



Today's School Risk Manager

By Cheryl P. Johnson, ARM, and Steve Levering, CSRM, CTSBO

School districts are held accountable not only for the monies that contribute to the education system but also for mitigating any issues that threaten student learning.

Some school districts are fortunate to have professional risk managers on staff who can identify and control the many risks that are unique to school systems. Most schools, however, place that responsibility on the shoulders of the school business manager or chief financial officer, who may not have the experience to identify and address those risks.

Whether certified or not, school risk managers are responsible for a wide range of issues, including property and casualty insurance; benefits, such as health care, workers' compensation, and unemployment; facility and environmental safety; crisis management; and the personnel training associated with these programs. What's more, the school risk manager must be knowledgeable about issues ranging from IRS 403(b) changes to wellness programs and the effects of the Medicare, Medicaid, and SCHIP Extension Act on liability claims.

The Importance of Teamwork

To be effective, the school risk manager must have the support of the administration and a well-thought-out

risk management team. Members of the team may include representatives from district support services, school administrators, insurance agents and brokers, consultants, and a multitude of other specialists who bring a level of expertise rarely found inside the school environment. The district should have a system in place to ensure that the risk management team is aware of potential risks. That system can be as simple as ensuring that all district personnel have the risk manager's contact information.

The range of risks in a school district is extensive, and so are the risk management team's responsibilities. The team can develop and implement action plans to identify, address, and avert potential threats to the safety and security of the learning environment. On the other side of the coin, the team can work to ensure that sound financial decisions lead to strong fiduciary responsibility, ensuring that all decisions are based on the students,' the staff's, and the public's expectations for good faith and ethical practices.

The risk management team should meet regularly—at least four times a year, or more often if necessary. Meetings give the team an opportunity to review results of audits and assessments, to discuss current and potential issues, and to develop any necessary plans of action.

Identifying and Addressing Risks

Methods used to identify and classify potential risks include such tools as checklists, flowcharts, surveys, and personal inspections. Gathering data with these tools will help the school risk manager and team develop a qualitative and quantitative report outlining a course of action. Qualitative assessment includes reading the insurance policies and vendor contracts and performing safety audits. These strategies are not measurable, but they are important for determining tolerance for risk. Quantitative assessment helps better predict future losses based on past loss data. With that information, school risk managers can determine retention, deductible, and transfer levels for decision making and can decide which loss control projects to fund.

When addressing risks, team members should refrain from thinking that they have an immediate obligation to address them. Of course, any risks that are life threatening should be dealt with as soon as possible, but others may benefit from a thoughtful long-range plan that shows various phases of completion—especially if mitigation will be costly. A task time line demonstrates the school's willingness to resolve risks as budget funds become available.

Depending on the severity of the risks, mitigation can sometimes be funded by bond money earmarked for such work. Other means of funding may come from

fund balances, certain reserving practices, fund-raisers, or special grants.

Other solutions may simply involve changing policies or procedures. For example, changing the district's drivers' safe driving habits may not be easy to do until there is a change of policy. Requiring postaccident drug testing, quarterly motor vehicle checks, and mandatory postaccident driver's training on the employee's own time and at his or her expense will encourage safe driving habits immediately.

No Better Time

Now more than ever, schools need to turn to risk management practices to generate short- and long-range planning for losses that affect the schools' budgets. That money can be better served by contributing to the education process, not by paying claims.

There has never been a more critical time for our public entities to join the private sector in recognizing the importance of having clearly defined risk strategies in place. Schools and their districts increasingly understand the importance of successfully managing risks, since each risk can be viewed as both a threat and an opportunity.

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- A Yes.
- B So achievement drops off a bit. That's just called a rebuilding year, right?

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