

**MEETING MINUTES  
COMMITTEE OF THE BOARD MEETING  
April 11, 2017**

PRESENT: School Board: J. Schumacher, M. Vanderwert, J. Foster, S. Marchese, J. Brodrick, C. Vue, Z. Ellis

Staff: Superintendent Thein, A. Collins, H. Ott, J. Peterson, E. Agbamu, K. Wilcox-Harris, M. Schrul, J. Engen, T. Parent, L. Cathey, M. Hoerth, H. Kilgore, N. Cameron, L. Jansen,

Other: K. Her, H. Reinhardt, J. Nathan, P. Grafstrom, T. Lonetree, J. Verges, T. & E. Dreher, K. Stearns, J. Kopp, K. McCauley

**I. CALL TO ORDER**

The meeting was called to order at 6:00 p.m.

**II. AGENDA**

A. FY 18 Budget Update

**FY 2017-18 GENERAL FUND PRELIMINARY BIG PICTURE**

	FY 17 Adopted (in millions)	FY 18 Prelim. (in millions)	Difference
Revenue (Current law)	\$518.2	\$514.2	(\$4.0)
Use of Fund Balance	0	0	0
Expenditures	518.2	541.5	(23.3)
Balance	\$0	(\$27.3)	

**FY 2017-18 GENERAL FUND FACTORS IMPACTING PROJECTED SHORTFALL**

Item	Amount (in millions)
Inflationary impact of "rolling over" FY 16-17 budget "as is" without any changes	(\$23.3)
Net revenue decrease due to enrollment and Compensatory Education	(4.0)
Total Projected Shortfall (as of 2/19/17 - subject to change)	(\$27.3)

**FY 17-18 GENERAL FUND AREA OF CONSIDERATION FOR REDUCTIONS PROGRAMS**

- Reduced inflationary allocations
- Enrollment related service and staffing reductions
- Vacant positions, staff attrition/retirements, negotiated contracts
- Targeted and 2% reductions

**SITES**

- Eliminate one time FY 17 Board allocations of \$85/pupil and SSSC 2.0 program additions
- Enrollment related service/staffing reductions
- Vacant positions, staff attrition/retirements, negotiated contracts

**FY 17-18 POTENTIAL REVENUE INCREASES:**

- 1% Formula increase = \$3.2 million (Governor's proposal = 2%)

- Special Education state increase = \$1.2 million
- QComp (or ATPPS) - up to \$9.0 million

#### **FY 2017-18 SCHOOL & PROGRAM BUDGET UPDATE**

- School allocations were sent out on March 31
- Meetings over next two weeks, due back April 24
- Program allocations will be sent out April 14 and due date will be communicated to program administrators.

#### **QUESTIONS/DISCUSSION:**

- Does current budget include contingency? No
- Has community input started at building level? Response: Each school does individual meetings, principals receive a tool kit for the budget presentation to their communities. The expectation is that there is broader conversation about the budgets in each school to establish priorities, etc.
- It was noted that public engagement also includes the Budget Finance Advisory Committee.
- The Board felt it would be helpful to have some insight into school allocation principles so they can address questions coming in to them.
- The Superintendent noted that things are being done somewhat differently than in the past. Finance will receive input from schools regarding the additional resources that might be needed. These will all be reviewed by the administrative team and resources distributed in a way that makes good sense. Principals are being asked to be creative and bring the information to the administration team so they can look at what needs are out there and then make decisions in the best interest of the district and its students. Administration will work with principals, buildings and communities. The CFO has indicated the budget is now structurally balanced and has been put together with current revenue based on current law. This means the District will have some resources to use to benefit and target a structurally sound budget. SPPS has been able to build a 5.8% fund balance where it is not in the hole; with that 5.8% fund balance there is a little reserve if necessary.
- How does equity play into the budget? Response: SPPS wants to use a team approach to evaluate budgets based on the premise of what does this investment of money mean for the kids and community. The end results is to get a return so all kids are treated in respectful and equitable way, so all kids have a voice.
- SPPS is focusing on what is in the budget not on what is not there; dollars have gone to kids, classrooms and programs.
- Regarding the budget timeline -- it would be helpful to have the dates of BOE and COB meetings added to the sequence. The more we know about what to expect, the more comfortable the Board will be in approving the budget.
- A brief explanation of the Finance Committee meetings (consisting of a diverse array of stakeholders) was provided. The initial meeting set baselines so the group understood how the budget is created, the impact of enrollment, funding resources, alternative funding resources, etc. SPPS needs to continue to provide information to the committee and to the larger community about choices being made and why those are the choices. Everyone needs to see the impact on buildings and programs so they can offer feedback and better understand the budget. This work will hopefully lead toward building a budget process in 18-19 where the budget is started earlier, the process is evaluated and modified if necessary, etc.
- It was stated the District is in transition, it is looking at the budget from a district vs. site perspective to establish at what level decisions should be made. SPPS wants to be as fair and equitable as it can, does not want to move too much making good sound decisions based on principles that impact instruction. It will be a very deliberate about decisions that are made.

- It was noted decisions in the past seem to have impacted students of color more. What about SSSC 2.0 reductions, staffing, etc? Response: We will know staffing impacts at schools when budgets are returned on April 24 and the Board will be updated as soon as the information is processed.
- The Board asked for information on what was done last year with the \$85/pupil contingency.

### C. Standing Item: FMP Update

#### 1. **First Official Update to the 5 Year Implementation Plan**

The Director of Facilities provided information regarding FMP governance; programmatic choices drive much of the planning. The FMP is defined by the Board's 5-Year Facilities Maintenance and Capital Plan resolution. The FMP Committee (FMP-C) annually reviews and updates the next five years of projects within defined parameters in order to uphold the integrity of the FMP engagement process. It adheres to the FMP vision, principles and standards using agreed upon criteria to guide decisions. The criteria is student centered, impactful and efficient.

Parameters take into consideration emerging factors such as enrollment projections, demographic changes, education pathway/program realignment or changes, technological advances and changes to federal or state law impacting capital funding.

FMP-C membership is reflective of the original FMP-C. Members offer broad district perspectives, racial diversity and geographic distribution. It consists of parents, students, teachers, district staff, local businesses, local government agencies, community partners and neighborhood joint-use partners.

The FMP-C's first meeting will be called this month and will re-ground the committee in the FMP vision, principles and standards. It will discuss what has changed in SPPS since the original planning process and identify if/how prioritization of work needs to evolve based on changing conditions. The May meeting is the "how" meeting in which a draft of the updated 5-Year Implementation Plan is reviewed to ensure it reflects committee input. It will also celebrate work that has been completed to date and discuss ways to undertake the new work with the same spirit of transparency and inclusivity.

The following subjects will be brought to upcoming Board meetings:

- April COB - Demographic update
- April BOE - Changes to FMP Prioritization Criteria (if any) from FMP-C
- May COB/BOE - New 5-Year FMP Implementation Plan (FY 18-FY 22)

#### 2. **Demographic/Enrollment Trend Update**

A consulting demographer provided an assessment of where SPPS is now and where it was 2 years ago.

Enrollment for SPPS is defined as students enrolled in the district's 43 elementary schools (K-5 and K-8), 5 middle schools (6-8) and 9 high schools (6-12 and 9-12). It excludes ALC students and students in specialized schools/programs; early childhood and Pre-K programs.

She stated the projections made in early 2015, based on fall enrollment and the enrollment history beginning with 2005-06, are too high based on the past two years of enrollment. She presented a chart on projections vs. actual enrollment. She stated out migration at the elementary levels are occurring at higher levels than in the past and that there are gaps occurring in middle and high school.

She outlined what has changed.

- The housing market – has largely recovered, more single family detached units are being built although this is still not a prerecession levels. Home prices are back to prerecession levels. Housing sales are dynamic.
- The economy – unemployment rates are lower and there has been real income growth for the first time since the recession.
- Population growth -- has slowed in the Twin Cities metro area; it is not robust and has not returned to prerecession levels.
- The Millennial generation remains delayed in getting married, having children and in home ownership. The Minnesota Demographic Center reduced the projected number of 0-year-olds (a proxy for births). This translated into 300 fewer births per year in St. Paul and no significant increase in births in Minnesota. Two years ago there were different assumptions regarding the millennial generation.

She then went on to discuss what has changed in SPPS.

- After five consecutive years of enrollment increases (2010 through 2014-15), enrollment is decreasing again.
- After three consecutive years of higher Kindergarten to birth ratios (2012-13, 2013-14 & 2014-15), ratios are back to previous levels.
- Net out migration was lower in 2008-9 through 2014-15, it is now higher again and is especially evident in the transition from Grade 5 to 6.
- Students opting for other education options continues.
- One exception was in Grades 8 to 9 where SPPS has a consistent net inflow of students back to the district.

Charts were provided demonstrating the changes. In summary, she stated:

- From 2007-08 to 2016-17, SPPS enrollment (excluding Early Childhood, ALC and specialized schools/programs) decreased by 1,723 students (4.7%).
- Resident enrollment decreased by 1,110 students (3.2%)
- Non-resident enrollment decreased from 2,168 to 1,555 or -28.3%. (Non-residents were 4.4% of enrollment in 2016-17).
- The market share of SPPS is 60.0% in 2015-16. Charter schools, especially, depress enrollment in SPPS.
- In ten years, enrollment is projected to decrease from 35,174 today to 32,201/33,733 or -8.5%/-4.1%. This is because the Kindergarten to resident birth ratio is back to "historic" percentages. Lower survival rates (students remaining in class pool year to year) are used in projections. (Net migration assumptions have a larger influence on the differences among the projections than the Kindergarten assumptions).
- What could occur to make projections too high? Ever more students selecting other education options.
- Or, too low? More Kindergarten students and/or fewer students leaving for other education options.

Additional charts were provided on Resident Births, SPPS's Kindergarten as a % of Kindergarten Pool, Projected Minnesota 0-Year Olds, Kindergarten Projections, Projected Survival Rates and the Effect of Survival Rates on a Kindergarten Class of 1,000 and various Enrollment Projections.

#### QUESTIONS/DISCUSSION:

- So projections vs. actual enrollment are incorrect? Response: Based on what has been seen in the last two years previous projections were too high. The assumptions and evidence those were based on is not the way the last two years have unfolded.
- Board will need to grapple with assumption changes, could this have been anticipated? Response: That is open to question.
- So out migration is students moving to other schools or out of the city. Can you determine which it is? Response: No, we cannot determine if students left the city

or made a choice to go to another school option within the city. We do not know if fewer are in the city, but we do know there are fewer in SPPS.

- Is capture rate market share? Response: Yes, that goes down over time. It is unusual for a district's market share to go up.
- Has this been disaggregated by race or gender? Response: No. We are totally dependent upon MDE for data, they do not provide names or grade levels.
- So in 2014-15 SPPS lost 8717 student to charter schools? Response: Yes
- Does the State track the number of students receiving special education services? Response: You know how many have been entered into tuition agreements in SPPS. We do not know overall numbers. Charter schools are not required to offer special ed.
- There are a goodly number of apartments in St. Paul, are they all singles? Response: Yes, single and/or older for the most part. Single family detached units yield higher numbers of school age children. We are now living in an era of aging population. Units are occupied by older and younger people without children in the household.
- Are shifts of people moving into the city considered? Response: There is often confusion regarding generational decisions with state of life decisions. There has been a prolonged period of millennials not moving into family formation and home ownership.
- Are we seeing a decrease in population of immigrants? Response: That is a big unknown. SPPS enrollment has been favorably impacted in the past from refugee resettlement; it is a large historical factor. That is very uncertain now. We do know there has been a decline in fertility in Minnesota as a result of the recession and it seems more concentrated in the population of color (Asian and Hispanic particularly).
- Has SPPS historically had more children entering Kindergarten than it has had graduate? Response: Yes, they are somewhere else. There is fluidity through grade levels, the range of options has changed over time, they are bigger and more of them. In the past SPPS had fewer options outside of it. Looking at Kindergarten enrollment will show availability. In St. Paul there are more ways for them to come in and out of the system. That is a demographic trend and a choice trend. SPPS share has held close at Kindergarten but not at other levels.
- It appears there is opportunity for the district to lose or gain more students depending on decisions made by families. We need to learn what would bring families back in and concentrate on that. Response: That is seen across the metro area – in every school district parents have choices – charter or open enrollment, no one is happy to be where they are. There are two metro area districts where 50% of the students are non-resident. Those districts that have increased enrollment have done it through getting non-residents to come in.
- What are proportions for other districts compared to charters? Response: Charter and open enrollment are larger factors in Minneapolis. For most other districts in the region, open enrollment is the larger issue. Open enrollment is growing as the option selected by families.
- SPPS did not attain enrollment goals projected five years ago. How can we get more St. Paul kids to go to SPPS? Why are we losing enrollment to charters and surrounding districts? Response: That is the big question.
- The incoming Superintendent said he wanted St. Paul to be a city that does great things for kids. The district has opportunities to learn from other areas of the U.S. as to how they grow enrollment. Here are three suggestions: 1) There is a huge market in early childhood education. 2) The district has schools that are over-subscribed, how can it create second schools to meet those needs. 3) There are teacher led schools in Minnesota which are district schools and SPFT have talked about this. There are many ways to grow enrollment within the city and neighboring districts. The SPPS Board can take steps that might have impact for the district.

- There needs to be a deeper review of the data and how choice has been made – building configuration, area choices, community schools, transportation, etc. have had impacts. We need more data to expand this discussion. We need to define underlying issues in order to establish a plan.

D. Standing Item: Policy Update - No update.

E. Standing Item: SEAB Report - No report.

F. Standing Item: SSSC 2.0 Update - No update.

G. Work Session - No subjects.

### **III. ADJOURNMENT**

**A motion was made by Mr. Schumacher and seconded Mr. Brodrick to adjourn the meeting. The motion passed.**

The meeting adjourned at 8:11 p.m.

Respectfully submitted,  
Marilyn Polsfuss  
Assistant Clerk