solutions that met our complex financing needs. I conveyed to the BOE my understanding of debt-issuance limitations and debt structures—regulatory and economic inputs—through a staged instruction process that introduced municipal-finance concepts and culminated in a comprehensive review of sophisticated funding approaches. In this way, I signaled to the BOE that it had a competent financial professional who engaged in proactive and conservative financial planning to assure the district’s long-term fiscal viability. Furthermore, I brought in other financial professionals—investment bankers, municipal advisors, bond counsel, and outside auditors—to stand with me as I led the superintendent and the BOE in their consideration of the largest bond issuance in our district’s history. I made certain that the board knew that I didn’t have all the answers, but that I knew how to leverage third-party resources to get the data and market intelligence we needed to make well-informed decisions. Through this communal learning approach, I gained the BOE’s trust and confidence, particularly that of the board’s president and treasurer, who appreciated the transparency, meticulousness, and passion I brought to financial considerations.

Observing protocols regarding information flows to and from the BOE, I kept my
superintendent informed as I responded to their information requests. I also developed authentic relationships with individual board members, visiting with them and tutoring them in budgetary and other financial-resource matters. During these informational sessions, I invited my managers to join the conversation so that we could learn about our board members’ interests and concerns, especially as to financial transparency. In doing so, I elevated my management team, shifted their vantage points, and increased their awareness of board members’ priorities. These efforts bolstered my credibility with the board (and my managers!) and afforded me pathways to make time-sensitive requests, such as accelerating an information item to the consent agenda during the same meeting, an occasional necessity when dealing with financial exigencies.

In entering and trying to make sense of a CAS that from an outsider’s perspective seemed inscrutable, I unexpectedly found kinship with our novice teachers. We shared a common belief that we were agents who individually could influence the aggregate behavior of other agents within the CAS. We believed our actions mattered. Without this core belief of being able to make a difference, none of us would have entered a CAS with a dominating bureaucracy. We also shared a similar problem, how to enter a K-12 urban school district devoid of formal apprenticeship or mentoring and survive our freshman year. As a new CFO, I came to see entry as a time for making sense of an environment that was chaotic. Just like the new teacher entering the classroom, I needed to apply my knowledge-for-practice in acquiring a knowledge-in-practice that eventually would generate a knowledge-of-practice, at which point I would no longer be a deficit learner and my efforts would positively contribute to the organization. As I noted earlier,
I likened myself to a first-year teacher. I brought my formal business school training and my experiences from Wall Street—my etic knowledge—with me into APS; however, I lacked the practicum experience of student teaching. I had no choice but to create an educational dynamic where I could learn from others how to do my job. Like the novice teacher trying to assess his impact on the classroom, I also tried to assess the impact of my entry in this CID. Resembling the classroom teacher committed to “diligence, [doing] right, and ingenuity” (S. Lytle, 2008, p. 375), through intellectual rigor and emotional sensitivity, I sought to identify and influence learning conditions that enabled higher-quality decision making about how to enact change and improve performance throughout the district.

Whenever I entered schools, I made it a point to visit the classrooms of our first-year teachers. I had begun to research the costs of teacher turnover, especially of those in their initial three years, and was coming to the realization that our lack of systemic support and interventions to increase new teachers’ rate of retention was wasting millions of dollars of taxpayer money. I needed to learn about these novice teachers’ frustrations (so that I could eliminate choke points) and their successes (so that I could make certain that they had more of the right resources). Through these visits with teachers, I recognized that we were connected in our desire to learn how to perform and manage better within our respective work settings. We knew that there was pressure to perform and that we were accountable for students’ outcomes. Whether in the role of CFO or classroom educator, we feared failure and felt an urgency to hit the ground running. Embedded within the CAS was the erroneous assumption that we somehow already knew how to do our jobs. In actuality, we were groping our way to perfecting our knowledge and art of practice—we just needed to survive entry.
Here are my concluding tips for the budding CFO (or teacher) who yearns to become a transformative agent within a CAS that may not be immediately receptive to his or her presence or actions:

- Place yourself in a learning stance through entry planning and slow down to understand the CAS;

- Define your role(s) (responder, challenger, architect, and/or transformer) with the superintendent and/or board and institutionalize it in the technical job description;

- Secure small wins (the “singles”) that establish professional credibility—the “street cred” (Urban Dictionary, 2006) essential for acceptance in an urban environment—while you develop the trust and confidence to engage in more unconventional actions that may yield larger outcomes;

- Align financial and in-kind resources that increase students’ outcomes; try to end unproductive programs and reallocate associated funds that support the district’s strategic plan;

- Be authentic, trust in yourself, and develop a culture of inquiry;

- Get a good independent leadership coach, ideally paid for by your employer, who can assist in your diagnostic analysis and self-reflection;

- Look for internal mentors, while being careful not to share too much personal or judgmental information with them;

- Relish the emerging and unpredictable—absolutes of any CAS;

- Visit field operations and schools on a reliable and known basis, and occasionally on an unannounced basis; and finally,

- Poke the CAS and explore its boundaries as you search for areas of ripeness that appear susceptible or receptive to change.
Epilogue

I was fortunate to survive my first 180 days, let alone my first year of entry. I experienced more emotional ups and downs in my first six months as the CFO of a K-12 urban school district than during my 20 years on Wall Street. I confronted censure, dismissal, and contractual non-renewal. I captured much of my autoethnographic experience in the little vignettes that continue to dance inside my head.

Lambert, my controller, gave me 18 months of mentoring before she retired. A special person with a wry sense of humor, she picked the leap-year day of February 29th to call it quits. She remains an essential critical friend, thought partner, and colleague emeritus.

I hired two new, essential professionals—a controller and a budget director—to help me lead and modernize the DOF. I credit my superintendent for agreeing to a six-month overlap so that our new controller could shadow and learn from Lambert. He also supported my hiring a budget director and staffing our Budget department to an appropriate operational level. I also selected a young Latina to become my new administrative assistant. As my resident ‘millennial,’ her cultural and generational insights, as well as her social media and computer skills, were invaluable. Buoyed by these new hires, I tried to capture Lambert’s uncurated institutional knowledge before she walked out the door with it. Receiving input and insights from recent hires and reinvigorated veteran managers, I reorganized the operational back-end of Grants and Accounting. By streamlining these operations, I realized enough savings to hire a coveted strategic-data partner and enroll her (contrary to my superintendent’s guidance) in
Harvard’s Strategic Data Fellowship Program. Through this program, which develops talented individuals into K-12 data strategists, I intend to build our internal capacity to perform cost-effectiveness analysis that supports evidence-based decision making regarding how the district spends its money so that we can better steward taxpayers’ monies and better deliver on the mission of educating our youth.

Of course, given my own transitional experience (with Jentz’s assistance), I require new management hires—my core team of vibrant and passionate professionals—to entry plan as a way to facilitate their own braking and entering into our K-12 urban school district.
APPENDIX I

My CFO Entry Plan for Aurora Public Schools

“Enter with grace and listen.”

James “Torch” Lytle

Introduction:

The first few months of my beginning as your Chief Financial Officer give us an opportunity to examine where the Division of Finance (“Finance”) has been, where we currently stand, and where we as a Division wish to be. I am truly honored to be joining such a committed and driven group of educators, administrators, and support service professionals. I feel fortunate to be joining such a vibrant educational community led by a forward-thinking Superintendent and a driven Leadership Team comprised of welcoming veterans.

In my first few months, I will be gathering information in a systematic way through the use of an Entry Plan. The purpose of an Entry Plan is to organize a set of collaborative inquiry activities, through which information about Finance is collected, organized, interpreted, and used to establish strategic direction and goals for the Division’s improvement. I will be conducting primarily one-on-one interviews with direct participants so that I may better listen to the many voices within Finance, each Leadership Team member, a cross-section of schools and their stakeholders (principals, faculty, administrators, support staff, and students), and other key professionals whom we serve and/or who are essential to our core mission of managing, increasing and aligning financial resources that enhance educational and career achievement.
Our interviews will be structured by a same or similar set of questions (see attached) and will be confidential. Structured interviews using the same set of questions is an attempt to insure comparability from one interview to the next. I will compile the data from the members of a particular group—all intra-departmental groups in Finance (Payroll/AP, Budgeting, Grants & Federal Funding, Risk Management, Materials Management, Nutrition Services) and external groups such as the Leadership Team, Principals, Teachers, Support Staff, and of course, Students (and Parents)—and feedback that data first to the group from whom I collected it. In each group we will work together to figure out what it means and how to use it to inform decision-making. Then I will compile cross-group information about how different groups view (1) Finance’s mission and ability to satisfy their needs and objectives (2) what obstacles are preventing Finance from achieving them, and (3) the actions needed to overcome obstacles so that Finance may be proactive in not just complying with, but in anticipating, individual, district, state, and federal needs and requirements. I will then share these findings within the Division of Finance so that we can collaboratively define the concrete steps the Division of Finance will take to refine and redefine our strategic purpose. This Division of Finance’s Action Plan will be shared with all constituents.

My Entry Plan will only be as good as the information I receive. Because I will also be identifying themes in your answers to questions that I plan to share within my Division, I know that candid exchange between us will be critical. Candor depends on trust. Prior to the completion of our interview, I will review with you the information you have shared with me so that you can be assured that our conversation is accurately
captured in my notes. I will end each interview by taking the initiative to clarify exactly what information you wish me to keep private. Thus, I want to assure you that confidentiality is sacrosanct.

During the time I am conducting my Entry Plan, I will also be engaging in **Briefings** with my direct reports. Briefings are content-oriented entirely, and take place immediately for the purpose of getting me the information I will need to perform my “regular” job while I conduct Entry Interviews. Briefings are separate and distinct from Entry Plan Interviews and have immediacy to them. Briefings ensure that I become informed and familiar with the daily activities and operations under Finance so that our daily work continues to be well executed and in a seamless manner. I will be conducting Briefings with all direct reports in parallel with this Entry Plan. (Briefings are described on page 8.)

Finally, a note about my advanced calendar planning of Entry Activities. I have every intention of keeping to my proposed entry plan calendar. However, I may find it necessary to revise activities to accommodate my daily responsibilities and unanticipated events. Please know that I wish to maintain my credibility with you. Therefore, should I find that my Entry Plan is inadvertently too ambitious within the timeframe presented, then I will revise my Entry Plan calendar accordingly and communicate changes immediately.

**General Goals:**

1. To become familiar with the school district and its people as fully as possible within a short period of time and in an environment removed from the daily demands of crisis and problem solving.
2. To learn about Finance’s operational systems, procedures, and capabilities; key budgetary, accounting & reporting, and provisioning duties and responsibilities; staffing (duties and responsibilities) and resource needs; and any discontinuities within or outside the financial ecosystem that detract from our ability to optimize financial resources in support of the District’s goals.

3. To identify tasks that need to be done and rank them in priority.

4. To establish how these tasks should be accomplished, including ownership, actionable timelines, and how success will be measured.

**Division of Finance**

**Objectives**

1. To learn what each direct report does within Finance, including his/her duties, responsibilities, key objectives, obstacles, and identify enterprise systems/software used for management and reporting purposes.

2. To understand key issues and tasks each person is working on this year and any other critical issues forthcoming in the next 12-18 months; overview of staff and staffing needs.

3. To identify the norms, values, and procedures that govern the your specific area, and as necessary, make adjustments in the working relationships within and outside Finance to coordinate work and increase efficiency on system-wide tasks.

**Entry Activities**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Review historical documents pertaining to each department within Finance</td>
<td>10/20-10/24</td>
</tr>
<tr>
<td>• Interview each direct report for 2 hours</td>
<td>10/27-10/31</td>
</tr>
<tr>
<td>• Interview non-direct reports as warranted for 1 hour</td>
<td>11/03-11/07</td>
</tr>
<tr>
<td>• Review &amp; record notes from each interview, collate and analyze data</td>
<td>10/20-11/14</td>
</tr>
</tbody>
</table>
Interview Questions*

1. Please give me a biographical sketch to help me know you. Where did you grow up? Go to school? Why did you join APS?

2. How long have you worked here? What other roles have you had within Finance or the System? What other systems have you worked in and how do they compare?

3. What would you like to most accomplish in your position?

4. Please give me an assessment of your functional area? Who else shares these views? Who might not share these views?

5. How do you assess the effectiveness of people within your department? How do you determine which resources are fixed and which are flexible?

6. What is the key issue(s) in your department?

7. What operational or planning changes would you like to see to make your area more productive? How can we better leverage (including increasing) our resources?

8. Give me an example of a recent conflict or frustrating problem. How was it resolved (or not)?

9. What changes, if any, in working relationships or job structures do you see as necessary?

10. Pretend I am a genie and you have one remaining wish. What organizational, operational, or resource improvement would you wish for? (Please let the genie know if you need an extra wish.)

*If you are comfortable using a one-page PowerPoint to let me know what a typical day looks like and to introduce yourself, then please do so.

Leadership Team

Objectives

1. To learn how you currently interact with Finance.

2. To understand key challenges you face and how Finance can support you, your initiatives, and your on-going and future needs.

3. To understand the norms and manner of your communication style, including expectations of timeliness and accountability.
4. To map financial and operational activities under Finance so that we can enhance efficiency, productivity, and collaboration among the District’s other functional areas.

**Entry Activities**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Review historical documents for an overview of each member on the Leadership Team</td>
<td>10/20-10/31</td>
</tr>
<tr>
<td>• Interview each Leadership Member for 2 hours</td>
<td>10/20-10/31</td>
</tr>
<tr>
<td>• Interview other Divisional employees identified as critical bridge spanners to Finance by the Leadership Member</td>
<td>11/03-11/14</td>
</tr>
<tr>
<td>• Review &amp; organize notes from each interview, collate and analyze data</td>
<td>11/14-11/21</td>
</tr>
<tr>
<td>• Share findings among the Leadership Team</td>
<td>Week of 12/8</td>
</tr>
</tbody>
</table>

**Interview Questions***

1. Please give me a biographical sketch to help me know you, including a summary of your responsibilities in the Division you lead.
2. How long have you worked here? What other roles have you had within the System? What other systems have you worked in and how do they compare?
3. What would you like to most accomplish in your position?
4. What do you see as the key challenge facing your Division in the next 12 and 24 months? How could Finance better partner in helping you meet that challenge?
5. Give me an example of a recent conflict or frustrating problem that you have experienced with any department within Finance. How was it resolved (or not)?
6. What is your preferred method of communication—form, length, and style—within the Leadership Team? Have you experienced a Leadership Team member not responding to an email inquiry within 24? If so, how did you resolve it? In the event we have a conflict, what is your preferred way to resolve it?
7. What changes, if any, in your Division’s working relationships with Finance do you see as necessary?
8. In what ways, if any, has your or another Division created obstacles in working with Finance? How can these obstacles be ameliorated or removed?
9. Pretend I am a genie and you have one remaining wish. What organizational, operational, or resource improvement would you wish for? (Please let the genie know if you need an extra wish.)

*If you are comfortable using a one-page PowerPoint presentation to introduce yourself, then please do so.

**Schools**

**Objectives**

1. To observe how schools operate and use resources.
2. To determine what the key issues are related to the Finance in the building.
3. To identify the norms of interaction among Finance, Principals, Faculty, Support Service Personnel.
4. To learn how Finance can better support school-based use of the District’s financial, purchasing, and nutritional resources.
Entry Activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Hangouts” at a sample cross-section of schools that include (2) pre-K,</td>
<td>10/20-11/20</td>
</tr>
<tr>
<td>elementary, (2) middle, (2) high, and (1) technical schools. Minimum of</td>
<td></td>
</tr>
<tr>
<td>four hours.</td>
<td></td>
</tr>
<tr>
<td>• Adopt a high school (Aurora Central) and an elementary or middle school</td>
<td>10/20-10/24</td>
</tr>
<tr>
<td>(in coordination with deputy superintendent)</td>
<td></td>
</tr>
<tr>
<td>• Selection of Formal Schools to visit: 1 elementary; 1 middle; 1 high</td>
<td>Tuesday, November 25th</td>
</tr>
<tr>
<td>school; 1 technical to be selected by entire Division of Finance at</td>
<td></td>
</tr>
<tr>
<td>Thanksgiving PotLuck Lunch on November 25th (Confirm with General</td>
<td></td>
</tr>
<tr>
<td>Counsel)</td>
<td></td>
</tr>
<tr>
<td>• Formal School site visits of selected schools, including meeting</td>
<td>12/01-01/16</td>
</tr>
<tr>
<td>with Principal, Faculty, Support Services, Custodians, classrooms, PE,</td>
<td></td>
</tr>
<tr>
<td>SPED, ELL; full day</td>
<td></td>
</tr>
<tr>
<td>• Share findings among the Formal Schools at a sponsored coffee and</td>
<td>Week of 01/26</td>
</tr>
<tr>
<td>cake meeting (Confirm with General Counsel)</td>
<td></td>
</tr>
</tbody>
</table>

Interview Questions for Principal, Teachers (Randomly Selected), Support Services (with modifications)*

1. Please give me a biographical sketch to help me know you. Where did you grow up? Go to school? Why did you join APS?

2. How long have you worked here? What other roles have you had within the System? What other systems have you worked in and how do they compare?

3. What would you like to most accomplish in your position?

4. In what ways does Finance “touch” your school?

5. How do you currently manage the expenditures of financial resources? Who does this? And how are decisions made?

6. Can you give me an example of your direct interaction with any member of Finance? Please describe the nature of your interaction.

7. Are there any obstacles within Finance that you would like removed or any processes streamlined? Please explain.
8. How is the food at your school? How regularly do you eat it? How can the experience be improved?
9. Pretend I am a genie and you have one remaining wish. What Finance-related organizational, operational, or resource improvement would you wish for? (Please let the genie know if you need an extra wish.)

*If you are comfortable using a one-page PowerPoint to present what a typical day looks like and to introduce yourself, then please do so.

Students

Objectives

1. To observe how students consume educational resources at the building level.

2. To learn what students like and don’t like at the building level.

3. To experience student culture and attitudes toward discipline and safety.

4. To share a meal during the school day with students.

Entry Activities

<table>
<thead>
<tr>
<th>Activity</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Hangouts” at a sample cross-section of schools that include (2) pre-K, elementary, (2) middle, (2) high, and (1) technical schools. Minimum of four hours.</td>
<td>10/20-11/20</td>
</tr>
<tr>
<td>Formal School site visits of selected schools: 1 elementary; 1 middle; 1 high school; 1 technical, including student entry, breakfast/lunch, PE, SPED, ELL</td>
<td>12/01-01/16</td>
</tr>
<tr>
<td>Record data, collate, analyze findings</td>
<td>12/01-01/16</td>
</tr>
<tr>
<td>Share findings among the Formal Schools at a sponsored coffee and cake meeting (Confirm with General Counsel)</td>
<td>Week of 01/26</td>
</tr>
</tbody>
</table>
Interview Questions

1. Do you like your school? What do you like best? What do you like not—so best?
2. Is school a safe place for you?
3. What class or subject is your favorite? Why?
4. What is the name of your principal? Your favorite teacher? Your least favorite teacher?
5. If you have a problem, what one adult do you go to in your school?
6. Can you tell me the name of your custodian? Or someone who works in the cafeteria?
7. When was the last time you noticed your principal walk the halls or visit your classroom?
8. How is the food at your school? Any ideas to make it better?
9. If you can change one thing at your school, what would it be?

Briefings (scheduled separately from Entry Plan Interviews)

Please note that Briefings are content-oriented entirely, and take place immediately for the purpose of getting me the information I will need to perform my “regular” job while I conduct Entry Interviews and complete my Entry Plan.

1. Please tell me as succinctly as possible the status of this area of responsibility. What has been accomplished in preparation for the school year? What remains to be done? What needs attention before the end of the month, the end of the calendar year?

2. Please tell me as specifically as possible how tasks are accomplished in your area of responsibility. What are the steps in each process?

Making Sense of the Data for Action Planning:

By February 9, 2015, Finance will meet as a group to review the report of my Entry Plan’s findings and to begin the collaborative and reflective process of seeing what the mosaic of data has to tell us before I decide how we will implement changes that address the findings. Our collective mission will be to use the resources at our disposal or
obtain resources we need but lack to: (1) drive efficiencies throughout the system that encourage and support data-informed decision-making; (2) make sure we are leveraging and aligning the District’s resources in ways that enhance our abilities to teach and learn; and (3) develop a culture that celebrates innovative thinking and thoughtful risk-taking so necessary to strategically manage within a resource-constrained world. By behaving in this way we mirror the skills, attitudes, critical thinking, grit, and mindfulness that define the forward-thinking organization we wish to become.
APPENDIX II

CFO Posting & Technical Duties

Aurora Public Schools
Aurora, Colorado
Vacancy Announcement

Chief Financial Officer

JOB TITLE: Chief Financial Officer
LOCATION: Aurora Public Schools, Aurora, Colorado
PAY RANGE: Range 11, Beginning at $110,978
WORK YEAR: 261 days / Year-Round
DIVISION: Finance
REPORTS TO: Superintendent of Schools

APPLICATION PROCEDURE:
Please visit http://www.cps.k12.co.us/hr/nonprocedure.html to complete an online application. Reference APS job number 6505.

DISTRICT AND DIVISION BACKGROUND:
Aurora Public Schools is the sixth largest school district in the state of Colorado with over 35,000 students and over 5,000 staff members. In 2009, APS had the largest Colorado Student Assessment Program (CSAP) growth in six years and earned more than $7 million in scholarships. The staff of Aurora Public Schools is committed to excellence. APS has received 25 consecutive Certificates of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada. The APS community has continued to show support through the passage of both a bond and mill override measure in the November 2008 election.

SUMMARY:
The CFO is responsible for advising the superintendent and school board on the financial and budget matters of the district. The CFO prepares and administers the district budget, guides the development of long-term capital financing methods, directs and supervises all business/finance functions including accounting, payroll, budgeting, accounts payable, nutrition, purchasing, warehousing, printing and grants while adhering to district policies and procedures.

ESSENTIAL DUTIES AND RESPONSIBILITIES:
1. Direct the receipt, management of investments and expenditures of the district’s funds to insure proper and maximum returns on these funds. Forecasts short- and long-range cash requirements and obligations as a basis for sound financial funding mechanisms.
2. Provide leadership for the development, maintenance, enhancements and continual improvement to the district’s comprehensive financial data systems.
3. Serve on the superintendent’s leadership team.
4. Direct the grants management programs to ensure maximum and effective participation in all available local, state, and federal grants.
5. Assure protection of the assets of the district by enforcing and promoting internal controls, internal auditing, and ensuring proper insurance coverage.
6. Act as the district’s representative on statewide school finance committees. Provide advice to the district’s lobbyist on all school finance legislation.
7. Direct the preparation of the Comprehensive Annual Financial Report and other reports as required by the board of education and state and federal agencies to assure compliance with the law. Direct the external audit processes.
9. Direct the preparation and implementation of the district budget to insure compliance with state laws and alignment with district goals.
10. Direct the administrative activities required for all financial aspects of budget override and school-bond-issue elections.
11. Initiate school board policy development on business and budget related matters of the district.
12. Provide financial advice on the district’s negotiations with employee groups to allow negotiation settlements to be within budget. Serve on the district’s negotiation team.
13. Act as the district’s representative in the purchase or sale of property.
14. Other duties may be assigned.

EDUCATION AND TRAINING:
Master’s degree in business, accounting, finance, public or education administration required.

EXPERIENCE:
Over five and up to and including seven years of experience in public sector financial management including increasing supervisory responsibility and administration of governmental accounting systems.

SKILLS, KNOWLEDGE, EQUIPMENT, & OTHER:
1. Knowledge of and experience with practices and trends in school business service areas.
2. Ability to work collaboratively and in a collegial leadership team.
3. Advanced interpersonal communication skills, including written and oral communications.
4. Some experience in planning, evaluation, governmental accounting and financial systems, budgeting, reporting, payroll, public school finance, purchasing and warehousing, nutrition services, and grants management. Must have the
commitment to efficiently and effectively use resources and the desire to apply creative initiative in time of shrinking financial resources.

5. Operating knowledge and experience with personal computer systems, financial systems and basic office equipment.

6. English language skills required.

SUPERVISION/TECHNICAL RESPONSIBILITY:
Directly supervises seven employees in the Finance Division and indirectly supervises over 200 employees through direct reports. Positions directly supervised include director, materials management; director, grants management; director, nutrition services; director, finance; lead, payroll; budget manager; and assistant to the chief financial officer. Positions indirectly supervised include senior accountant; accountant; accounting trainer; budget accountant; accounting technician; functional analyst; secretary; accounts payable clerk; clerk, department; payroll specialist; budget and finance technician; nutrition services staff; senior buyer; buyer; warehouse supervisor; warehouse worker I; warehouse worker II; grants coordinator; budget and finance technician; printing manager, printing specialist; designers; and technician.

The CFO carries out supervisory responsibilities in accordance with the organization's policies and applicable laws. Responsibilities include interviewing, hiring and training employees; promoting and transferring employees; planning, assigning and directing work; appraising performance; rewarding, disciplining and terminating employees; and addressing complaints and resolving problems.

BUDGET AND/OR RESOURCE RESPONSIBILITY:
This position has sole responsibility for developing, administering, monitoring and coordinating the district budget and initiating requisitions. Also responsible for participating and recommending all budgets district-wide for board approval. Responsible for developing, coordinating, monitoring, and administering budgets in the areas of finance, accounting, accounts payable, payroll, budget, purchasing, warehouse, grants management, nutrition services, audit, banking, and debt service.
THE JOB:

Job Title: Chief Financial Officer
Work Year: 261 days
Department: Finance
Reports To: Superintendent
Salary Range: 11
Starting Salary: $115,462/yr

SUMMARY:
Responsible for advising the superintendent and school board on the financial and budget matters of the district. The chief financial officer prepares and administers the district budget, guides the development of long-term capital financing methods, directs and supervises all business/finance functions including, but not limited to, risk management, budgeting, and grants management while adhering to district policies and procedures. May assist with translation and communication using second language skills when possible.

ESSENTIAL DUTIES AND RESPONSIBILITIES:
The following statements of duties, responsibilities, frequency, and percentages are intended to describe the general nature and level of work being performed by individuals assigned to this position. These statements are not intended to be an exhaustive list of all duties and responsibilities required of all personnel within this position. Actual duties, responsibilities, frequency, and percentages may vary depending upon building assignments and other factors.

D 10% Provide strategic leadership for the school district in finances, budget development, and investments. Direct the receipt, management, and allocation of all district funds to ensure proper and maximum returns on these funds. Forecasts short- and long-range cash requirements and obligations as a basis for sound financial funding mechanisms.

W 5% Provide leadership for the development, maintenance, enhancements and continual improvement to the district's comprehensive financial data systems.

W 10% Serve on the superintendent's leadership team.

W 10% Direct the grants management programs to ensure maximum and effective participation in all available local, state, and federal grants.

M 10% Assure protection of the assets of the district by enforcing and promoting internal controls, internal auditing, and ensuring proper insurance coverage.

M 3% Act as the district's representative on statewide school finance committees. Provide advice to the district's lobbyist on all school finance legislation.

M 5% Direct the preparation of the Comprehensive Annual Financial Report and other reports as required by the board of education and state and federal agencies to assure compliance with the law. Direct the external audit processes.

M 10% Direct the preparation and implementation of the district budget to insure compliance with state laws and alignment with district goals. Serve as the primary contact for state lawmakers and lobbyist on school finance.

A 10% Direct the administrative activities required for all financial aspects of budget override and school-bond-issue elections.

A 5% Initiate school board policy development on business and budget related matters of the district.

A 5% Provide financial advice on the district's negotiations with employee groups to allow negotiation settlements to be within budget. Serve on the district's negotiation team.

A 2% Act as the district's representative in the purchase or sale of property.

Ongoing 5% Perform other duties as assigned.

To perform this job successfully, an individual must be able to perform each essential duty satisfactorily. The requirements listed below are representative of the knowledge, skill, and/or ability required. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

EDUCATION AND TRAINING:
Master's degree in business, accounting, finance, public or education administration, or equivalent experience and training.

EXPERIENCE:
Over five and up to and including seven years of experience in public sector financial management including increasing supervisory responsibility and administration of governmental accounting systems.

SKILLS, KNOWLEDGE, EQUIPMENT & OTHER:
Knowledge of and experience with practices and trends in school business service areas. Ability to work collaboratively and in a collegial leadership team.

Advanced interpersonal communication skills, including written and oral communications. Some experience in planning, evaluation, governmental accounting and financial systems, budgeting, reporting, payroll, public school finance, purchasing and warehousing, nutrition services, and grants management. Must have the commitment to efficiently and effectively use resources and the desire to apply creative initiative in time of shrinking financial resources. Operating knowledge and experience with personal computer systems, financial systems and basic office equipment. English language skills required. Oral and written fluency in second language may be preferred or required based on building assignment.

CERTIFICATES, LICENSES, & REGISTRATIONS:
None required.

SUPERVISION/TECHNICAL RESPONSIBILITY:
Directly supervises employees in the Finance Division and indirectly supervises employees through direct reports. Positions directly supervised include director, grants management; controller; budget manager; and assistant to the chief
financial officer. Carries out supervisory responsibilities in accordance with the organization's policies and applicable laws. Responsibilities include interviewing, hiring and training employees; promoting and transferring employees; planning, assigning and directing work; appraising performance; rewarding, disciplining and terminating employees; and addressing complaints and resolving problems.

BUDGET AND/OR RESOURCE RESPONSIBILITY:
This position has sole responsibility for developing, administering, monitoring and coordinating the district budget and initiating requisitions. Also responsible for participating and recommending all budgets districtwide for board approval. Responsible for developing, coordinating, monitoring, and administering budgets in the areas of finance, accounting, accounts payable, payroll, budget, purchasing, warehouse, grants management, nutrition services, audit, banking, and debt service.

The physical demands, work environment factors, and mental functions described below are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions.

PHYSICAL DEMANDS:

WORK ENVIRONMENT:
The noise level in the work environment is usually quiet.

MENTAL FUNCTIONS:
While performing the duties of this job, the employee is regularly required to use interpersonal skills. Frequently required to analyze, communicate, coordinate, instruct, synthesize, evaluate and negotiate. Occasionally required to compare, copy, compute and compile.

Aurora Public Schools - Job Description - Chief Financial Officer
Fast Facts about APS

- VISTA 2015 is the district’s plan to graduate every student with the choice to attend college without remediation. The APS Board of Education and Leadership Team gathered feedback on the plan from staff, parents, students, community and business members.
- APS students come from 132 different countries and speak 133 different languages.
- 36% of students speak English as a second language; of these, 86% are native Spanish speakers.
- 69% of our students receive free and reduced lunch.
- 10% of our students attend special education programs.
- Our annual budget for 2014-15 is $340 million.
- 69 cents of every dollar from the APS operating budget goes directly to support the instructional program.

- There are 59 schools in the district: 4 preschools, 25 elementary schools, 4 P-8 schools, 6 middle schools, 1 6-12 academy, 4 comprehensive high schools, 1 P-20 Campus, 1 online high school, 4 Pilot schools, 1 vocational/technical college, 1 gifted and talented K-8 school, 6 charter schools and 1 home school support program.
- The current K-12 enrollment for Aurora Public Schools is 38,442 students. Our students are:
  - Native American.......................... 0.8%
  - Asian ........................................... 4.6%
  - Black.............................................. 18.2%
  - Hispanic ...................................... 54.7%
  - White............................................. 17.1%
  - Native Hawaiian/ Pacific Islander.... 0.5%
  - Two or More Races.......................... 4.2%

- To enhance student and staff safety, all schools are equipped with public-address systems, doors that lock from the inside, and classroom telephones. Each school has an emergency plan that includes lockdown procedures and evacuation plans. Our automated phone system can deliver phone messages to all parents and staff members in a matter of minutes.

- Our graduation rate is 56% (includes all graduates, but not counting New America Charter High School).

- Our dropout rate is 4.8%.
- For more information visit the district Web site at aurorak12.org.

- Important phone numbers:
  - Main District Phone Number............. 303-344-8060
  - Nutrition Services....................... 303-343-0295
  - Early Childhood Education............. 303-364-9371
  - Exceptional Student Services.......... 303-340-0510
  - Head Start.................................. 303-343-8328

Aurora Public Schools
Educational Services Center – 4
1085 Peoria St.
Aurora, Colorado 80011

OPR: Accountability & Research, Finance, Communication – Reviewed 7/31/14 Updated 7/31/14
APPENDIX III
Superintendent’s “Tactical Shift” & “Essential Truths”

Board Memorandum

To: APS Board of Education
From: D. Rico Munn, Superintendent
Cc: LT
Re: Attached outline addressing tactical shift

On May 7, 2013, the APS Board of Education voted to name me as the next Superintendent of Schools. I assumed my duties on July 1, 2013. In the interim period I have completed a transition process that included:

- One-on-one meetings with each Board member
- One-on-one meetings with each LT member
- Detailed briefings on emergent issues by APS staff
- Informal meetings with various licensed APS personnel
- Meetings with various community groups and service organizations
-Meetings with Foundations

-Meetings with area Superintendents and other education leaders

Attached for your review is an outline addressing a new tactical approach to our work. In my application and interview for the Superintendency, I spoke to you about my proposal to bring greater “tactical clarity” to APS’ work. The work I have done during the transition period has emphasized the need for such an approach. The plans set forth in the attached document are based upon information learned during the transition, objective review of APS performance and an understanding of educational and organizational best practices.

I look forward to discussing this document with you in more detail. I wanted to provide you with this outline prior to your August 3, 2013, retreat. It is my hope that to the extent you have concerns, they can be raised at that time.

In addition to the plan outline, I am attaching a document which lists the “Essential Truths” I am using as a guiding tool for my own thinking. I hope you might consider sharing your own such list with me.
An outline addressing a tactical shift in Aurora Public Schools

D. Rico Munn, Superintendent of Schools

July 1, 2013
Introduction

“Tactics is knowing what to do when there is something to do, strategy is knowing what to do when there is nothing to do.” Savielly Tartakower, Chess Grandmaster

There is plenty to do. This document outlines a tactical shift in how the APS administration will prioritize and plan in FY 13-14 in order to further the Board approved Strategic Plan.

Concept

VISTA 2015 identifies a set of “Transformational Goals.” The Goals, PACE (People, Achievement, Community and Environment) and the terminology of PACEsetting have been the driving organizational metaphor and structure. Given its centrality to APS’ self-identity, it is important to consider how APS uses the PACEsetter metaphor.

APS has pushed itself and its people to be PACEsetters, driving change and results around a broad set of actions and metrics. But for purposes of understanding both the metaphor and the aligned program implementation it is worth noting that pacesetting is not a goal. Pacesetting is a general term for a set of potential strategies that could be used to achieve a goal. Different abilities dictate the use of different pacesetting strategies and any number of different strategies can be used to accomplish a stated goal.

The present challenge for APS is to clearly define its pacesetting strategy and the tactics to implement that strategy.
In addition to PACE, the implementation and use of academic and career “Pathways” are a central transformational concept for APS as stated in VISTA 2015. Pathways should remain a key part of APS but it and other programs should be viewed through a broader lens, as part of a larger effort to ensure that APS is tightly aligned to the needs of the communities it serves.

The present need is to “push the pace.” This document outlines the planned initial strategies for APS to “surge,” a pacesetting tactic that varies and changes the pace to address on the ground conditions and to adapt to new challenges.

**Key Assumptions**

- The Board is committed to the concepts and achievement metrics of VISTA 2015
- The Board has a consensus about APS' Key Strengths and Key Concerns
- There is a level of confidence in the accuracy of the projected funding streams and planned expenditures.

**Key Strengths**

- Supportive community
- Strong post-secondary workforce readiness focus
- Early childhood programming
- Diversity and commitment to equity
- Vertical passion for serving urban youth
- Positive achievement trends

**Key Concerns**

- Overall underachievement and persistent achievement gaps
- Integration of new state requirements
- Vertical disconnect around priorities and communication
- Social service needs of community
- Unpredictable long term funding

**Plan**

Given the above stated key assumptions, key strengths and key concerns, the following tactics (“4Rs”) are planned:

A. **Refocus** our priorities as stated in VISTA 2015 – VISTA has 15 distinct Goals, and 27 Objectives. There is organizational confusion around District priorities.

B. **Review** our current allocation of resources – APS lacks a comprehensive process for evaluating the scope and deployment of resources.

C. **Redirect** resources to create greater leverage – Time, talent and treasure should be maximized and, where necessary, moved to where they can do the most respective good.

D. **Redefine** our culture – Stronger and deeper ties and agreement will increase the impact of APS’ work.

**Timeline**

Projected times for implementation of the 4Rs are stated in terms of Immediate (First Quarter of SY 13-14), Interim (SY 13-14) and Long Term (1 year and longer):

1. **Refocus**-
a. Change focus from 15 goals and prioritize 1. **Immediate**

b. Every person in the District will be asked to consider their role in terms of a standardized one paragraph description. **Immediate**

c. Work with Foundation Board and Director to create stronger alignment with District plans and strengthen Foundation support. **Interim**

d. Vertical agreement on academic achievement plan. **Long term**

e. Reporting aligned to new prioritization. **Long term**

2. **Review-**

   a. Analyze District data and assessments to identify academic accelerators. **Immediate**

   b. Analyze District data and assessments to isolate academic weaknesses. **Immediate**

   c. Identify and implement procedures for comprehensive and systematic program evaluations. **Interim**

   d. Determine whether District Administrative structure is effective and efficient. **Interim**

   e. Identify barriers to success. **Interim**

   f. Develop Asset Map of District. **Long Term**

3. **Redirect-**

   a. Focus attention and support to programs already identified as struggling. **Immediate**

   b. Review and/or visit programs that show promise for our needs criteria. **Immediate**

   c. Create Differentiated Support Structure for schools. **Interim**

   d. Focus resources on accelerators. **Interim**

   e. Terminate or shift resources away from low priority or unsuccessful programs. **Long Term**
4. **Redefine**-

   a. Engage in change theory dialogue. **Immediate**

   b. Model vertical communication expectations and standards. **Immediate**

   c. Communication shift from “celebration” mindset to “fulfillment” culture. **Immediate**

   d. Review process for structured APS dialogues. **Interim**

   e. Schedule regular school and classroom visits for LT. **Interim**

   f. Broad tent communication strategy. **Long Term**

**Conclusion**

This is a working document and is not meant to be comprehensive. A surging strategy requires an understanding that tactics must change as conditions change. We must meet our students and community where they are and move forward together. Success requires us to adapt our tactics to reach every kid, every day.
APS Superintendent Rico Munn’s “Essential Truths”

Rico Munn

My “Essential Truths” for leading APS

1. Every child has potential
2. Every teacher will forever change the life of every child they teach
3. Every adult in APS has a role and responsibility in teaching and learning
4. Every part of the community is a potential resource
5. We do not have enough money
6. We will never have enough money
7. There is not enough money in the world to address all of our concerns
8. Success is possible
9. Success is crucial
10. Time is not a luxury
1. Every child has potential
2. Every teacher will forever change the life of every child they teach
3. Every adult in APS has a role and responsibility in teaching and learning
4. Every part of the community is a potential resource
5. We do not have enough money
6. We will never have enough money
7. There is not enough money in the world to address all of our concerns
8. Success is possible
9. Success is crucial
10. Time is not a luxury
## APPENDIX IV

### Budget Summary Page

**Aurora Public Schools Joint District No.28-J, Counties of Adams and Arapahoe**

**180 BEGINNING FUND BALANCE (Includes ALL Reserves)**

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<th>Objective</th>
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<td>Charter School Fund</td>
<td>Grants</td>
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<td>Special Programs Fund</td>
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**REVENUES**

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**AVAILABLE BEGINNING FUND BALANCE & REVENUES (Plus or Minus (if Revenue) Allocations and Transfers)**

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</tbody>
</table>

**2014-15 Summary Budget - Adopted June 2014**
TO: Board of Education

FROM: Rico Munn, Superintendent

DATE: April 7, 2015

SUBJECT: Budget Planning

As we approach the end of the school year, we are engaged fully in the process of planning for next year. One key part of this planning will be the adoption of a budget for the 15-16 school year. At present, the budget is scheduled to be considered for adoption by the Board at its May 19 meeting. Prior to that meeting, there will be opportunities for the community to review and comment on the Proposed Budget.

The Proposed Budget will be built in alignment with the Strategic Plan and will also seek to address emerging issues for APS. As we did last year, the Leadership Team has drawn upon a variety of sources to create a list of certain **Identified Issues**. These issues will drive a variety of responses, but there are several significant **External Factors** that will shape the Proposed Budget and limit our ability to respond to the **Identified Issues**.

---

**Budget Philosophy**
- Focused – should focus on key goal by addressing key issues
- Responsive – should address needs and reasonable desires
- Strategic – should be flexible and targeted

**Identified Issues**
- Meeting mandates
- Managing growth
- Inadequate supports for special populations
- Priority alignment
- Administrative/Operational Capacity
- Unmet student non-academic needs
- Address leadership and strategy at specific school sites
- Recruitment and retention of high-quality staff

**External Factors**
- Backfill of cuts to Exceptional Student Services
Following the recession in 2008 and since 2009, APS utilized an influx of ARRA funding to pay for growth in student caseloads. APS opted to continue to use ARRA carryover funds to pay for caseload increases and did not make incremental investments over the last several years. While this decision has provided APS with needed budget flexibility since 2009, it also has created a “budget cliff” that now must be addressed. The carryover dollars are now depleted which will result in a significant deficit that would limit our ability to meet the needs of our students. As a result, the budget will include an allocation of $6.2 million of general fund dollars for ESS.

Sequestration
- There is an expected impact tied to the federal government’s sequestration of funds. This will affect our ability to receive Title funds, which would defray costs for school-based Teaching Partners and IDEA funds (another ESS impact).

School start-up
- There are significant costs related to the opening of a new school. Over time, these costs will be managed by the expected growth of students that the new school will serve, but the upfront expenses must come from existing resources.

State funding
- While we continue to monitor the legislative process, the anticipated buy-down of the negative factor is losing traction. In the Governor’s budget, he proposed a $200 million buy-down. While that figure was always optimistic, the JBC’s recent move to decrease the proposal to a $25 million buy-down represents a $8.66 million dollar swing for APS.

In the coming weeks, we will continue to monitor and adjust funding priorities for APS as we review funding proposals from the State and weigh the cost of external demands. The Proposed Budget is scheduled to be submitted to the Board at its May 5 meeting.
APPENDIX VI

Superintendent Entry Plan VISTA
# Table of Contents

I  Superintendent’s 90-Day Entry Plan - VISTA - Introduction  
II  Goals and Objectives  
III  Listening Tour and Timelines  

---

"Ensuring that all we do is best for students – this will always be my compass, my true north. The focus on students will guide everything that we do."

Superintendent  
John L. Barry  

---  

Aurora Public Schools
Overview of Superintendent’s 90-Day Entry Plan

Immediate Focus

Aurora Public School District is in the midst of transformation. The new superintendent has an immediate and moral charge to raise student achievement and close the achievement gap among ethnic groups and economically diverse students.

To that end, the superintendent must:

- Build on the work to date and impart a sense of urgency for transformation based on a coherent vision and strategic plan for improvement.
- Convey a positive public image of Aurora Public Schools.
- Engage members of the district and community in mutual transformation and accountability.
- Oversee continuing recruitment and hiring of a highly qualified, diverse workforce.
- Serve as the district’s most vocal promoter and supporter.

Rationale for VISTA, the 90-day Entry Plan

VISTA serves as the entry plan for Superintendent John L. Barry’s first 90 days, including meetings with key leaders and stakeholders. Over the 90 days, the superintendent will revise the plan based on feedback from a listening tour. As a result, VISTA, the coherent vision and strategic plan, will address the district’s current challenges and ensure that our focus is on student achievement.

Organization of District Leadership

The superintendent will always focus on accelerating student achievement and will do the following:

- Work with the APS Board of Education on a Theory of Action for APS.
• Identify and clarify roles of the board, superintendent and key district stakeholders.
• In conjunction with the APS Board of Education, review and adjust the building blocks of reform governance, such as board meetings, workshops, committees and administrative support.
• In conjunction with the board, review and adjust policy development and oversight.
• Increase civic involvement and capacity in transitional planning for APS.
• At the end of the 90-day period, deliver the board a revised vision and strategic plan for approval.
GOAL 1:

INCREASE STUDENT ACHIEVEMENT

Objectives:

1) Analyze patterns in student achievement data and the gap in achievement between various student populations in order to determine an appropriate course of action for teaching and learning.

2) Raise expectations for all students to ensure that all staff support and believe that every child can and will learn.

3) Establish internal and external monitoring and evaluation designs for instructional support and intervention systems.

GOAL 2:

ENSURE EFFECTIVE DISTRICT GOVERNANCE THROUGH POSITIVE BOARD/SUPERINTENDENT RELATIONS

Objective:

1) Develop a cohesive leadership team with APS Board of Education and superintendent that has a student-centered agenda and begin to build a positive working relationship with each board member individually.

GOAL 3:

IMPROVE PUBLIC TRUST AND CONFIDENCE THROUGH OPEN, HONEST COMMUNICATION AND POSITIVE RELATIONSHIPS

Objectives:

1) Increase personal knowledge and understanding of the APS community culture, traditions, history, and expectations of the district.
2) Validate the community and faith-based organizations as viable and valuable supporters and partners in public education.
3) Establish positive working relationships with key leaders and members of government, business, and service and support agencies in the community.
4) Increase opportunities to promote the district image and advocate for the district within the community.
5) Ensure ongoing, open, clear and consistent communication with all stakeholders.
6) Establish a positive working relationship with the members of the media.
7) Facilitate understanding and ownership of our vision, mission and purpose as an organization dedicated to providing the best possible education for all children.
GOAL 4:

INCREASE ORGANIZATIONAL EFFECTIVENESS AND EFFICIENCY

Objectives:

1) Determine, “where we are, where we need to go” in terms of each major division within the organization to ensure a student-focused agenda.
2) Consolidate and streamline similar functions and positions in order to maximize service and support for schools.

GOAL 5:

ESTABLISH A SUPPORTIVE, POSITIVE DISTRICT CLIMATE AND CULTURE

Objectives:

1) Establish positive relationships with key district leadership and meet all central and school staff to validate each as individuals important to the district’s success.
2) Communicate with parents and encourage positive partnerships on behalf of students.
3) Establish a positive, professional and collaborative relationship with union leadership to ensure all decisions are made in the best interest of students.
4) Connect with the political leadership in the city and state in order to establish clear lines of communication, advocacy and support for the district’s students.
5) Establish an organizational norm for open, clear and consistent communication within the district and with our community.
GOAL 1:

INCREASE STUDENT ACHIEVEMENT

Objective:

1) Analyze patterns in student achievement data and the gap in achievement between various student populations to determine an appropriate course of action for teaching and learning.

Activities:
• Conduct an “Academic Audit” to review instructional program, practices, curriculum and supportive materials for evidence of effectiveness in improving student achievement and closing the gap between all student populations.
• Review student data for all student populations and run cross-tabulations of correlations to student performance with curriculum and resources.

Objective:

2) Raise expectations for all students to ensure that all staff support and believe that every child can and will learn.

Activities:
• Develop a plan to increase the district high school graduation rates.
• Develop a plan to increase enrollment particularly among low-income and minority students in Advanced Placement (AP) courses and participation in AP testing.
• Develop a plan to increase opportunities for identified advanced academic learners to participate in dual credit and dual enrollment, internships and community actions research projects.
• Review district curriculum scope and sequence and assessments for high expectations, alignment to standards and appropriate instructional modifications for students who are English Language Learners and students with disabilities.

Objective:

3) Establish internal and external monitoring and evaluation designs for instructional support and intervention systems.

Activities:
• Inventory all technology-based instructional equipment and software.
• Develop database of a by-student/by-school/by-participation for each technology-based curriculum intervention program.
• Review analysis of student data based on participation.
• Develop monitoring, testing and evaluation systems for effectiveness of each program based on student progress.

GOAL 2:

ENSURE EFFECTIVE DISTRICT GOVERNANCE THROUGH POSITIVE BOARD/SUPERINTENDENT RELATIONS
Objective:

1) Develop a cohesive leadership team with APS Board of Education and superintendent that has a student-centered agenda and begin to build a positive working relationship with each board member individually.
Activities:

- Schedule meeting with Board President Matt Cook to discuss a framework, format and agenda for a board retreat, preferably prior to official startdate.
- Hire a facilitator, schedule and conduct an offsite executive session retreat.
- Establish clear understandings of roles, responsibilities, expectations, and systems for mutual accountability, etc.
- Establish regular meeting time with Board President Cook for reviewing Board agendas, etc.
- Schedule an individual meeting with each board member for some one-on-one time.
- Establish regular communication systems with the Board such as weekly letters, etc.
- Design a plan and timeline for developing a district vision, mission, beliefs, and performance management plan.

GOAL 3:

IMPROVE PUBLIC TRUST AND CONFIDENCE THROUGH OPEN, HONEST COMMUNICATION AND POSITIVE RELATIONSHIPS

Objectives:

1) Increase personal knowledge and understanding of APS community, its culture, traditions, history, and its expectations of the district.
2) Validate community and faith-based organizations as viable and valuable supporters and partners in public education.
3) Establish positive working relationships with key leaders and members of government, business, and service and support agencies in the community.

Activities:

- Identify community’s largest taxpayers, key business leaders, foundation leaders, fire and police chiefs, and college/university presidents and their professional organizations and affiliations, such as the Aurora Chamber of Commerce.
- Identify community’s largest churches, key religious leaders, and their professional organizations and affiliations, such as Father Burt of St. Therese and Pastor Lewis Brown of New Beginnings Cathedral of Worship.
- Schedule meetings with critical individual leaders, including government leaders.
- Attend meetings of key organizations such as the Aurora Community of Faith, Business Roundtable, Aurora Chamber of Commerce Public Issues Committee, and the Denver Black and Hispanic Chambers of Commerce as appropriate.
- Establish bi-annual meetings with key community leaders and/or their organizations, such as:
  - Aurora Chamber of Commerce Board
  - Glenda Wells-Evans of Citizens Concerned about Minorities in Aurora
  - Aurora Asian Pacific Partnership
- Attend meetings of key organizations such as:
  - Key Community Response Team
  - Aurora Association of Realtors
4) Increase opportunities to promote the district image and advocate for the district within the community.
5) Ensure ongoing, open, clear and consistent communication with all stakeholders.
6) Establish a positive working relationship with the members of the media.
7) Facilitate understanding and ownership of our vision, mission and purpose as an organization dedicated to providing the best possible education for all children.
Activities:

- Assess all existing forms of communication to various stakeholders:
  - Board  -  Parents  -  Community Leaders/Partners
  - Teachers  -  Policy Makers  -  Community Members
  - Administrative and Classified Staff  -  Business Leaders
- Establish formats and review process for all forms of communication with all staff.
- Write letters/articles to various critical stakeholders expressing hopes for our future, share the vision and action plan and provide consistent updates.
- Schedule meetings with the local newspaper editorial board, including the Aurora Sentinel.
- Host an informal get-to-know-you with local media representatives to the district:
  - assigned newspaper reporters
  - TV reporters or anchors
  - radio, etc.
- Assure media that they are welcome and that mutual open and honest communication and reporting will be encouraged and appreciated.
- Invite media to all key significant events.

GOAL 4:

INCREASE ORGANIZATIONAL EFFECTIVENESS AND EFFICIENCY:

Objective:

1) Determine, “where we are, where we need to go” in terms of each major division within the organization to ensure a student-focused agenda.

Activities:

- Review all critical documents: organizational chart, employee handbooks, policy and procedures manuals, strategic plan, student achievement data by school.
- Review all commissioned studies by outside agencies, assemble work teams and begin to address deficiencies and make recommendations.
- Set up a schedule to meet with key central staff, and principals. Notify of intent to meet, time, and location.
- Conduct meetings and organizational analysis:
  - What do we need to start, stop, and continue doing?
  - How can each be supportive?
  - What support is needed for each to be successful?
- Prior to entry request an assessment of current status of each major division’s goals, an analysis of the critical issues and work priorities for the upcoming year, and the proposed plan of action to address each.
- Meet with each district senior-level administrator to assess district and departmental capacity for effectiveness and efficiency of services:
  - Instruction  -  Human Resources
  - Finance  -  School Services
  - Support Services - Communication
  - Assessment
- Establish time lines for developing a district comprehensive strategic plan; facilities plan and long-range technology plan by working with the Citizens Bond Oversight Committee, Long Range Facilities Committee and instruction and technology staff.

2) Consolidate and streamline similar functions and positions in order to maximize service and support for schools.
Activities:

- Review, assess and reorganize the central organizational structure to enhance work flow, and redirect service delivery at the school site.
- Develop organizational models that enhance effectiveness and maximize support for schools.
- Review funding streams supporting each area of district operations and redirect as appropriate to the school site.
- Establish accountability measures and determine data to be collected, reviewed and analyzed each quarter.

GOAL 5:

ESTABLISH A SUPPORTIVE, POSITIVE DISTRICT CLIMATE AND CULTURE

Objective:

1) Establish positive relationships with key district leadership and meet all central and school staff to validate each as individuals important to the district’s success.

Activities:

- Identify a key central administrator to assist with the transition within the organization.
- Walk through the central office by department/division and meet each individual.
- Establish regularly scheduled meetings with staff:
  - Cabinet
  - Senior staff members
  - Principals, etc.
- Schedule a visit to every school.
- Schedule after school “Teacher Coffees” to be held at various school sites on a monthly basis.

Objective:

2) Communicate with parents and encourage positive partnerships on behalf of students.

Activities:

- Schedule a coffee for all PTO/PTA presidents.
- Establish a format and regular forums for ongoing communication.
- Determine priorities for district parents and collaborate on a plan to move forward together on behalf of students.
- Meet with the District Accountability Advisory Committee.

Objective:

3) Establish a positive, professional and collaborative relationship with union leadership to ensure all decisions are made in the best interest of students.

Activities:

- Meet with Aurora Education Association President Brenna Isaacs to discuss common goals, ways of working, etc.
• Establish monthly meetings to facilitate ongoing communication that is proactive on behalf of students and staff.
• Schedule a mini retreat with union executive board and senior district staff. Establish clear understandings of roles, responsibilities, expectations, systems for mutual accountability, etc.
**Objective:**

4) Connect with the political leadership in the city and state in order to establish clear lines of communication, advocacy and support for the districts’ students.

**Activities:**

- Meet Mayor Tauer and City Council members.
- Establish regular meetings with Mayor Tauer and City Council members
- Call and schedule a meeting with Colorado Department of Education Commissioner William J. Moloney.
- Meet with Karen Middleton, Aurora representative to the Colorado State Board of Education.
- Join the local and state superintendents’ organization and contact the leadership of each to introduce self.
- Request a meeting of the district’s legislative delegation to the state. Meet and request a regularly scheduled meeting with the leadership and an acceptable format for ongoing communication re: district needs.
- Schedule a meeting with district Congressional representatives and senators. Discuss an acceptable format for ongoing communication re: district needs.

**Objective:**

5) Establish an organizational norm for open, clear and consistent communication within the district and with our community.

**Activities:**

- Set the expectation for this norm districtwide.
- Model this norm.
- Create feedback opportunities to ensure that we are meeting the norm.
APS SUPERINTENDENT’S ENTRY PLAN

Listening Tour General Overview

Board of Education

Purpose: Establish working relationships with individual board members and the board as a whole.

Some of the activities include:

• Facilitate and co-plan a board retreat.
• Invite BOE members to join the superintendent at key events.
• Interview each board member.
• Draft an initial action plan to address any issues regarding the operation of the board.
• Meet regularly with BOE President Matt Cook

District Administrative Staff

Purpose: Establish strong professional relationships with key personnel inside the district. Some of the activities include:

• Meet with senior staff members.
• Meet with superintendent office staff to establish office procedures/communication.
• “Meet and Greet” tour of the administration buildings, to be introduced to staff, including directors, secretaries and custodians. Schedule an informal reception for additional communication opportunities.
• Schedule a "Meet and Greet" event at a public venue for staff and community members.
• Conduct follow-up sessions within a month of the briefing sessions with leadership team, cabinet and administrators/support staff (individually or in small groups) to review information gathered from briefings and interviews. Establish six-month work plan for predictable tasks.

District Tour/School Leadership

Purpose: Be a visible presence to the staff in the district. Some of the activities include:

• Attend New Teacher Orientation.
• Attend principal meetings.
• Ride a bus to some of the district's schools, greet and talk to parents and kids as they get on, ride the bus to school, visit their schools.
• Schedule sessions with all key district stakeholders (parents, teachers, staff,) to outline goals for the first 90 days.
• Arrange meetings with principals by grade level (elementary, middle school and high school) to obtain knowledge of issues relevant at each level.
Aurora Education Association Leadership

Purpose: Establish relationships with the district’s labor union and professional associations. Some of the activities include:

- Meet with appropriate Human Resources staff and legal counsel to get background on union/management relationships. Develop a strategy for working with each group.
- Meet individually with the leadership of each employee group within the first 30 days. Meet with the heads of the teacher unions. Establish a regular communication pattern with union leaders.

Community Leadership

Purpose: To meet leaders of community and parent organizations, generate good will, build support and establish critical communication channels. Some of the activities include:

- Organize a VISTA Community Transition Committee that will meet once a month for the first year that includes representatives from the Chamber of Commerce, Buckley Air Force Base, Community College of Aurora and other community leaders.
- Arrange a series of speaking engagements with business organizations such as the Aurora Chamber of Commerce, rotary clubs, realtors, homeowners' associations and others.
- Attend community, PTA/PTO and general parent meetings to obtain input.
- Meet with major community organizations to review the status of their relationship with the district, such as city NAACP, Citizens Concerned about Minorities in Aurora, Hispanic support groups, religious group representatives and others.
- Meet with the representatives from the social service agencies, such as Tri-County Health, COMITIS Crisis Center and Aurora Mental Health that provide services to the families in the district. Begin an assessment of the effectiveness of the collaborations between these agencies and the district.
- Develop a strategic plan for maximizing the district’s connections to the community groups.

Political Leadership

Purpose: Meet political leaders and establish regular communication. Some of the activities include:

- Meet with the district’s legal counsel and legislative liaison to review the district’s lobbying efforts at the local, state and national levels.
- Meet with Mayor Tauer and the city council members to gain their support for the goals of the district.
- Begin developing a work plan that will address gaps in the current efforts, and provide focus to the next legislative sessions.
- Meet with the governor and Colorado Department of Education Commissioner.
- Meet with congressional representatives and senators that represent APS.
Media

Purpose: Clearly articulate the vision of the district so that the public, press and education community know what to expect. Some of the activities include:

• Provide media interviews during the first few weeks on the job
• Invite media to ride bus and visit schools on the first day of class
• Organize a news conference for all media organizations within the first week on the job.
• Meet with all local newspaper editorial boards, making sure to include ethnic and business press.

National Leadership

Purpose: Take the story of the Aurora Strategic Plan to key political, foundation and education leaders in the city, the state and across the country. Some of the activities include:

• Invite national foundation presidents to visit once the district is ready to ask for philanthropic resources to assist with its strategic priorities.
• Tap into network of education organization leaders to assist with district’s strategic priorities and to bring fresh talent and expertise to any district that has traditionally been very parochial in its outreach efforts.
• Consider taking advantage of the Broad Foundation’s “Strategic Support Teams” initiative (spend a closed door, working weekend with highly regarded urban superintendents from across the country.)
## APPENDIX VII

2014–15 Teacher Negotiations Data Source Summary & Events Plotline

### Data Sources/Recipients

<table>
<thead>
<tr>
<th>Data Categories</th>
<th>PEOPLE</th>
<th>DOCUMENTS</th>
<th>GOV/ED ENTITIES</th>
<th>PROFESSIONAL NETWORKS</th>
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</table>
APPENDIX VIII

Superintendent’s Teachers-Negotiations-Agreement Letter

May 14, 2015

Board of Education

Yesterday, the bargaining teams for APS and the Aurora Education Association (AEA) held the final session of negotiations. I am pleased to announce that last evening the teams were able to reach agreement on all issues and are ready to take the proposals to the AEA Board and Association Representatives (AR) and to the APS Board of Education for consideration. Ultimately, you and the AEA membership will vote on the amendments to the Master Agreement as established by the negotiating teams.

Through this final daylong session, the teams were able to agree on the following:

• Establish an evaluation appeals process for non-probationary teachers who have been rated as ineffective for two consecutive years.
• Language which stresses the importance of maintaining an effective learning environment and addresses student behavior management.
• Language which addresses the workload concerns of Exceptional Student Services teachers.
• Extend the Article 13 MOU through the end of the current contract (June, 2020).
• Through an MOU, establish a work group charged with researching and exploring the current state and needs of APS’ middle schools. The findings of this work group will be reported to the Board of Education.
• Through an MOU, establish a work group charged with reviewing and researching class size in APS, its impact on student achievement and related national trends/practices. The findings of this work group will also be reported to the Board of Education.

In addition to the agreements on amendments to the language in the Master Agreement, the teams were also able to settle on a fair compensation increase for 2015-16:

• Increase Appendix C rates, staffing chair and department chair rates by 10%
• Total compensation increase of 6.25% (on average):
  o Steps (average increase across the entire salary schedule is 3.2%)
  o Educational Lanes
  o PERA Increase (.8%)
  o 2.25% General Salary Increase
Based on the increases that have been finalized across metro Denver thus far, this increase will allow APS to maintain its compensation standing in the metro Denver school district market.

In the upcoming days, our bargaining team leaders will meet to “clean-up” and format the language revisions to be added to the Master Agreement. Shortly thereafter, I will forward all of the changes to you for review.
APPENDIX IX

G17 Municipal Underwriter’s Letter

April 1, 2015

David Trautenberg

Chief Financial Officer

RE: General Obligation and Refunding Bonds,

Series 2016

Dear Mr. Trautenberg:

RBC Capital Markets, LLC (RBC CM) is writing the Joint School District to:

(i) Confirm the engagement of RBC Capital Markets, LLC as underwriter relating to
the above-captioned Bonds pursuant to the Securities and Exchange Commission’s
Municipal Advisor Rule, and

(ii) Provide certain disclosures as required by the Municipal Securities Rulemaking

As part of our services as Senior Managing Underwriter, RBC CM may provide advice
concerning the structure, timing, terms, and other similar matters concerning the issuance
of the Bonds.

I. Disclosures Concerning the Underwriter Role:

(i) MSRB Rule G-17 requires an underwriter to deal fairly at all times with
municipal issuers, obligors, and investors.
(ii) The underwriter’s primary role is to purchase the Bonds with a view to distribution in an arm’s length commercial transaction with the Issuer. The underwriter has financial and other interests that differ from those of the Issuer.

(iii) The underwriter does not have a fiduciary duty to the Issuer under the federal securities laws and is, therefore, not required by federal law to act in the best interests of the Issuer without regard to its own financial or other interests.

(iv) The underwriter has a duty to purchase the Bonds from the Issuer, at a fair and reasonable price, but must balance that duty with its duty to sell the Bonds to investors at prices that are fair and reasonable.

(v) The underwriter will review the official statement for the Bonds in accordance with, and as part of, its respective responsibilities to investors under the federal securities laws, as applied to the facts and circumstances of this transaction.

II. Disclosures Concerning the Underwriter Compensation:

The underwriter will be compensated by a fee and/or an underwriting discount that will be set forth in the bond purchase agreement to be negotiated and entered into in connection with the issuance of the Bonds. Payment or receipt of the underwriting fee or discount will be contingent on the closing of the transaction and the amount of the fee or discount may be based, in whole or in part, on a percentage of the principal amount of the Bonds. While this form of compensation is customary in the municipal securities market, it presents a conflict of interest since the underwriter may have an incentive to recommend to the Issuer a transaction that is unnecessary or to recommend that the size of the transaction be larger than is necessary.
III. Conflicts of Interest Disclosures:

RBC CM has identified the following additional potential or actual material conflicts that occur during the ordinary course of business activities and relationships.

- RBC CM and its affiliates comprise a full service securities firm and a commercial bank among other entities. RBC CM engages in municipal advisory activities, securities trading and underwriting, corporate investment banking, asset management, retail and institutional brokerage, and other commercial and investment banking products and services for a wide range of corporations, municipal entities and individuals.

- The activities of RBC CM and its affiliates may include investment in, and trading of, securities and other financial instruments for their own account or the account of customers relating to the securities and/or financial instruments of the Issuer and/or Borrower.

- RBC CM and its affiliates may also communicate independent investment recommendations, market advice or trading ideas and/or publish or express independent research views relating the securities of the Issuer.

- RBC CM maintains business relationships with municipal advisory firms, broker-dealers, law firms and other transaction participants as part of its national municipal securities business but does not utilize referral arrangements with such entities regarding municipal underwriting, sales or trading. Further, RBC CM does not maintain any distribution agreements with respect to municipal securities offerings.

IV. Disclosures Concerning Complex Municipal Securities Financing:

Since RBC CM has not recommended a “complex municipal securities financing” to the Issuer, additional disclosures regarding the financing structure for the Bonds are not required under MSRB Rule G-17.

If you or any other Issuer officials have any questions or concerns about the engagement of RBC CM as underwriter or these disclosures, please make those questions or concerns known immediately to the undersigned. In addition, you should consult with the Issuer’s
own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent you deem appropriate. This engagement is preliminary, non-binding and may be terminated at any time without penalty or liability for costs incurred by the underwriter.

It is our understanding that you are an authorized official of the Issuer, responsible for municipal finance with the authority to approve this engagement and acknowledge these disclosures and that you are not a party to any conflict of interest relating to the subject transaction. If our understanding is incorrect, please notify the undersigned immediately.

Please sign and return the enclosed copy of this letter to me via PDF or to the address set forth herein. Depending on the structure of the transaction that the Issuer decides to pursue, or if additional potential or actual material conflicts are identified, we may be required to send you additional disclosures regarding the material financial characteristics and risks of such transaction and/or describing those conflicts. At that time, we also will seek your acknowledgement of receipt of any such additional disclosures.

We look forward to working with you in connection with the issuance of your Bonds.

Sincerely,

Acknowledged:

___________________________
David Trautenberg
Chief Financial Officer

Date: ________________________
What Is a Bond?

- Contractual agreement between an issuer (the “borrower”) and investor (“the purchaser”).
- Comprised of a principal amount and interest.
- Usually, a bond’s payments of interest and principal are due to the buyers of bonds every 6 months.
- In the aggregate, a bond issuance is made up of smaller $5,000 denominations which have separate maturity dates and interest rates associated with those maturity dates. These denominations are sold to different types of buyers.
- Typically the final maturity of a bond issue is 20 years, but it can be longer, depending on tax impact considerations determined by the issuer.
- Most school districts primarily fund capital facility needs through the issuance of General Obligation (GO) Bonds.
- Most school districts primarily fund capital facility needs through the issuance of debt, or bond(s) – mostly GO Bonds.
What Is Needed In Order For APS To Issue Bonds?

- Mountain West school districts, in order to issue GO bonds, must receive authorization from it’s voters in order to issue bonds.

- Voter authorization is presented to voters at a general election (even years) or coordinated election (odd years) each November.

- Not only does voter authorization allow the issuance of debt, but it also provides a **separate source of repayment for the bonds**, from property taxes. A separate source of repayment (bond redemption fund) allows districts like APS to build and improve school facilities without using general operating funds.

- While other facility financing can be used (like a Lease Purchase Agreements or COP’s – used to provide interim financing for the new P-8 facility), the customary way of financing large scale capital improvements is with a GO bond.
  - COP’s are ideal for interim financing of projects in-between bond issue cycles, because the **annual lease payment must be paid with operating funding**.
What Is Involved In Issuing Bonds After An Election?

• **The Issuer:** The school district.

• **Issuer Legal Counsel:** Assists in reviewing and approving all legal documents from ballot question to bond issuance documents. Represents the District including the APS governing board and administration.

• **Bond Counsel:** Assists in preparing ballot question language and all election related legal requirements. After the election, prepares documents which ensure the legality of the bonds being sold to investors.

• **Underwriter/Municipal Advisor:** These participants assist with providing financial advice related to tax impact of a potential bond issue, potential bond issue structure, and other financial advice, as needed, leading up to the bond election. After the election they assist with preparing documents necessary for bonds to be sold to buyers, and prices (determines market interest rates at which bonds will be sold) and markets bonds to investors.

• **Others:** Rating agencies (Moody’s Aa2 and S&P AA-) whose credit rating helps facilitate bond marketing efforts. Paying Agent/Registrar pays bond holders on behalf of APS.

What Do Investors Look For When Purchasing Bonds?

• Credit rating of the issuer
  – District currently has a credit rating of Aa2 (Moody’s) and AA- (S&P)

• Ability of the issuer to pay principal and interest until maturity

• Strength of economy and local tax base (currently a “positively” weighted factor)

• Demographics

• Stable financial performance and budgeting

• Experienced management team and board of education support

• Moderate outstanding and anticipated debt (currently a “negatively” weighted factor)
Facility Support Timeline

<table>
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<th>2008 Bond Program</th>
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<tbody>
<tr>
<td>2008/09 to 2013/14</td>
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<tr>
<td>2014/15</td>
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<tr>
<td>2015/16</td>
</tr>
<tr>
<td>2016/17</td>
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<tr>
<td>2017/18 +</td>
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</tbody>
</table>

- Complete 2008 Bond & Interim Facility Support Planning
- Discuss Facility Support Options

Critical Overlap Period:
- Prior bond proceeds spent
- COPs eligible for redemption
- District capacity issues persist


APS actions
- Open P-8 school on the District’s Community Campus.
- Implement Board-approved boundary changes.
- Deploy additional mobile classrooms at overcrowded schools.
- Address critical facility and enrollment capacity needs from the Support Services Capital Projects budget not funded with GO bonds.
- Make recommendations to Leadership Team and Board in Fall 2015 regarding schools that could be placed on a year-round calendar.
- Work with affected schools and stakeholders to develop an implementation plan for adoption in the 2016-17 or 2017-18 school year, if necessary.

APS Long Range Facilities Advisory Committee actions
- Complete the facility assessment process, develop recommendations and present to district leadership by April 2016.
- Present Facilities and Technology Needs Report to the Board by May 2016.

Potential Uses of Proceeds from a 2016 GO Bond Offering

New Building Capital Projects
- $30 Million: Retire Certificates of Participation
- $35 Million: New P-8 School
- $30 Million: New Middle School to replace Alameda

School Additions, Improvements, Remodel Capital Projects
- $100 Million: 4-8 Classroom additions to five comprehensive high schools; Remodel Middle School; Remodel Elementary School; Security Vestibules in 29 District Schools
- $40 Million: District-wide critical repairs
- $5 Million: Land acquisitions for Future P-8 educational complex in original Site Improvements
- $10 Million: Technology improvements

APS Property Tax Mill Levies Over Time

*Excludes abatement levy
### APS Mill Levies vs. Other Districts (over 20,000 FTE Pupils)

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<tr>
<th>SCHOOL DISTRICT</th>
<th>PRIMARY COUNTY</th>
<th>VALUATION 1999-2000</th>
<th>NET PRIMARY ASSESSED VALUATION</th>
<th>NET FTE PUPILS</th>
<th>NET PRIMARY ASSESSED VALUATION/FTE PUPILS</th>
<th>TOTAL VALUATION 2000-2001</th>
<th>PRIMARY VALUATION &amp; ONLINE</th>
<th>PRIMARY APPROVED RANK</th>
<th>PRIMARY LEVY RANK</th>
<th>PRIMARY MILL RANK</th>
<th>LEVY RANK</th>
<th>PRIMARY RANK</th>
<th>REDEMPTION RANK</th>
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<td>MESA COUNTY VALLEY 51</td>
<td>MESA</td>
<td>$1,584,339,243</td>
<td>21,075.0</td>
<td>$75,176</td>
<td>9</td>
<td>24,214</td>
<td>10</td>
<td>5.235</td>
<td>12</td>
<td>6.990</td>
<td>12</td>
<td>20.000</td>
<td>12</td>
</tr>
</tbody>
</table>
APS Current GO Debt Outstanding

**Outstanding Bonds:**
- $145,995,000 – 2012 Refunding Bonds
- $37,315,000 – 2010D New Money BAB's
- $36,650,000 – 2010B New Money BAB's
- $99,095,000 – 2010 Refunding Bonds
- $24,260,000 – 2008 New Money Bonds
- $1,670,000 – 2003A New Money Bonds

APS Current Annual GO Debt Service

**Assumes 20% assessed value growth**

**Actual Annual Bond Fund Revenue Collected**

**Leaving the Bond Levy at 20 Mills For 2016 Will Generate Excess Balances**
Sample Ballot Question – With 6% Sample Language

BALLOT ISSUE 3A:

SHALL JOINT SCHOOL DISTRICT DEBT BE INCREASED $[______________], WITH A REPAYMENT COST NOT TO EXCEED $[_______], AND SHALL DISTRICT TAXES BE INCREASED NOT MORE THAN $[_______] ANNUALLY FOR THE PURPOSE OF PROVIDING SCHOOLS AND CLASSROOMS THROUGHOUT THE COMMUNITY TO ASSIST IN RELIEVING OVERCROWDING, ENHANCING STUDENT SAFETY AND LEARNING OPPORTUNITIES, AND PROVIDING OTHER CAPITAL ASSETS FOR DISTRICT PURPOSES, WHICH MAY INCLUDE BUT ARE NOT LIMITED TO THE FOLLOWING:

• BUILDING A NEW HIGH SCHOOL;
• BUILDING A NEW PRE-SCHOOL THROUGH 8TH GRADE SCHOOL;
• REMODELING AND MAKING ADDITIONS AND IMPROVEMENTS TO OLDER SCHOOLS;
• MAKING REPAIRS AND IMPROVEMENTS TO EVERY SCHOOL DISTRICT-WIDE;
• PROTECTING STUDENTS BY MAKING ROOF, INFRASTRUCTURE AND LIFE SAFETY IMPROVEMENTS TO SCHOOLS AS NEEDED;
• MAKING SECURITY AND ENERGY EFFICIENCY IMPROVEMENTS TO SCHOOLS AS NEEDED; AND
• ADDING MODERN COMPUTER AND INTERNET TECHNOLOGY AT SCHOOLS AS NEEDED;

AND SHALL THE MILL LEVY BE INCREASED IN ANY YEAR, WITHOUT LIMITATION OF RATE AND IN AN AMOUNT SUFFICIENT TO PAY THE ANNUAL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON SUCH DEBT AS SET FORTH ABOVE OR ANY REFUNDING DEBT (OR TO CREATE A RESERVE FOR SUCH PAYMENT), SUCH DEBT TO BE EVIDENCED BY THE ISSUANCE OF GENERAL OBLIGATION BONDS, INSTALLMENT SALES AGREEMENTS, LEASE PURCHASE AGREEMENTS OR OTHER MULTIPLE-FISCAL YEAR FINANCIAL OBLIGATIONS; SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE, FOR A PRICE ABOVE OR BELOW THE PRINCIPAL AMOUNT OF SUCH SERIES, ON TERMS AND CONDITIONS, AND WITH SUCH MATURITIES AS PERMITTED BY LAW AND AS THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR REDEEMPTION OF THE DEBT PRIOR TO MATURITY WITHOUT PAYMENT OF THE PREMIUM; AND SHALL THE DISTRICT’S DEBT LIMIT BE INCREASED FROM AN AMOUNT EQUAL TO 20% OF THE DISTRICT’S ASSESSED VALUE TO AN AMOUNT EQUAL TO 6% OF THE DISTRICT’S ACTUAL VALUE, AS CERTIFIED BY THE COUNTY ASSESSOR OF ADAMS AND ARAPAHOE COUNTIES; AND SHALL SUCH TAX REVENUES AND THE EARNINGS FROM THE INVESTMENT OF SUCH DEBT PROCEEDS AND TAX REVENUES BE COLLECTED, RETAINED AND SPENT AS A VOTER APPROVED REVENUE CHANGE UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER
Illustrated Uses of Proceeds from a $250 Million GO Bond
New Building Capital Projects
$30 Million
$35 Million
$30 Million
$95 Million

Retire Certificates of Participation
New P-8 School
New Middle School to replace Alameda

School Additions, Improvements, Remodel Capital Projects
$100 Million

4-8 Classroom additions to five comprehensive high schools;
Remodel Middle School:
Remodel Elementary School;
Security Vestibules in 29 District Schools
District-wide critical repairs
Land acquisitions for Future P-8 educational complex in original
Schools; Site Improvements
Technology improvements

$40 Million
$5 Million
$10 Million
$155 Million

16

APS New Debt Structure Options - $250 Million example

Bond Debt Service

Bond Debt Service

Aurora Public Schools

Aurora Public Schools

2016 Election - Level On New Debt

2016 Election - Deferred Amortization On New Debt
Period
Ending

Principal

Coupon

Interest

Debt Service Existing D/S

Aggregate
Debt Service

Period
Ending

Coupon

Interest

0

12,500,000

12,500,000

34,184,645

46,684,645

2017/12/01

7,560,000

5.000%

12,500,000

20,060,000

34,184,645

54,244,645

2018/12/01

0

12,500,000

12,500,000

34,183,967

46,683,967

2018/12/01

7,940,000

5.000%

12,122,000

20,062,000

34,183,967

54,245,967

2019/12/01

0

12,500,000

12,500,000

34,186,173

46,686,173

2019/12/01

8,335,000

5.000%

11,725,000

20,060,000

34,186,173

54,246,173

2020/12/01

0

12,500,000

12,500,000

34,186,091

46,686,091

2020/12/01

8,750,000

5.000%

11,308,250

20,058,250

34,186,091

54,244,341

2021/12/01

0

12,500,000

12,500,000

34,182,075

46,682,075

2021/12/01

9,190,000

5.000%

10,870,750

20,060,750

34,182,075

54,242,825

2022/12/01

0

12,500,000

12,500,000

34,182,596

46,682,596

2022/12/01

9,650,000

5.000%

10,411,250

20,061,250

34,182,596

54,243,846

2023/12/01

0

12,500,000

12,500,000

34,186,361

46,686,361

2023/12/01

10,130,000

5.000%

9,928,750

20,058,750

34,186,361

54,245,111

2024/12/01

0

12,500,000

12,500,000

34,185,226

46,685,226

2024/12/01

10,640,000

5.000%

9,422,250

20,062,250

34,185,226

54,247,476

2025/12/01

0

12,500,000

12,500,000

34,183,711

46,683,711

2025/12/01

11,170,000

5.000%

8,890,250

20,060,250

34,183,711

54,243,961

2026/12/01

0

12,500,000

12,500,000

34,186,009

46,686,009

2026/12/01

11,730,000

5.000%

8,331,750

20,061,750

34,186,009

54,247,759

2027/12/01

0

12,500,000

12,500,000

34,185,108

46,685,108

2027/12/01

12,315,000

5.000%

7,745,250

20,060,250

34,185,108

54,245,358

2028/12/01

0

12,500,000

12,500,000

34,185,346

46,685,346

2028/12/01

12,930,000

5.000%

7,129,500

20,059,500

34,185,346

2029/12/01

26,180,000

5.000%

12,500,000

38,680,000

38,680,000

2029/12/01

13,580,000

5.000%

6,483,000

20,063,000

20,063,000

2030/12/01

27,490,000

5.000%

11,191,000

38,681,000

38,681,000

2030/12/01

14,255,000

5.000%

5,804,000

20,059,000

20,059,000

2031/12/01

28,865,000

5.000%

9,816,500

38,681,500

38,681,500

2031/12/01

14,970,000

5.000%

5,091,250

20,061,250

20,061,250

2032/12/01

30,305,000

5.000%

8,373,250

38,678,250

38,678,250

2032/12/01

15,720,000

5.000%

4,342,750

20,062,750

20,062,750

2033/12/01

31,820,000

5.000%

6,858,000

38,678,000

38,678,000

2033/12/01

16,505,000

5.000%

3,556,750

20,061,750

20,061,750

2034/12/01

33,415,000

5.000%

5,267,000

38,682,000

38,682,000

2034/12/01

17,330,000

5.000%

2,731,500

20,061,500

2035/12/01

35,085,000

5.000%

3,596,250

38,681,250

38,681,250

2035/12/01

18,195,000

5.000%

1,865,000

20,060,000

20,060,000

2036/12/01

36,840,000

5.000%

1,842,000

38,682,000

38,682,000

2036/12/01

19,105,000

5.000%

955,250

20,060,250

20,060,250

250,000,000

209,444,000 459,444,000

410,217,309

869,661,309

313

250,000,000

Debt Service Existing D/S

Aggregate
Debt Service

Principal

2017/12/01

151,214,500 401,214,500

54,244,846

20,061,500

410,217,309

811,431,809


Mill Levy Impact of New Debt

- Assumes 20% assessed value growth

Typical Homeowner Tax Impact Due To Bond

- Assumes: 20% assessed value & 25% home value growth
### A $325 Million Alternative Structuring Option

**2016 Election - MODIFIED Deferred Amortization On New Debt**

<table>
<thead>
<tr>
<th>Period Ending</th>
<th>Principal</th>
<th>Coupon</th>
<th>Interest</th>
<th>Aggregate Debt Service</th>
<th>Existing D/S</th>
<th>Approximate Debt Service</th>
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<tbody>
<tr>
<td>2017/12/01</td>
<td>3,565,000</td>
<td>5.000%</td>
<td></td>
<td>16,250,000</td>
<td>34,184,945</td>
<td>$3,995,645.26</td>
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<tr>
<td>2018/12/01</td>
<td>3,740,000</td>
<td>5.000%</td>
<td></td>
<td>16,071,750</td>
<td>34,186,177</td>
<td>$3,995,922.76</td>
</tr>
<tr>
<td>2019/12/01</td>
<td>3,925,000</td>
<td>5.000%</td>
<td></td>
<td>15,884,750</td>
<td>34,187,359</td>
<td>$3,995,904.76</td>
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<tr>
<td>2020/12/01</td>
<td>4,125,000</td>
<td>5.000%</td>
<td></td>
<td>15,688,500</td>
<td>34,188,554</td>
<td>$3,995,884.76</td>
</tr>
<tr>
<td>2021/12/01</td>
<td>4,335,000</td>
<td>5.000%</td>
<td></td>
<td>15,482,250</td>
<td>34,189,791</td>
<td>$3,995,864.76</td>
</tr>
<tr>
<td>2022/12/01</td>
<td>4,550,000</td>
<td>5.000%</td>
<td></td>
<td>15,265,500</td>
<td>34,191,025</td>
<td>$3,995,844.76</td>
</tr>
<tr>
<td>2023/12/01</td>
<td>4,775,000</td>
<td>5.000%</td>
<td></td>
<td>15,038,000</td>
<td>34,192,250</td>
<td>$3,995,824.76</td>
</tr>
<tr>
<td>2024/12/01</td>
<td>5,015,000</td>
<td>5.000%</td>
<td></td>
<td>14,799,250</td>
<td>34,193,461</td>
<td>$3,995,804.76</td>
</tr>
<tr>
<td>2025/12/01</td>
<td>5,265,000</td>
<td>5.000%</td>
<td></td>
<td>14,548,500</td>
<td>34,194,656</td>
<td>$3,995,784.76</td>
</tr>
<tr>
<td>2026/12/01</td>
<td>5,525,000</td>
<td>5.000%</td>
<td></td>
<td>14,285,250</td>
<td>34,195,824</td>
<td>$3,995,764.76</td>
</tr>
<tr>
<td>2027/12/01</td>
<td>5,805,000</td>
<td>5.000%</td>
<td></td>
<td>14,009,000</td>
<td>34,196,969</td>
<td>$3,995,744.76</td>
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<tr>
<td>2028/12/01</td>
<td>6,095,000</td>
<td>5.000%</td>
<td></td>
<td>13,718,750</td>
<td>34,198,084</td>
<td>$3,995,724.76</td>
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<tr>
<td>2029/12/01</td>
<td>24,330,000</td>
<td>5.000%</td>
<td>13,414,000</td>
<td>37,744,000</td>
<td>37,744,000.00</td>
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<tr>
<td>2030/12/01</td>
<td>25,545,000</td>
<td>5.000%</td>
<td>12,197,500</td>
<td>37,742,500</td>
<td>37,742,500.00</td>
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<tr>
<td>2031/12/01</td>
<td>26,825,000</td>
<td>5.000%</td>
<td>10,920,250</td>
<td>37,745,250</td>
<td>37,745,250.00</td>
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<tr>
<td>2032/12/01</td>
<td>28,165,000</td>
<td>5.000%</td>
<td>9,579,000</td>
<td>37,744,000</td>
<td>37,744,000.00</td>
<td></td>
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<tr>
<td>2033/12/01</td>
<td>29,575,000</td>
<td>5.000%</td>
<td>8,170,750</td>
<td>37,745,750</td>
<td>37,745,750.00</td>
<td></td>
</tr>
<tr>
<td>2034/12/01</td>
<td>31,055,000</td>
<td>5.000%</td>
<td>6,692,000</td>
<td>37,747,000</td>
<td>37,747,000.00</td>
<td></td>
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<tr>
<td>2035/12/01</td>
<td>32,605,000</td>
<td>5.000%</td>
<td>5,139,250</td>
<td>37,744,250</td>
<td>37,744,250.00</td>
<td></td>
</tr>
<tr>
<td>2036/12/01</td>
<td>34,235,000</td>
<td>5.000%</td>
<td>3,509,000</td>
<td>37,744,000</td>
<td>37,744,000.00</td>
<td></td>
</tr>
<tr>
<td>2037/12/01</td>
<td>35,945,000</td>
<td>5.000%</td>
<td>1,797,250</td>
<td>37,742,250</td>
<td>37,742,250.00</td>
<td></td>
</tr>
</tbody>
</table>

- The primary objective of this alternative is to provide more project funding, over a longer period of time, at the same 1st year cost (about $20 million initial new debt service).
- A secondary objective is to delay the next bond request until 2028, when a big drop-off in debt service occurs (from about $54 million to $37.7 million).

### Sample Ballot Question – With 6% Sample Language

**BALLOT ISSUE 3A:**

**SHALL JOINT SCHOOL DISTRICT DEBT BE INCREASED $[________________], WITH A REPAYMENT COST NOT TO EXCEED $[_______], AND SHALL DISTRICT TAXES BE INCREASED NOT MORE THAN $[_______] ANNUALLY FOR THE PURPOSE OF PROVIDING SCHOOLS AND CLASSROOMS THROUGHOUT THE COMMUNITY TO ASSIST IN RELIEVING OVERCROWDING, ENHANCING STUDENT SAFETY AND LEARNING OPPORTUNITIES, AND PROVIDING OTHER CAPITAL ASSETS FOR DISTRICT PURPOSES, WHICH MAY INCLUDE BUT ARE NOT LIMITED TO THE FOLLOWING:

- BUILDING A NEW HIGH SCHOOL;
- BUILDING A NEW PRESCHOOL THROUGH 8TH GRADE SCHOOL;
- REMODELING AND MAKING ADDITIONS AND IMPROVEMENTS TO OLDER SCHOOLS;
- MAKING REPAIRS AND IMPROVEMENTS TO EVERY SCHOOL DISTRICT-WIDE;
- PROTECTING STUDENTS BY MAKING ROOF, INFRASTRUCTURE AND LIFE SAFETY IMPROVEMENTS TO SCHOOLS AS NEEDED;
- MAKING SECURITY AND ENERGY EFFICIENCY IMPROVEMENTS TO SCHOOLS AS NEEDED; and
- ADDING MODERN COMPUTER AND INTERNET TECHNOLOGY AT SCHOOLS AS NEEDED;

AND SHALL THE MILL LEVY BE INCREASED IN ANY YEAR, WITHOUT LIMITATION OF RATE AND IN AN AMOUNT SUFFICIENT TO PAY THE ANNUAL PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON SUCH DEBT AS SET FORTH ABOVE OR ANY REFUNDING DEBT (OR TO CREATE A RESERVE FOR SUCH PAYMENT), SUCH DEBT TO BE EVIDENCED BY THE ISSUANCE OF GENERAL OBLIGATION BONDS, INSTALLMENT SALES AGREEMENTS, LEASE PURCHASE AGREEMENTS OR OTHER MULTIPLE-FISCAL YEAR FINANCIAL OBLIGATIONS; SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE, FOR A PRICE ABOVE OR BELOW THE PRINCIPAL AMOUNT OF SUCH SERIES, ON TERMS AND CONDITIONS, AND WITH SUCH MATURITIES AS PERMITTED BY LAW AND AS THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION OF THE DEBT PRIOR TO MATURITY WITHOUT PAYMENT OF THE PREMIUM; AND SHALL THE DISTRICT'S DEBT LIMIT BE INCREASED FROM AN AMOUNT EQUAL TO 20% OF THE DISTRICT'S ASSESSED VALUE TO AN AMOUNT EQUAL TO 6% OF THE DISTRICT'S ACTUAL VALUE, AS CERTIFIED BY THE COUNTY ASSESSOR; AND SHALL SUCH TAX REVENUES AND THE EARNINGS FROM THE INVESTMENT OF SUCH DEBT PROCEEDS AND TAX REVENUES BE COLLECTED, RETAINED AND SPENT AS A VOTER APPROVED REVENUE CHANGE UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER
Appendix: Actual 2008 Bond Ballot Question

BALLOT ISSUE 3B:

SHALL JOINT SCHOOL DISTRICT DEBT BE INCREASED $215 MILLION, WITH A REPAYMENT COST NOT TO EXCEED $475 MILLION, AND SHALL DISTRICT TAXES BE INCREASED NOT MORE THAN $36.5 MILLION ANNUALLY FOR THE PURPOSE OF PROVIDING SCHOOLS AND CLASSROOMS THROUGHOUT THE COMMUNITY TO ASSIST IN RELIEVING OVERCROWDING, ENHANCING STUDENT SAFETY AND LEARNING OPPORTUNITIES, AND PROVIDING OTHER CAPITAL ASSETS FOR DISTRICT PURPOSES, WHICH MAY INCLUDE BUT ARE NOT LIMITED TO THE FOLLOWING:

• BUILDING A NEW HIGH SCHOOL;
• BUILDING A NEW PRESCHOOL THROUGH 8TH GRADE SCHOOL;
• REMODELING AND MAKING ADDITIONS AND IMPROVEMENTS TO OLDER SCHOOLS;
• MAKING REPAIRS AND IMPROVEMENTS TO EVERY SCHOOL DISTRICT-WIDE;
• PROTECTING STUDENTS BY MAKING ROOF, INFRASTRUCTURE AND LIFE SAFETY IMPROVEMENTS TO SCHOOLS AS NEEDED;
• MAKING SECURITY AND ENERGY EFFICIENCY IMPROVEMENTS TO SCHOOLS AS NEEDED; AND
• ADDING MODERN COMPUTER AND INTERNET TECHNOLOGY AT SCHOOLS AS NEEDED;

AND SHALL THE MILL LEVY BE INCREASED IN ANY YEAR, WITHOUT LIMITATION OF RATE AND IN AN AMOUNT SUFFICIENT TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON SUCH DEBT OR ANY REFUNDING DEBT (OR TO CREATE A RESERVE FOR SUCH PAYMENT), SUCH DEBT TO BE EVIDENCED BY THE ISSUANCE OF GENERAL OBLIGATION BONDS, INSTALLMENT SALES AGREEMENTS, LEASE PURCHASE AGREEMENTS OR OTHER MULTIPLE-FISCAL YEAR FINANCIAL OBLIGATIONS BEARING INTEREST AT A MAXIMUM NET EFFECTIVE INTEREST RATE NOT TO EXCEED 6.5%; SUCH DEBT TO BE SOLD IN ONE SERIES OR MORE, FOR A PRICE ABOVE OR BELOW THE PRINCIPAL AMOUNT OF SUCH SERIES, ON TERMS AND CONDITIONS, AND WITH SUCH MATURITIES AS PERMITTED BY LAW AND AS THE DISTRICT MAY DETERMINE, INCLUDING PROVISIONS FOR REDEMPTION OF THE DEBT PRIOR TO MATURITY WITH OR WITHOUT PAYMENT OF THE PREMIUM OF NOT TO EXCEED THREE PERCENT; AND SHALL THE DISTRICT BE AUTHORIZED TO ISSUE DEBT TO REFUND THE DEBT AUTHORIZED IN THIS QUESTION, PROVIDED THAT AFTER THE ISSUANCE OF SUCH REFUNDING DEBT THE TOTAL OUTSTANDING PRINCIPAL AMOUNT OF ALL DEBT ISSUED PURSUANT TO THIS QUESTION DOES NOT EXCEED THE MAXIMUM PRINCIPAL AMOUNT SET FORTH ABOVE, AND PROVIDED FURTHER THAT ALL DEBT ISSUED BY THE DISTRICT PURSUANT TO THIS QUESTION IS ISSUED ON TERMS THAT DO NOT EXCEED THE REPAYMENT COSTS AUTHORIZED IN THIS QUESTION; AND SHALL SUCH TAX REVENUES AND THE EARNINGS FROM THE INVESTMENT OF SUCH DEBT PROCEEDS AND TAX REVENUES BE COLLECTED, RETAINED AND SPENT AS A VOTER APPROVED REVENUE CHANGE UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?
APPENDIX XI

Campaign Dos and Don’ts Sample Flyer

Colorado Fair Campaign Practices Act

Employee Rights and Responsibilities

Colorado’s Fair Campaign Practices Act prohibits the use of public resources to support or oppose a candidate or ballot issue. Understanding how this law impacts employee conduct during work hours is vitally important to all district personnel in the upcoming election period. We hope that the following provides basic answers to frequently asked questions regarding employee participation in the election campaign.

FACTUAL SUMMARY:

**Allowed**
- A school district is allowed to spend public funds to prepare and dispense a “factual summary” which includes arguments both for and against proposals on any issue of “official concern” on the ballot. (Such a summary would be composed at the district level; individual schools are not authorized to compose such a summary).

**Not Allowed**
- A school district is not allowed to state a conclusion or opinion in favor of or against any particular issue addressed by the factual summary.

PHONE CALLS:

**Allowed**
- You are allowed to respond to questions about any issue, provided that you have not solicited the questions.
- You are allowed to use your personal phone on your own time to urge people to vote for or against an issue.

**Not Allowed**
- You are not allowed to use any regular work hours or district communication equipment or materials or supplies to promote or defeat an issue.

SCHOOL MATERIALS:

**Not Allowed**
- You are not allowed to use district email or any district materials and/or equipment of any kind to express an opinion about, or to urge the passage or defeat of, any issue.
- You are not allowed to use a school’s bulk mail permit to send out materials related to a campaign. This includes an item such as a PTA/PTO newsletter, even if the PTA/PTO later reimburses the school for the use of its permit.

FLIERS:

**Allowed**
- You are allowed to utilize your own time to distribute fliers off district property in support of or against any issue. No district facilities, supplies or equipment may be used to prepare these fliers.
- Members of employee organizations are allowed to deliver materials in favor of or against an issue to their members, provided it is not during regular work hours, does not use district mail boxes, and no district supplies or equipment are used to prepare those materials.

**Not Allowed**
- You are not allowed to use the district email or mail service to promote or defeat an issue. On Election Day, materials related to any issue may not be made available to the public in a school used as a polling place.

SCHOOL FACILITIES:

**Allowed**
- School Facilities are allowed to be used by any group to promote or defeat an issue only if the current Facility Use Policy is applied in a nonbiased fashion to both sides of the issue. Copies of Policy KB1/KPC, Community use of School Buildings/Fields and Grounds, may be downloaded from aurorak12.org/about-aps/district-policies

INTERACTING WITH STUDENTS:

**Not Allowed**
- You are not allowed to promote the passage or defeat of any issue with students during your working hours and/or during your duty time.
- You are not allowed to distribute to students, any materials which promote the passage or defeat of any issue at school and/or during your duty time.
- You are not allowed to send campaign materials home with students.
SCHOOL NEWSLETTERS:

**Allowed**
- You are allowed to distribute voter registration information.

**Not Allowed**
- You are not allowed to use school newsletters in any way to urge people to vote in favor of or against any issue.

CAMPAIGN PARTICIPATION:

**Allowed**
- You are allowed to use your personal time to urge electors to vote for or against an election issue, or to make contributions of your own money.
- You should keep records substantiating that any time campaigning for or against the election issue was on your personal, unpaid time, which must be time outside of working hours or your vacation time.

**Not Allowed**
- You are not allowed to wear campaign buttons, clothing, etc. which promotes passage or defeat of any issue at school and/or during your duty time.

TALKING TO PARENTS:

**Allowed**
- You are allowed to respond to questions about any issue, provided that you have not solicited the questions.
- You are allowed to use your own time to talk with whomever you please, either in favor of or against an issue.
- You are allowed to encourage parents to register to vote and give them information on registration, absentee voting, and polling locations.

**Not Allowed**
- You are not allowed to use any regular work hours or district communication equipment or materials or supplies to promote or defeat an issue.
- You are not allowed to use your regular work hours to urge parents to vote for or against an issue.

BULLETIN BOARDS:

**Not Allowed**
- Bulletin Boards are not allowed to be used for the purpose of promoting or defeating an issue.

PTA/PTO MEMBERS/PARENT VOLUNTEERS:

**Allowed**
- The FCAP does not apply to PTA/PTO members or parent volunteers because they are not employees of the district. They are allowed to use the school facilities to promote or defeat an issue if the current Facility Use Policy is applied in a nonbiased fashion to both sides of the issue.
- PTA/PTO members or parent volunteers are allowed to freely discuss positions for or against an issue at any time.
- PTA/PTO members/parent volunteers are allowed, as interested patrons, to participate in a campaign committee. This campaign committee, or “issue committee” can actively seek contributions and promote a position about an election issue.

**Not Allowed**
- Because of limitations on the school district under the FCAP, PTA/PTO members or parent volunteers are not allowed to use district communication equipment (telephones or email), district mail service, supplies or equipment, (e.g. copy machines) to promote or defeat the passage of any ballot issue in the election.

Questions regarding the application of these Colorado Fair Campaign Practices Act guidelines in specific circumstances should be directed to APS Legal Counsel Brandon Eyre

303-344-8060 ext. 28301

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