

**MEETING MINUTES
COMMITTEE OF THE BOARD MEETING
March 5, 2019**

PRESENT: Board of Education: S. Marchese, J. Schumacher, J. Foster, J. Brodrick, M. Vanderwert, M. Xiong, Z. Ellis

SEAB: M. Raymond

Staff: Superintendent Gothard, J. Atkins, T. Battle, H. Kilgore, K. Randall, K. Cordes-Sween, W. Forbes, L. Sayles-Adams, G. Simon, M. Doud, K. Wilcox-Harris, D. Watkins, C. Baker, J. Turner, M. Schrul, J. Williams, A. Collins, Y. Vang, H. Ott, L. Cathey, K. McVay, M. Hoerth, L. Pantoja, C. Carlstrom, K. Burns, M. Gilbert, J. Engen, S. Dahlke

Other: M. Havartt, T. Lonetree, J. Verges, J. Nathan, M. Shore, P. Hendricks, O. King

I. CALL TO ORDER

The meeting was called to order at 4:34 p.m.

II. AGENDA

A. Superintendent's Announcements

Superintendent Gothard began the meeting with a couple of updates. He provided comments on the Ethnic Studies presentation from SEAB at the February 2019 Board of Education Meeting. It was an excellent presentation that clearly showed their hard work to define ethnic studies, and what it could mean for the district and the community. Initiative 3a sets out to ensure ethnic studies is integrated into all we do. There are some models to build from and to inform our future work, and encouraged to continue to work with SEAB to define the parameters as we build this initiative, including policy changes, to have a long-lasting and real impact on students, community and staff.

Superintendent Gothard and board members also noted the Johnson Govie Leadership Forum, and they were thankful to share this experience. This event provided a space for students that was about them, and grounds us in our work. There were discussions amongst students that were complex and sensitive, and to watch students facilitate those discussions was great. It's an opportunity to embrace that type of venue more often, and showcased the power of student-led efforts and drive. He thanked Principal Michael Thompson and the Govie Leaders for their work, and noted staff and students from across the District that also attended. Board members also shared their experiences at this event from discussions in breakout sessions which were very powerful, and to see the transference of that energy in the facilitators to other students and to see the model and practice was phenomenal, as well as the impressive line-up of folks who both presented and attended the event.

B. SEAB Report

SEAB Member Raymond provided an update on SEAB. Ethnic studies has been the driving force and focus, and the group is receiving feedback from community, and presented at the Govie Leadership Summit. The petition for ethnic studies had a goal of 1000 signatures, which was met before the presentation at the previous Board of Education meeting, and the new goal is 1500, with it currently at 1200. He noted the important of timelines and moving forward with the ethnic studies efforts, and asked what is needed for the next steps to be met? Superintendent Gothard responded that it is important to define the scope, and the timeline could look different based on variables. That can help to define and shape our

future work. Administration is eager to have those conversations with SEAB and we are clear in saying this is an important piece that we want to do well and do it right. The timeline is currently premature, and more agreement on the details will help to establish the timeline.

QUESTIONS/DISCUSSION:

- What was the goal of the petition? Response: The goal was 1000 signatures to show those in support of ethnic studies in SPPS.
- The Board also noted that in the timeline and conversations, it may be helpful for SEAB to discuss how they can help to support the interest in making ethnic studies a part of all we do and how to integrate cultural relevance and to be reflective in all classrooms every day, and how we can all work together to realize that.

C. Legislative Update

Superintendent Gothard then introduced Mary Gilbert, Legislative Liaison, to provide the Legislative Update presentation. She noted that she toured Saint Paul Music Academy with an legislator, who very much enjoyed the tour and it was the best thing all session.

Important Dates

- Legislature Convened (January 8), Governor’s Budget Released (February 19), February Forecast Released (February 28), First Policy Committee (March 15), Second Policy Committee (March 22), Third Finance Committee (March 29), Easter/Passover Break (April 13-22), Conference Committees Appointed (May 1), Targets for Conference Committee (May 6), Conference Reports to Body Of Origin (May 13), Adjournment (May 23)

Governor’s Budget Big Picture

- February forecast \$1.052 billion, which is \$492 million less than November
- \$563 million available from FY18-19 — mostly one time
- Trend of slower growth continues FY22-23
- Revenue is still up by nearly \$3 billion
- E-12 spending estimated to be down \$48 million in FY20-21 and \$32 million in FY22-23 (0.2%)

Nov. Forecast vs. Feb. Forecast

- A graph showing the November forecast and February forecast in both FY20-21 and FY22-23 was shown.

Forecast Planning

	FY21-22	FY22-23	Change	Percent Change
Forecast Revenue	\$ 47,941	\$ 50,192	\$ 2,251	2.3%
Forecast Spending	\$ 47,403	\$ 50,203	\$ 2,800	2.9%
Difference	\$ 538	(\$ 11)	(\$ 549)	
Estimated Cost of Inflation	\$ 1,097	\$ 2,694		

Governor’s Budget | \$733 Million

- 3% and 3% on the formula | \$523 million
- Special Education formula changes | \$77 million | Modifies tuition billing
- Funds \$59 million | Base VPK/School Readiness Plus
- Moves \$79 million early learning scholarships to special revenue fund
- Teacher of color recruitment and retention | \$8 million
- Homeless grants supports | \$1 million
- Increases safe school revenue | Aid/levy combo \$9 aid first year, levy increase second year

- Automatic renewal of "new" referendums
- Full Service Community Schools Grants \$4 million
- Tribal school funding | \$3.6 million
- Regional center funding | \$8 million
- National Teacher Certification | \$140,000
- Shorten MCAs | removes off grade questions

Governor's Budget | Other Agencies

- **School linked mental health grants** | \$9.4 million (HHS)
- **Child Care Assistance Program (CCAP)** | \$29 million (HHS)
- **Homework Starts with Home** | \$3 million per year in Housing budget
- **Homelessness Prevention and Assistance** | \$2 million per year in Housing budget
- **Rental Assistance** | \$0.5 million per year in Housing
- Higher Education State grant expansion | \$54.16 million
- \$.25 million to provide stipends for 250 low-income students in grades 3-11 for summer school enrichment
- Comprehensive transit and transportation package that includes gas tax and other fees/local option taxes

New Mandates | Proposed

- Civics Education
- Personal Finance Education
- Dyslexia Screening
- Comprehensive Sex Education
- Opioid and Chemical Abuse Education
- Para-professional training
- Family Medical Leave (0.31% of payroll employee and employer)
- Report of all testing costs
- VPK school/charter expenditure reporting

Other Policy and Funding

- English Language Learning funding increase
- Special Education Paper Work Reduction
- ACT test funded by state — all students
- Changes to Teacher Licensing
- Labor Day Start
- School Lunch Shaming
- Referendum Renewal of Existing Referendum

QUESTIONS/DISCUSSION:

- When will there be a better idea to start shaping budget discussions? Response: By Easter break, we should have a better idea to know what the floor will be at in the House proposal and the Governor's proposal. We could make assumptions based on that, and not at zero-based budget, and have contingency plans based on the formula. There are no runs available right now. The actual bill with the recommendations hasn't been introduced yet – probably next week. It will be shared immediately as we know more.
- For the mandates, is there a sense of whether those items are jointly held as important? With the mandates, is there funding? Response: For the most part, no. There is no funding for Personal Finance Education, and we did talk about an amendment that is required to be offered as part of the curriculum for Economics, because it is now. We further suggested in social studies review, they should get stakeholder input; others will want to weigh in and input from others whether personal finance should have a greater stake in social studies review. The other aspect is that we should maybe look at all state standards, including middle school math standards, and it would be easier to deal with other things they want us to do. We can do dyslexia training with students not at grade level with FAST. We are trying to work with authors of bills if they won't provide funding, then we need to talk more and work

on it more. Some of these mandate ideas are from the community, and there may be more background steps that those authors may not have been aware of and the plans currently in place.

- For the 3% and 3% on the formula, but there is no indexing to inflation proposed? Response: The reason is to cover the tails. It's unlikely to be inflationary this year, so we could be in the same cycle as every biennium. There are other big issues including the gas tax and the health care, and there are a couple big holes in the budget.
- There was a discussion on a task force convening on the special ed. cross subsidy. Is that embedded anywhere? Response: There is that, and we really want to move ahead. The governor's budget may recommend that they reconvene the finance task force, instead of the sole focus on special education. It was from the 2012 administration, and a comprehensive look at the school funding formula. There are a lot of moving parts.
 - Is there momentum to have a conversation on the formula and the components? Response: There is a good chance that might pass to have that task force. It doesn't require legislation; the commissioner can decide to have it. It lends more weight if the Senate and House agree to it and have some ownership and a report on which they can agree.
- Is there safe schools funding too? There is a \$9 increase the first year, since we have already levied for safe school revenue. The next year, it's an increase in the levy and flexibility of \$36 every year. It's possible there is one time money, like the grants from last year.
 - One of the concerns is that now that districts have had the change to submit their grant proposals and discussing our needs and clear to the public, what do we do to now fund the needs we have identified to the public? Response: There is money left over, and some was recently spent on MNLARS. The money in that program isn't bondable because it can't be tied to any one facility, and used cash, even though it was in the bonding bill. There is interest in the Senate, and will come from different part of the budget; there could be money available for that.

D. Budget and Finance Advisory Committee (BFAC) Recommendations

Superintendent Gothard then introduced Marie Schrul, Chief Financial Officer, to present the results of the 2018-2019 charge to the Budget and Finance Advisory Committee (BFAC) to the Board of Education. She went on to introduce the co-chairs of each subcommittee of the group, Own King, co-chair of the Ideal School Model, and Peter Hendricks, co-chair of the Line Item Expenditure. She thanked the committee members, and also thanked Kim Cordes-Sween and Arleen Schilling for their work in the committee. She also introduced committee members in the audience.

Background of the Committee

- School Year 2017-2018: Training of the BFAC on how budgets are created
- School Year 2018-2019: The charge was to divide into two subcommittees where one committee would determine an ideal school model for Elementary, Middle, and High schools and the other subcommittee would analyze data on budget/expenditure line items and make recommendations to administration and present to the Committee of the Board of Education

The Charge to the BFAC

- Divide into two subcommittees – Ideal School Model and Line Item Budget & Expenditure Review
 - Appoint two co-chair persons for each subcommittee: 1 District employee (Finance Dept) and 1 Community member
- Meet separately to determine recommendations to administration and present to the Committee of the Board of Education

Ideal School Model Subcommittee

- Charge: Study on optimal school size and base allocation for Elementary, Middle and High Schools.
- In-scope: Baseline needs for all schools; Small and large school; Flexibility in funding to meet various programs or pathways
- Out-of-scope: Specialized programs or pathways; specific school capacity; demographic specifics; Pre-K; non-salary budget items; specific funding sources (Special education, English learner, referendum, etc.)

- It was also noted that there is a large spreadsheet with average costs of teachers and staff and cost per student that was the basis for these models
- Process: Reviewed research on Class/school size; safety and security; academic achievement; climate and culture; fiscal responsibility; best practices
- Considered: Experiential knowledge; school programs; facility capacity
- Factors considered: Staffing; enrollment; class size; contractual obligations; cost; research basis; meeting district, state and federal academic standards and statutes
- Elementary School Model Staffing
 - Enrollment: Small school ≈ 300; Large school ≈ 600; Class size ≈ 25
 - Classroom teachers; Specialist teachers (Visual Art, Music, Dance, Theater, PE, Science, ...); Non-licensed staff (clerical, educational assistants, teacher assistants...); Principal & Assistant Principal; School wide supports (Nurse, librarian, social worker, counselor, specialist (family engagement, intervention, cultural specialist), flexible FTE; Site based and job embedded professional development
 - Models of teaching and staffing needs were then presented for a small elementary model and large elementary model
- Ideal Middle School Model
 - Enrollment: Small school ≈ 450; Large school ≈ 900; Class size ≈ 30
 - Core teachers; Elective teachers; Non-licensed staff (clerical, educational assistants, teacher assistants...); Principal & Assistant Principal; School-wide supports (Nurse, librarian, social worker, counselor, specialist (family engagement, intervention, cultural specialist), flexible FTE; Site based and job embedded professional development
 - Models of teaching and staffing needs were then presented for a middle school model
- Ideal High School Model
 - Enrollment ≈ 1400; Class size ≈ 30
 - Core teachers; Elective teachers; Non-licensed staff (clerical, educational assistants, teacher assistants...); Principal & Assistant Principal; School-wide supports (Nurse, librarian, social worker, counselor, specialist (family engagement, intervention, cultural specialist), flexible FTE; Site based and job embedded professional development
 - Teaching needs and staffing were then presented for the high school model
- Discussion and Next Steps
 - Apply models to pathway program schools (Immersion, Montessori, Arts, Science, International Baccalaureate)
 - Replication of successful and sought after schools
 - Address out-of-scope items
 - Run models for feasibility: budget impact, facilities impact, enrollment, etc...
 - Parameters for flexible staffing within the models
 - Community impact
 - Opportunities for enrollment growth

Line Item Expenditures Subcommittee

- Charge: Analyze data on SPPS budget/expenditure line items and present findings and recommendations
- In-scope: Review SPPS budget/expenditure line item data in order to present recommendations on cost efficiencies and/or funding alignment; Listening to SPPS Department presentations on overall program & budget process
- Out-of-scope: Making decisions on budget reductions
- Process: Committee met to review budget line item/expenditure information; SPPS Departments presented information about programs and budget process (Title I, Grants Management, Transportation, Special Education); SPPS Financial statements & findings for fiscal year 2017-18 were reviewed
- Recommendation #1: SPPS should start the budget process earlier in future years to engage and obtain meaningful input from the public
- Recommendation #2: SPPS should invest in appropriate technology to save money, time and to improve communication with stakeholders

- Recommendation #3: SPPS must seek additional revenue opportunities
- Recommendation #4: SPPS must improve the process to allow the public to make financial contributions to the District
- Recommendation #5: SPPS should perform an independent audit review of contracting services and facilities budgeting to ensure that best practices are being followed and to allow for transparency

QUESTIONS/DISCUSSION:

Ideal School Model

- How does this compare to what we have? Response: Anecdotally, particularly in the elementary school, a lot of them fall between the ranges in between the two models. Some are below that, and some are above the larger size, such as Adams. There are schools outside the scope and looking at if our buildings can have more students based on the structure. There are some schools that we know cannot increase capacity based on the building and facility. There will be some restrictions outside the spreadsheet model. We have the capacity to do this, and will need to talk about facilities.
- Did the group think about longer years or longer days? Response: We did not consider any adjustments to the school year. Essentially, when looking at the middle school model it was based on the strategic plan, and a 7-class period day to make that work and the teaching team.
- In talking about the process about research and the safety and culture and climate of schools, was there input from students on ideal climate, safety, and function? Response: We did pull some data specifically about incidents on behavior at schools and seeing correlations based on the sizes of schools. It was very late in the process and didn't go heavily into the analysis. Anecdotally, there were concerns that larger schools feel less safe, but there is not data that fully supports nor denies that.
- For the middle school staffing and model, how does that map onto the middle school model from SPPS Achieves? Response: it is close in many ways – there is ideal, and there's reality in terms of budget. We will make it as ideal as we can based on the budget perspective. When the discussions started, it was based on similar research, and very closely resembles this proposal. There were also two principals of schools that have middle grades on the committee who were in agreement in the model for staffing.
- This doesn't cover the cost or how this would impact the budget? Response: In the modeling spreadsheet that is an extension of this presentation, there are numbers applied to the positions, and it can be provided to the Board.
 - Do we see that against current cost? Response: Because this is baseline and isn't school specific, we didn't apply to a specific school and were conscious to leave school information out.
 - This is helpful and appreciate the thinking. We are not looking at this against the number of dollars – this is the model in terms of staffing, and budgeting allocations and resources is to come? Response: Yes, that would be a next step. This is an ideal number and to think of our system, there is a different model of how we allocate, and those ranges can vary.
- Was there discussion around who is in the buildings and how to allocate resources with an accountability for equity concerns around students who qualify for FRL, service needs, high special education needs, high EL needs. It impacts the entirety of what's available in the building and an acknowledgement that that was outside the scope. This gets at 75% of what to talk about in elementary building. Response: That could be included in a next steps discussion as well. Anecdotally, people were saying this is more than we currently have in the schools.
 - Our Title I schools leverage different funding, and comp ed. funding, we need to think about how to allocate those resources based on the needs of our kids. These are two competing items – this is the baseline (this project), and the other is the net impact on buildings on what is delivered to students and resources available. Curious to see if or how resources shift, like money moving to different areas, and the impact of that. Response: This couldn't be taken and given to every school based on number of students, and generally most schools fall into a high FRL level.
 - The cost of educating and the needs there are different. Every students cannot be treated identical, and the needs of our kids in some buildings are far greater than in other buildings. Every child doesn't come with the same skills or have the same background. We need to consider that based on the program. Each school will look different. We need to be able to look

at that and look at our resources in an equitable way, because what it will take to teach our students are different. Response: The models are helpful, and there is a need for these indexes of how we are using resources in an adequate way to ensure every student is receiving a great education.

- This could be a step 2, in looking at who is in the room, and a fundamental equity questions about allocating resources, and this answers half the question. There is important information left out of this equation. This goes back to Administration to use this information, and a recommendation to think seriously about having a way to assess the needs of our students to ensure we are making wise choices. The amount of work done has been great, and incredible.
 - The work of this committee as the baseline, and federal education and the rules for Title 1, and those federal dollars are supplemental to ensure the needs of our high needs students.
 - For the budgets of all buildings exclusive of federal funds, looking at the General Fund budget, it would be interesting to see where money moves based on the model, as we think about it moving forward in the analysis. The economy of scale was also noted in these models, and that plans for a larger school cannot be overlaid to different schools to be achievable and an efficient model.
- The Board thanked all BFAC members for their work, including parents, grandparents, families, and staff.
 - Other next steps and could include what does the K-8 buildings look like. The charge was to look at baseline models for schools, and the team did not address non-salaries. We could add to the next steps as well. What's the baseline for schools for non-salaried items? That would also be interesting for a baseline on supplies and those items that are required to have a well-run school.
 - Throughout the models, there are additional staff that is consistent. What is an example of what that looks like, and it may be licensed and non-licensed? What does it mean to have additional staff? Response: That flexibility was built in to meet the needs of specific schools, depending on their needs (example: aerospace coordinator).
 - How was the process? Were there any "a-ha!" moments? Response: The process went great. The experience was phenomenal and did the work week after week, and started to snowball. Meetings became more frequent and went longer. The biggest "a-ha!" moment was the Montessori school plugging in their needs into the model, and realizing there was not thought or planning for the Montessori needs when it was built, and it zeroed out. These last four months meant that it was applicable to the real world.

Line Item Expenditures

- The BFAC provides a good place for conversations for a committee of the Board, and it would be helpful to take what we have learned in organizing and how to get authentic and helpful information from our community members. As a Board and a District, we need to think about these two subcommittees provided good places for conversations and how to share this with the community, such as a task force, especially in larger issues such as transportation. The school model group included what our community feels is an ideal model where they would want to send their kids. There is value in this process, and to have people in the group with anecdotal outcomes, and for others in the group to look at how we're working and how we can improve. We appreciate the folks who dedicate their time and talents to these groups. We need to think creatively along these lines to continue the conversations. One of the beauties of the strategic plan is that the structure has been laid, with the intent of continued community involvement to ensure we are doing what is necessary. This process is informative and we don't want to lose that momentum in ways to engage the community in ways that make us all better. Response: There is good momentum now, and we need to solidify the members and ensure the members are committed to the group and this work.
- A board member noted that we need to do more communication to the community around this – it was mentioned that it's more complex than thought. What are the suggestions to go to the community to do that education for folks to understand? Response: Reading the glossary of the MPS budget book should be required, and the definitions would be a good start.
- In thinking about who is there and question from a District level of what we are doing to get people there and removing the barriers if this is high-level, and how we are able to break it down. In talking

about the process and bylaws and cultural context and ramifications, including how we work together to set aside and work as a group. Based on the collective information, did it also include others throughout the process? Response: It was different people as time went on, and usually around five people. It was the knowledge presented by the content experts. This was collective inputs from a group.

- We have listened to two extensive reports from subcommittees. What should our response be to this committee, if not tonight, then very soon, so that their time is not done in vain. What should our response be?
 - Another board member noted his appreciation of their work. These are recommendations to Administration, and the creation of the budget is a responsibility of Administration. The response in part comes in part how Admin proceeds. It's important that when we ask members of the community and staff to give up their time above and beyond, and use this wisely and to be respectful of the investment made in providing input, and we have the responsibility to listen to figure out what to constructively do with that input. It would be expected to be incorporated as the budget moved forward and follow-up from Administration around the specific items seen in building models and future discussion in appropriating money. Each of these things will be operational questions. It's important for the Board to be aware, as there are budget presentations, and to look for questions based on these presentations.
- It was noted that in the future there could be more defined focus groups to look at transportation or student placement; opportunities for surveys; bringing families who decided not to send their students to SPPS and a focus group or task force and those experiences that affected their decisions.
- A board member noted ensuring the community is involved and educated on the budget process. It was noted that there will be three public hearings scheduled – one here at 360 Colborne, and the others throughout the community. To the first committee and seeing the budget, we have made a priority to allocating resources to our schools in order to allow us to give schools more resources to prioritize them as it relates to SPPS Achieves.
- A BFAC member mentioned that it would be very helpful in doing all this work and volunteer time, and the report is issued and to see a response from Superintendent Gothard to signify that it has been read, and what will be done or not be done. A response would be helpful.
- Another member noted that in regard to school safety, that was a topic at a meeting, and the group was presented with research about school size, safety and discipline. The research is strong that smaller schools have fewer discipline problems and are safer. One building does not equal one school. To the point about including more folks in the community, that calls for more translations, and meeting throughout the city. There is a series of meetings across the city with translators, and using strategies here and across the country. We hope we don't lose the recommendation of replication of successful schools; that is something that could be explored and included. Hope to not lose the audit recommendation, and there are concerns about issues. It would also be helpful to have a formal response to these recommendations to the committee.
- Director Xiong noted thanks to Mr. Hendricks and the team. What are the next steps for the Line Item Committee, and what would that look like? Response: Some ideas include a transportation and the budgetary impacts, and a survey to every department to ask questions about cost efficiencies, groups of stakeholders to look at Title 1 and transportation with separate subgroups; and staffing, including other models for substitute teacher contracts and ways to incentivize and encourage less use of substitute teachers. Having these discussions in the community with those interested is an education on all subjects to gather those interested in that specific topic. Also, research to responses instead of saying it will not work, but looking further at those processes and cost efficiencies.

E. December Quarterly Budget Report

Chief Schrul also presented the December 31, 2018 Quarterly Financial Report. It is an update to the Board of Education on the current fiscal year 2018-2019 budget and includes a projection of revenue, expenditures, and fund balance as of June 30, 2019. A budget is a living, viable document. Once the budget is accepted in June, the Board is asked 3 times during the following year to look at and approve the changes that occur in the District's revenue and expenditures in each of the seven funds. The final determination, by fund, occurs each fall, following the acceptance of the audit report. The unassigned fund balance in the General Fund is required to maintain a balance of 5% per Board policy. The fund balance

in the Food Service fund is controlled by federal USDA regulations. The full report can be found in the Board Book.

The full report was then discussed. The unassigned fund balance on 6/30/2019 is estimated to be at \$37.6M There is \$32M in unassigned, which represents 6.1% of the current year expenditures and is within the limit of the current Board policy. It was also noted that SPPS Administration is monitoring the impact of the recent 6 snow days on overall revenue; no adjustments have been made at this time. Operating Capital revenue increased by \$3.3M due to the sale of the Albion property. We are not projecting any use of the unassigned fund balance of 6.1%, which is about 2 weeks of operations.

QUESTIONS/DISCUSSION:

- With the change of \$5M change in unassigned fund balance – what is that related to? Response: That is related to revenue and expenditures, which are outpacing revenue overall, there will be deduction from the fund balance, and spending more than revenue. That’s how it impacts, and pulling in \$563M and net of expenditures is higher, and that difference.
 - It’s not one single choice, its an accumulation as a District. Overall, in the General Fund, the \$560M, that \$1M is very minimal and can change in the projections. We try to be very accurate, because any minimal off can have tails.
- We are required by law to propose a balanced budget at the end of June every year. As the year progresses, are there times when on a quarterly basis that we overspend what we have budgeted? At what point are we actually in violation of state law if that occurs at a temporary basis? Response: It’s two fold. There is a board set policy – when there is a point of unassigned fund balance of 5%, that’s one violation. And the Board has a set of actions that must be taken at that time to bring it above. In each and every fund itself, with a budget and actual and there’s an overspent budget, there should be an action plan or a plan to mitigate that cost. At some point, if it’s taking a cumulative approach and a District could go into statutory operating debt, and what leads ta district to be under the State’s watch, and when a District is unable to pay off the obligations as a District as a whole. In the history of Saint Paul Public Schools, we have never found ourselves in that situation. It’s all about managing the budget overall. It is Administration’s role to monitor the budget overall, after the Board has approved it in June. It is all of our jobs to be watchdogs – it is public dollars and we need to be good stewards of those dollars for the right purposes.
- The programs that are self-funded, are they like their own enterprise? One of the issues we will deal with in changing start times will be child care and our capacity to do that, including Discovery Club. There have been conversations about implementation, any revenue to be used to fund Discovery Club or those programs, we cannot use General Fund funding. It will need to run like its own business. Response: Correct.
- With ECFE is a part of community service fund, if we were to integrate ECFE into our other early childhood programs, is that possible and integrate the funding too? Response: Some of it is also included in the referendum source, and some is in the community service. We need to ensure whatever source of revenue or charging is appropriate for the funding source, and whatever the program is Fund 4 or referendum, in Finance, we support the mission of the program and the funding and with state guidelines on ECFE funding. It depends on the expenditures and the revenue of the program.

RECOMMENDED MOTION: Mr. Schumacher, seconded by Ms. Vanderwert, to accept the December 2018 Quarterly Budget Report as presented for the period ending December 31, 2018. The motion passed by acclaim.

F. FY20 Budget Update

Superintendent Gothard then introduced Marie Schrul, Chief Financial Officer, to provide an update on the FY19-20 General Fund budget and timeline.

FY 2019-20 General Fund Budget | Preliminary Big Picture

	FY19 Adopted (in \$M)	FY20 Preliminary (in \$M)	Difference (in \$M)

Revenue (including LTFM)	\$ 560.8	\$ 570.5	\$ 9.7
Use of Fund Balance	0	0	0
Expenditures	\$ 560.8	\$ 573.4	\$ 12.6
Projected FY20 Shortfall		\$ (2.9)	

- Projected revenue assumptions are based on a 1% increase to per pupil formula
- Projected revenue amount includes Long Term Facilities Maintenance (LTFM) sources within the General Fund prior to any State UFARS required transfers to the Building Construction Fund

FY 2019-20 General Fund Projected Revenue

Projected Revenue Changes	Amount (in \$M)
Referendum levy increase	\$ 17.3
State Aid increase (assumption of 1% increase on formula)	3.1
State Aid decrease (due to enrollment decline)	(6.9)
Compensatory Education decrease (based on 10/1/18 Free & Reduced lunch count)	(5.5)
Other revenue changes	(0.5)
Special Education	2.2
Total FY20 Projected Revenue Increase	\$ 9.7

FY20 Budget Planning Changes

- SPPS Achieves integrated within the FY20 Budget
- Additional Referendum funding – separate allocations
- Projected Enrollment (10/1 actuals from 2017 & 2018 – average for budget projection)
- Middle School Model
- College & Career Programming
- Districtwide Professional Development Planning to Support SPPS Achieves

FY20 Budget Planning Information

- Budget Rollout to Sites on March 25
- Site Budget Toolkit
- FAQs Communication guide
- Budgeting 101 Video
- Principals “Budget Fair”
- Guidance on School Community Engagement

FY 2019-20 Budget Development Timeline

- The FY 2019-2020 budget timeline was presented, with the FY20 school and program budget rollout schedules for March 25, joint budget and staffing meetings and “budget fairs” scheduled for March 25-April 19, budget hearings tentatively scheduled for the week of April 15, the week of May 13, and the week of June 3, with the final FY20 budget adoption at the June 18, 2019 regular Board of Education meeting.

QUESTIONS/DISCUSSION:

- For the scheduled budget hearings, what is the expectations that those who attend the hearings should have? Response: They will be an avenue for the community to speak about the budget and give their

input, separate from board meetings. There will be more structure around the budget with a brief presentation and update to the community, and then open it to all for the whole session on budget, and engagement around the budget and feedback. It is also an opportunity for the Board and Administration to hear from and engage with the community. Engagement is two ways; a chance to learn specific information about the current iteration of the budget, and a chance to open it to share feedback. Input and influence are different things; input is to be heard. There may be tangible things to adjust, and also think about the budget all the time, and could go into the priorities for the future.

- We've got three budget hearings within the last month and a half of the process. Is that public input going to be meaningful at this stage? Response: We'll need to ensure that is flushed out in the process and manage the expectations.
 - When a person shows up at the budget hearing, staff will make it clear to those participating on their expectations and where we are at the process.
 - Board members noted it is late in the process, and it was noted in the BFAC recommendations that the process is complex. Is it unrealistic to give people a basic understanding in a short period of time? Would it be helpful to instead call them budget information sessions and break it into three different parts of the budget, and do in-depth sessions on the parts of the budget. We want the community to understand our budget. Response: That is a good recommendation, and this is a way to get into the community to encourage more folks to be involved. We might sign up more people interested in BFAC; its multifold in what we're trying to accomplish, in both the budget and goodwill to be good partners with the community. Education piece and modules presented are a good thought.
 - The Board noted they are assured the hearings are set up to be meaningful, and ensuring that meaningfulness is clear to those attending the meeting. Response: These were a way of exploring a different way to engage the community. We have tried information sessions with low turnout, and out at different schools with little turnout. This was a way to solidify times to do hearing, and in the hearings themselves, the dates can be changed. It's a timeline we can schedule hearings, and to be mindful of the April 15, we want to give administrators time to look at their budgets and give them the opportunity to present information to their sites.
- This is an opportunity to continue educate the community more about SPPS Achieves, and there is choice around where money is being allocated and driven by SPPS Achieves, and it is necessary to have that there.
- It's important to point out in talking about the assumptions with a \$2.9M shortfall at 1% of an increase. We know the governor has proposed a 3% increase, and about \$6.2 in additional revenue. A 3% increase would enable the District to not worry about the shortfall, and continue to move forward with momentum to build resources. It's important to note in thinking about the opportunity with the budget proposal, and talking about it in SPPS, that this would be a major help and have a significant impact on our District.

G. Policy Update

Legislative Change to Uniform Municipal Contracting Law

- Minn. Stat. § 471.345 establishes contracting requirements and dollar value thresholds that require certain procurement requirements
- Recently, the dollar value threshold increased from \$100K to \$175K
- Because SPPS Policy 713.00 references and incorporates Minn. Stat. § 471.345, it will also incorporate the increased threshold
- If Board takes no action, Policy 713.00 will automatically allow the District to not use advertised public bidding for projects under \$175K

Questions for Board Following the Legislative Change

- Procurement: Does the Board want to follow the change in the law and increase the dollar value threshold that requires advertised public bidding?
 - Option #1. Do nothing. If the Board wants to allow the increased limit of \$175K to take effect, then no policy changes are required.

- Option #2. Amend Policy 713.00. If the Board wants to require that District policy requires advertised public bidding at a lower dollar value threshold (e.g. \$100K), then the Board can amend Policy 713.00 to be more restrictive than the statute.
- Oversight: At what dollar value does the Board want to review contracts?
 - Presently, the Board reviews and approves any contract for services or the purchase of goods over \$100K. The Board may maintain that review level or increase the amount that requires Board review and approval to \$175K.

Discrimination, Harassment, Violence, and Retaliation - Policy 415.00

- Revised policy; last revised in 2008
- Board members requested that this policy be reviewed
- Provides greater clarity to sections relating to prohibited conduct, reporting, investigations, retaliation, and corrective action
- Revisions and Additions made to policy:
 - General statement of policy
 - Retaliation
 - Reporting procedures
 - Investigation and Corrective action
 - Updated definitions for district personnel, harassment, sexual harassment, sexual violence

QUESTIONS/DISCUSSION:

- It was noted that about 3% of contracts fall between \$100,000 and \$175,000. In the calendar year of 2018, there was a total of 1,976 POs for a total of 91M and of those 1,830 were below \$100,000; 63 were between \$100K-\$175K, and 83 were above \$175K; 93% are at \$100,000 or below, 3% between \$100K-\$175K, and 4% above \$175K. A fairly small percentage fall between \$100K-\$175K.
- It was also noted that the vast majority of other districts are following the state statute of \$175,000 contracts for board approval.
- Regarding the rationale, this change would allow an increasing number of small businesses to compete for those projects within the jurisdictional disparities study, and the change in the procurement method required for low-bid, and instead directly solicit would remove a barrier to contract for publishing the low bid.
- The Board approved moving the contract signature matrix to \$175,000 for board approval and moving that policy to the three-reading process. Members of the Policy Work Group noted that the rationale for this change is that each contract is approved by 2-3 teams prior before the Board. It was also noted that within the matrix, there is not any one person designated, but different levels for the Board Chair, the Superintendent, and the CFO. Superintendent Gothard also noted that if he is the last to sign, and still has questions, those are answered before it is signed, and there is a thorough process.
- It was noted that procedural questions will be able to be answered directly. Questions will involve on District corrective action, about who are the staff who will be involved in the process leading to the action, and what role will board members play in terms of signing off on corrective action. Response: There will be time for those questions.
- At the work group, the concern was the collaboration and sharing of the procedure between the responsible administrator and a problem with something like this, and the primary person responsible is that building principal, and that they will be notifying and consulting with the EEO officer, including legal advice. The administrator will need support. Want to be clear in terms of employees understanding if accused of something, who will be doing the primary investigation, and how much takes place by building staff who may or may not be more familiar with what's happening, and the District office. Fearful of taking all procedures and transferring out of the building, and having central district staff doing all the investigations. If there is a corrective action, board members are asked to approve that action. Response: The policy applies to student-to-student, and central office staff wouldn't be taking that authority away relating to that type of conduct. That's solely their purvey. It applied to employees and staff throughout the District as well, and the responsible administrator designated in Section 5 is dependent, and in consult with Mr. Cathey's staff and Ms. Shepard depending on the complaint. There is also the option for staff to go directly to the Office of Equal Employment, which is role that is carved out and a valve or an outlet for those who may not feel

comfortable in going to administration. There is an opportunity to have another outlet for reporting. Primarily to employment, it will be HR consultants in consultation with principals and folks normally tasked in assisting in those investigations. In terms of corrective action, that is boarder terms, and the District opportunity say "what went wrong here, and what do we do to improve the climate and culture, and how to build that positive building culture;" it may involve disciplinary action, and also collective bargaining units.

- There is concern that the responsible administrator, and hoping to have clear the collaboration between the district HR and those folks so that building administrator does not feel subjugated by the central office, nor the person accused feel like people working on investigation and process or restorative justice, that they are the people closest to the scene. The presence of a human rights officer at the district level is of utmost importance, but to ensure we are protecting the alleged victim and the alleged perpetrator. These are items that will be addresses in the smaller conversations with the EEO officer, and can be brought to the next Committee of the Board meeting.
- A board member also requested more information on the retaliation portion and what has been expanded from the older version.

III. ADJOURNMENT

It was motioned to adjourn the meeting at 8:32 p.m. The motion passed by acclaim.

IV. WORK SESSION

The Board then conducted a work session on professional support for the Board, as well as communications.

Respectfully submitted,
Sarah Dahlke
Assistant Clerk