
Pickens School

Financial Analysis
Presented November 19, 2024



Prepared in partnership with Pickens Local School Improvement Council

Background & Introduction

- Randolph County Board of Education has targeted Pickens School closure as a cost saving measure to lower the deficit they are currently operating under.
- In response, the Pickens LSIC, and other volunteers, have been working together to prevent this closure from happening.
- These volunteers include people with diverse experience and a deep love for the Pickens community, including myself.
- Randolph County Board of Education has stated the closure of Pickens School would result in approximately **\$550,000** of cost savings in aggregate.
- However, after discussions with Brad Smith, it was determined this savings number did not account for personnel shifts within the county education system. As a result, the new cost savings number become approximately **\$440,000**.

Variables That Drive Our Differences

- Our team believes the Randolph County Board of Education's cost savings estimate of ~\$440k is excluding the real-world implications of the following variables that go into this type of analysis:
 - Exit of students from the school system;
 - Continued building ownership, including maintenance, utilities, etc.;
 - HB4025 earmark funds no longer being accessible;
 - School supplies;
 - Other.
- It should be noted that property taxes are omitted from both of our calculations due to our limited access to this information. However, this would also decrease the potential cost savings. The same lack of information impacts the ability to account for the accelerated depreciation of the school bus.
- Our team, in partnership with Pickens LSIC, have determined the closure of Pickens School would result in an estimated **\$102,696.16** of cost savings in aggregate.

House Bill 4025 Earmark

- WV House Bill 4025 grants \$150,000 of state funding to Pickens School for the Education Program Allowance (also known as the “School of Isolation” funding).
- This funding is earmarked for Pickens School meaning a closure of the school results in the \$150,000 not going to Randolph County any longer.
- Furthermore, this total of \$150,000 has never been adjusted since the bill was enacted in 1991. Our team, and the Pickens LSIC, anticipate being able to increase the grant total here to cover a similar percentage of costs that the \$150,000 covered in 1991.
- We do not have the 1991 budget in our possession. To get a more accurate estimate, we applied the cost of money over time from 1991 to 2024 (65.2%) and applied that to the current Pickens School personnel cost. We then compared that number with \$150,000 to determine how much of the estimate the grant covers.
- As a result, our team believes it is reasonable to assume this **\$150,000** funding should be estimated to be worth **\$247,720.89** for the purposes of this exercise.

Breakdown of Estimated Variables

LSIC \$102,696.16		BOE \$439,873.60
+\$401,431.35	Personnel Costs Cut	+\$401,431.35
+\$352.69	5 Year Average Transportation Costs Cut	+\$3,156.38
+\$22,652.49	5 Year Average Gas, Power, Sewage & Trash Costs Cut	+\$32,652.49
+\$0.00	5 Year Average Maintenance Costs Cut	+\$33.14
+\$0.00	5 Year Average School Supply Costs Cut	+\$2,600.25
-\$64,894.24	Loss of State Funding from Student Exits (\$8,111.78 per Student)	-\$0.00
-\$247,720.89	Loss of State Funding from HB4025	-\$0.00

Closing Remarks

In summary, our team's analysis has provided us the insight to draw the following conclusions:

- Current estimated cost savings for the closure of Pickens School are materially higher than what is to be anticipated in practice. While the BOE estimates ~\$440k in cost savings, our team projects ~\$105k in cost savings when considering real world application.
- From a financial viewpoint, the proposed closure Pickens School is not an impactful solution for closure to get the Randolph County Board of Education out of a deficit. When considering other aspects of the closure, such as transportation and student safety, this option is even more ill advised.

Does the Randolph County Board of Education believe that saving \$105k is worth requesting a waiver from the state to put students in a more dangerous transportation plan that the currently is not permitted by code? Are there any other more effective, cost savings measures available with less risk toward students?

Thank You for Your Time!

Please consider all aspects of this decision to make sure the best action is taken for the future of the Pickens Students. They are the best of us and deserve the best outcome to provide them with the tools needed to lead the future of our town, county and state.

We wanted to allocate our remaining time for any questions members of the Randolph Board of Education has about our analysis compared to theirs.

We would appreciate any healthy discussion since our numbers differ materially.

