



School Board's Role in Risk Management

Barbara Thurston
Executive Director, APEI

Goals of Session

- Define and describe what is meant by risk management
- Discuss type of risk management generally under the responsibility of the administration (Superintendent)
- Discuss board members' roles in risk management
- Provide information on a few risk management items you may not be aware of

Risk Management

- Risk management is the organized effort to safeguard a school district's assets, human and financial, from different types of risk.
 - While education is the district's main mission, mission is compromised if district experiences losses
 - Dealing with losses costs money and takes staff time

Responsibility for Risk Management

- Primarily the responsibility of the administration, but board members should be aware of it
- Board role is setting policy and general oversight of operations, not a direct role in managing risks and insurance
- Risk management is worth the time and effort!

Losses have serious impact on district

- Dealing with losses costs money and takes staff time, both of which are better spent on education
 - Worst cases
 - Major Fire or Earthquake
 - Injuries to Children
 - Even less-devastating losses have a significant cost
 - Slips and falls
 - Vandalism and theft
 - Employment practices

Steps in managing risks

- Identification
- Analysis
- Financing
- Administration

Identification

- Many risks are obvious
 - Buildings can burn or be damaged by earthquake
 - People can be injured
 - School district could be sued
- Some are less obvious
 - Cyber risks

Analysis

- Decide what to do about identified risks
 - Ignore it and hope it goes away
 - Risk Avoidance
 - Risk Mitigation
 - Risk Transfer
 - Risk Acceptance

Risk Avoidance

- Not the same as ignoring the risk!
- Means avoiding doing something that involves risk
 - Cancelling sports programs
 - Prohibiting field trips or other types of activities
 - Refusing to hire someone with a particular incident in their background
- Sometimes necessary, but not always desirable

Risk Mitigation

- Means taking steps to lessen risk
 - Ice grippers
 - Standards and training on professional boundaries
 - Life jackets in boats
 - Requiring two signatures on large checks
 - Burglar/fire alarms
- Your insurer likely offers low or no-cost services to help with risk mitigation

Risk Transfer

- In most cases, this means buying insurance
 - Property (incl Crime)
 - Liability (incl Educator's and Employment Practices)
 - Workers' Compensation
 - Student Accident
 - Health/Medical
 - Misc (Aviation)
 - Cyber

Risk Acceptance

- Can be intentional or unintentional
- Recognizing that some risks will always be there and you need to budget for them
- Deductibles

Board's role in Risk Management

- Setting policies
- Budgeting
- Asking questions

Setting Policies

- Lots of COVID-19 related issues in the last 18 months
 - School opening vs distance learning
 - Masks
- Other risk-management related policies
 - Student travel
 - Hiring practices

Budgeting

- Some risk management practices are available to districts for little or no “extra” cost
 - Training from insurance carrier
 - Safety committees
 - Building inspections by staff
 - Training by internal staff

Budgeting, continued

- Others require budgeting for expense
 - Training by outside experts
 - Safety inspections by consultants
 - Purchase of safety equipment
- Allocation of funding indicates board's commitment to risk management items

Board members should ask Questions

- Who has day-to-day responsibility for risk management?
 - Reporting claims to insurer and responding to questions
 - Making sure correct insurance is purchased
 - Keeping track of safety inspections, employee training, etc
 - Being aware of whether district is following its own procedures regarding hiring, reporting of problems, etc
- What is district's loss history?

Questions, continued

- What insurance does the district purchase?
 - Who is the insurance carrier?
 - Does the district have a broker, and, if so, who is it?
 - Kinds of insurance purchased
 - Deductibles
 - District's responsibilities related to insurance
 - State requirements
 - Insurance carrier requirements

What risk mitigation is being done?

- Employee Training
 - OSHA requirements
 - State requirements
 - Other training to reduce risk of losses to the district
- IT practices to reduce risk of cyber loss
- Building inspections

Other items to be aware of

- 15 Passenger vans
 - Much less safe than school buses
 - Prohibited by federal law for schools in many circumstances
 - Lots of districts have and use them
- State insurance contract for rental cars
 - Can save money for districts when staff travel
 - Includes insurance if vehicle is damaged

Other items, Continued

- Workers' compensation for employees whose primary workplace is outside of Alaska
 - More and more districts have telecommuting employees
 - Worker's compensation is required by all states
 - Insurance pools not licensed in another state so general WC policy may not apply
 - Coverage is available but district needs to know to alert carrier to out-of-state employee

Other items, Continued

- Attorney consultation requirement for terminations
 - Often required by your insurer
 - Must consult with attorney before firing an employee, and follow attorney's recommendations
 - Coverage may be denied if attorney wasn't consulted, and employee sues

Questions?

