

Informational Meetings

Informational meetings were held November 4th and 7th in order to prepare the congregation for the voters meetings that will take place November 16. What follows are the combined notes of the two meetings.

Opening comments from Pastor Tutwiler:

At the Nov. 16 voters meeting the Board of Directors will bring a motion to close the CCA elementary program.

Only the voters (members 18 years old and older) can make this decision.

Everyone thanks God for the ministry of CCA – a great blessing over the last nine years

Numerous and costly sacrifices have been made by parents, teachers, and the congregation.

The current situation is not the fault of the faculty who have served faithfully and well.

Christian Education remains a priority for OSL, but there are other ways to offer Christian Education besides an elementary school.

Congregation has displayed patience and support over nine years. The enrollment decline not a result of lack of congregational support. For example, the congregation has given over \$5 million over the last nine years in support of the school.

Why are we considering closing the school?

1. Declining Enrollment

- Over 50% decline over the last 2 years
- 42 kids in 6 grades
- Only one class with more than 10 kids

2. Growing Debt

- We've faced budget shortfalls before, but for the first time, the debt is unmanageable, it is beyond our ability to pay.
- Preliminary budget for next year, assuming a 5% increase in giving and a 15% increase in enrollment, indicates a \$240,000 deficit.
- At the same time the congregation is asking us to make a dramatic increase in our ministry to children, youth, and college.
- This year we need a 20% increase in giving before the fiscal year ends
- Next year, 20% won't cover the debt

3. Loss of Congregational Support

- Fewer congregational families put their children in the school – fewer than 2% of all families; fewer than 9% of families with elementary age children.
- In the past we dealt with debt with the support of 4 or 5 families who would donate the money to bail us out. None of those families will be in the school next year. Some of the past gifts were in excess of \$100,000.
- At the August ACTs meetings with congregation we heard from 200+ people. They were asked if they would be willing to help get us out of this hole. 73% said yes (the first time that number has been that low); 1 out of 4 said no. Through comments we got the message/mandate: you can ask us to dig deep and make a sacrificial gift, but don't come

and ask us next year; solve the problem; we're not willing to go through this year after year.

OSL has no money in the bank

We have borrowed over \$35,300 of a \$81,800 designated fund; the remaining \$46,500 will get us through two pay periods.

Future opportunities if the congregation decides to close the school:

1. Regardless of what the congregation decides on CCA, Concordia University in Austin will rent space in the evenings. They will offer continuing education and a masters degree program.
2. Expansion of pre-school – give entire school building to the pre-school. This is financially doable because we pay less in salaries and no benefits. The pre-school operates under a different financial model.
3. Bring in an existing Christian school – we've talked to another Lutheran school and Cornerstone Christian Academy. No deal has been made; we have talked, but no agreement

Questions Submitted by the Audience

What is the Board of Director's recommendation on the options being considered?

(Answered by the Chairman of the Board) If the congregation votes to close CCA grades K through 5, the Board of Directors will recommend expanding the pre-school because we believe this makes the most financial sense and allows us to retain control of the space.

Why hire a pre-school director when you knew of the budget problems?

A healthy school is built on the foundation of a healthy pre-school that can serve as your best source of new kids. Since we did away with the pre-school director several years ago our pre-school enrollment has declined, which has contributed to a decline in day school numbers. Since the hiring of a pre-school director our pre-school enrollment numbers have double. Even this late in the semester we're still adding new pre-school students. Continuing to do what we've been doing was not going to turn the day school around. The addition of a pre-school director was a key element in our plan to rebuild the school.

Is there a possibility of having both the pre-school and renters for the building?

Yes.

How much cash per year would the pre-school need to generate to meet monetary demands?

Eventually the pre-school would have to generate a profit of \$90,000 to meet all budgetary needs.

Why wasn't this brought up a year ago when these discussions started? Why weren't school parents told a year ago – we could have paid more and worked to build the school?

We continued to work, to plan, to implement changes that we hoped would prevent this scenario from developing. In hindsight, we should have informed you earlier and we ask for your forgiveness for the pain this has brought you.

Why was the school started at all this year?

We wanted to make sure we gave the school every opportunity to succeed. The leadership believed that the school enrollment would increase and alleviate some of the budget concerns. This didn't happen and so here we are.

What has the congregation done or is doing to encourage greater enrollment of church families in the school? Have we asked congregational members why they don't send their children to school at CCA? Why are only 9% of member families using the school? Have you approached church families of school age children more than once about why not enroll at CCA?

Pastor Tutwiler sent a letter to every family with school age kids offering to meet with them and talk about the opportunities at CCA. Not a single family responded to the invitation.

The CCA day school is promoted in every new member class.

The church routinely involves CCA kids in their Sunday morning worship and partners with CCA on the Fall Festival and church Christmas program.

What has the school done to increase enrollment? What marketing has been done?

Professionally designed and printed brochures were distributed in the area, including many local businesses. Advertising in newspapers and magazines at a cost of approximately \$5000.

If the congregation votes to close the school, when would the school close?

Our plan and desire would be to finish the school year and end in June. Our principal and teachers are committed to a strong finish to the year. The only exception would be a loss in enrollment that made it financially impossible to continue.

Does the church have a designated school board looking over the needs of the school?

Two years ago the church changed the way they organized and operated the ministry. One Board of Directors oversees the senior pastor who is in charge of the operations of the ministry. One result of the change has been a greater level of transparency and accountability. In the case of the school, the senior pastor was able to anticipate the budget shortfalls over the last two years and make budget cuts in the school and the church ministry that has allowed the school to remain open. Instead of a School Board the principal is charged by policy with creating a Ministry Support Team to work closely with him/her.

What changes could be implemented in the next year to ensure we aren't in this same situation a year from now?

A significant infusion of money. A significant increase in student enrollment.

Are there any focus groups in the church brainstorming solutions or looking at potential cause/effect incidents?

The Ministry Support Team that works with the principal has generated many ideas over the last two years, as well as, the Board of Directors and the congregational ministry staff.

How many children does the elementary school need in each class in order to meet payroll?

The elementary school needs a minimum of ten kids in each class in order to meet staff payroll. This would not cover supplies, custodial services, utilities, administrative support or mortgage.

What amount of debt is grade school related, church related, pre-school related?

We're all one ministry, so in that sense the debt is our debt. We do have different budgets for the different budget areas. The church budget has been cut and is under-budget for the year. The school and pre-school combined will finish the fiscal year with \$170,000 in debt.

Would we be financially whole with the closing of the school?

No. There would still be a mortgage payment, utilities, and maintenance expenses to cover. By inviting in another school or increasing enrollment numbers in an expanded pre-school we would greatly reduce the budget deficit next year.

Have you pursued grants – private or federal?

We are unaware of any organizations that offer grants to parochial schools operated by local congregations. If anyone knows of any such organization, please let us know and we will investigate how to apply.

Is the school and church operating from the same funds? If sizable donations are made by parents of elementary students would those funds go directly to the school?

The school and church are operated from the same funds. Money donated to the school would be used in the school. We would want you to know that the school has borrowed \$10,000 from the church (this year). Total school borrowings since 2009 is approximately \$57,700 with almost \$22,000 borrowed from designated funds. Our policies require that money to be repaid to the designated funds within a certain period of time. So in that regard, the first \$22,000 would be used to repay the borrowed money.

Are we going to keep the pre-school if we close the elementary school?

Yes. Closing the day school (grades K through 5) will not affect the status of the pre-school. The pre-school will be open next year.

Why are other schools growing? What are they doing different?

A few schools in McKinney appear to be doing well, such as Cornerstone and McKinney Christian Academy. Some differences with those schools:

Cornerstone uses a university model – the kids attend class three days a week and are home schooled two days a week.

Cornerstone and McKinney Christian Academy both offer grade K through 12.

Both schools are self-funded. In other words, if families want additional services, they must come up with the money to pay for those services. There is no church to help meet budget shortfalls.

The challenges we face are not unique to us - Lutheran schools around the country are closing by the hundreds.

What about help from District or Synod?

The District and Synod do not have funds available to help schools.

Will you accept donations from non-members?

Yes.

Has any thought been given to a merger with the other Lutheran school and making a bigger school for both?

Yes, there has been a preliminary conversation.

Will we be able to utilize the building if rented out to another source?

We would insist on the church being able to continue to use our space. If a school rented the space, they would have control of the space during school hours. We would also allow them to meet in rented space at night as long as it did not conflict with church ministry.

What happens if some of the current families pull out at semester end (Christmas) to start at their next year's school? Will CCA be able to make it to the end of the school year?

Certainly families pulling out mid-year will create greater financial pressures on the school budget. Our intent is to finish strong and remain open to the end of the school year. Our hope is to raise money in December that will allow us to do so.

How many teachers and staff will lose their job?

The closing of the school will bring to an end five teaching positions and two part-time "aide" positions, and two part time administrative positions.

If the congregation votes to keep the school open, we will make multiple cuts in the church staff and school teaching staff as class size determines.

Are we prepared to pay unemployment for 12 months plus?

No. Churches are not required to participate in unemployment benefits. Traditionally the congregation has been generous in helping our staff transition to new positions.

Did the school stop the scholarship program?

In the Spring the scholarship fund was empty. Early summer a donation of \$20,000 was made to the fund which was given to families in need.

Is the pre-school profitable?

No, not presently. If we expand our program and reach an enrollment of approximately 115 students we anticipate the program will reach profitability.

Have you seen the movie "Waiting for Superman"?

No.

What are the grade/use options being considered by Cornerstone and the other Lutheran school?

Cornerstone would offer grades K through 12. The conversation with the other Lutheran school has not reached the point of discussing specific grade offerings.

Do the other possible schools provide an option for CCA students?

Yes, CCA students would be welcome to apply to these schools.

Do the other possible schools provide an option for CCA teachers?

No guaranteed options. We anticipate a school moving into our space would need additional teachers. We're confident our teachers would be given every consideration.