

**MEETING MINUTES
COMMITTEE OF THE BOARD MEETING
April 7, 2015**

PRESENT: Board of Education: J. Brodrick, M. Doran, K. Hardy, J. O'Connell, C. Vue, A. Carroll. Director Seeba arrived at 5:51 p.m.

Staff: M. Walker, R. Hagen, A. Pier, Z. Vang-Lee, A. Collins, I. Davis, L. Sayles-Adams, J. Statum Allen, M. Thao, J. Peterson, R. Vernosh, C. Osorio, M. Schrul, J. Ronnei, J. Engen. N. Cameron, L. Cathey, J. Turner, M. Bierman, E. Agbamu, K. Wilcox-Harris, H. Ott, S. Gray Akyea, J. Munnich, L. Thao, E. Keenan, A. van Eichten, C. Vang, T. Battle, A. Pier

Other: C. Mac Donald, J. Riebe, J. Schurtz, P. Vang, A. Xiong, C. Scharst, J. Lahn, M. Nguyen,, E. Young, Z. Vang Lee, C. Lee, B. Lee, P. Chan, M. Vang, V. Hollia Lee, J. Verges, A. Juvewitsch

I. CALL TO ORDER

The meeting was called to order at 4:30 p.m.

II. AGENDA

A. GASB 67/68 Accounting & Financial Reporting for Pensions

Representatives from SPTFRA And PERA provided the report stating the new GASB Rules impact the reporting of pension liabilities by pension plans and school districts but do not fundamentally change the underlying information or school districts' financial obligations. SPTFRA and PERA implemented the new GASB 67-Financial Reporting for Pension Plans requirements for the fiscal year ended June 30, 2014. School districts will implement the new GASB 68 - Accounting and Financial Reporting for Pensions requirements for the fiscal year ended June 30, 2015.

The following is the timeline for implementation for all parties:

- GASB 67/68 measurement period began June 2013
- The actuarial valuation measurement date was June 30, 2014
- Retirement systems released the July 1, 2014 actuarial valuation results on December 2, 2014 and retirement systems transmitted the results to school districts.
- School districts use the July 1, 2014 valuation results for reporting June 30, 2015.
- School district CAFRs with GASB 68 results published late in 2015.

There is a one-year lag in school district reporting of GASB 68 results (i.e., school districts, in their FY 2015 reporting, will use FY 2014 actuarial valuation results from SPTRFA and PERA).

There is a major reporting change in that SPPS financial statements will now include net pension liability (NPL). This is similar to the unfunded liability SPTRFA and PERA have been reporting for many years. Previously, SPPS financial statements reflected only its required pension contributions. Pension expense will be calculated generally as the difference between beginning NPL and ending NPL. The SPPS finance team will also be required to provide a significantly greater number of footnote disclosures and supplementary information in its annual financial reports.

Finance provided information on how NPL is determined and allocated for SPPS with the resulting total NPL to be reflected on SPPS financial statements (SPTRFA + PERA) of \$460,309,000 for 6/30/2015 financial reporting.

The information disclosed under the new GASB Rules is not new; pension liabilities have always been disclosed by SPTRFA and PERA. What is new is that each school district will now have to report a proportionate share of this liability on their financial statements. The new rules affect financial reporting, not SPTRFA's or PERA's funded status. The reported pension liabilities have no impact on funding, contribution rates or local tax levies.

Pension expenses are not crowding out essential services as local government employers and school districts have always budgeted for pension payments. Pension costs are not bankrupting the school district, cities or counties. Pension liabilities will continue to be paid down by employees and employers through scheduled contributions to the funds, much like amortizing a home mortgage.

Credit rating agencies (Moody's, Fitch, S&P) have made positive comments regarding Minnesota's pension plans, particularly following the 2010 and 2013 pension reforms that reduced Minnesota pension liabilities by \$6.44 billion. Minnesota exercises financial discipline and has a history of correcting problems proactively and whenever needed. Employer pension contributions in Minnesota are only 2% of state and local spending versus 3.7% nationally. Minnesota teachers and other public employees contribute more than most other states. SPTRFA and the State Board of Investments have highly successful investment programs with proven long-term track records.

QUESTIONS/DISCUSSION:

- Board members commended SPTRFA and PERA on their fiscal management of the funds.
- Where will this be reported on the financial statements? Response: It is mostly financial reporting for the governmental side of the financial statements and will involve several more pages of extensive footnotes.
- Will this be part of the budget? Response: No, it is part of the SPPS annual financial statements prepared for the Board, administration and the auditors. It is generally reported out to the Board during the audit presentation in December or January of a given year.
- A Board member stated it is helpful to see this more clearly stated for everyone. It represents and reflects how committed SPPS is to its employees over time and represents SPPS values.
- What about bond ratings, is the reason it makes no difference because it affects everyone in the same way and reflects data already in existence? Response: Yes.
- The Board requested this be brought to them also as an interim discussion as yearly calculations are done so they can stay on top of the evolution of this new reporting requirement and any implications that may evolve.
- The SPTRFA representative stated communications on this are critical as it has the potential of being a lightning rod for people attacking pension plans. All plans within Minnesota have agreed to utilize a standard fact sheet of discussion points when addressing this issue. She handed out copies to all Board members.

B. Update on Plans for Summer Term (S-Term) 2015

S-Term's purpose is to work collaboratively with families, staff and community partners to provide focused, alternative learning opportunities for Area Learning Centers (ALC) eligible students in order to prevent summer learning loss.

In S-Term 2014 the following adaptations were made: Moving with Math was introduced, culturally responsive teaching was integrated into all programs, Children's Defense Fund Freedom Schools were expanded and a comprehensive program evaluation has been created and results made available.

S-Term 2015 Session 1 runs from June 15 to July 9 (18 days, 108 ALC hours). Summer Term 2 runs from July 13 to August 6 (19 days, 114 ALC hours). CDF Freedom Schools run from July 13 to August 21 (30 days, 210 ALC hours) and SPPS multi-district programs (MDP) run on various dates depending on the program.

S-Term sessions 1 and 2 run six hours daily five days per week and programming runs for approximately four weeks. Teaching staff are paid for seven hours per day (including prep). CDF Freedom Schools (Session II only) runs seven hours daily five days per week. Programming runs for a total of six weeks. Staff are paid per the program model via employer-employee agreements.

Only students living in the Saint Paul Promise Neighborhood may enroll in STS 1 and CDF Freedom Schools during STS 2. All other students may choose only one of the following options: STS 1, STA 2 or CDF Freedom Schools. An exception is that students in grades 9-12 who need to recover more than six quarter credits may attend both STS 1 and STS 2. The maximum number of recoverable quarter credits is 12. "Jump Up" programming for grade 8 students transitioning into 9th is provided only during STS 2.

A chart of Summer Term 2015 sites was provided. The timeline for S-Term 2015 is:

- S-Term dates announced at School Choice Fair - January 10
- Summer Term Guide and Registration Forms sent/distributed in March
- Priority deadline for registration - April 15
- S-Term enrollment information sent to Transportation - May 1
- Operations & logistics - confirmation letter including session, site assignment and transportation information mailed to families - May 25
- Professional development for staff - June 11.

QUESTIONS/DISCUSSION:

- How many students attended last year? Response: The duplicated count was 11,200 for STS 1 and 2.
- What efforts have been made to reach families and encourage them to utilize summer term for their students? Response: Communications has greatly increased outreach on the website. All eligible students have been contacted in multiple ways through mailings, counselor outreach at the schools and a pre-populated registration form for use during parent teacher conferences. The mailer has been streamlined and the process made easier with all forms going to Student Placement where the data is entered. This speeds up the process and ensures greater accuracy.
- What was enrollment for enrichment programs last year? Response: The State says SPPS cannot offer enrichment only, it must be offered in conjunction with other academic courses (math, reading, etc.). An estimate would be (in K-8) approximately 8,000 students.
- Credit recovery for the higher grades, how does S Term help with remedial skills in math and reading? Response: At high school the curriculum is written for literacy and math as SPPS cannot find enough high school teachers to teach higher math and science courses. There is still some work to do on rigor with the high school level offerings.
- Culturally responsive teaching for teachers, is this open only to those teaching summer terms or is it open for regular teachers as well? Response: The training done for S Term is additional training for most teachers. All SPPS training being done is built within the framework of culturally responsive teaching.
- Is work being done on providing PD without pulling teachers out of the classroom? Response: Work is being done on finding solutions/alternative in this area at this time.
- Is training open for non-S Term teachers? Response: The PD on June 11 is open to S Term teachers and teachers not teaching summer term. It is also open to EAs, TAs and substitutes. It is open to Freedom School staff as well.
- How do the eligibility restrictions affect Freedom Schools and the Jump-Up programming? Response: Extra efforts have been placed on recruiting students who

are eligible. Families can choose to have their student participate and assistance can be provided to determine how they qualify for S Term. Basically, anyone who needs or wants to, and who meets the eligibility criteria, can participate.

- A Board member stated she appreciated the expansion of Freedom Schools again this year by opening a program on the east side and continuing the offering at Rondo.
- Staff indicated work has begun in providing some assistance/input to Break Through Twin Cities in a collaborative effort.

C. Review of Asian Student Academic Performance

The Asian Affinity Group began meeting in January 2014; its purpose is to inform and impact issues for the community and to address the academic needs of all students. The SPPS data inquiry started with an increased concern about the academic performance of Asian students, an increase of concerns about the absent narrative of Asian students and as a collaborative effort to address the predictability of lower academic outcomes among Asian students.

The inquiry framework included demographic data (who are the students and families), enrollment data (what are the school choice patterns of families), attendance, discipline and course data (how are students interacting in the school climate), ACCESS, MCA, graduation data (what are the achievement patterns) and ACT/post-secondary data (to what extent are students college and career ready after SPPS).

1. Demographics

- Approximately one-third of students are Asian.
- More than one in five students are Hmong
- Generally, the percentages increase as grades increase; highest percentage at grade 11 (40.7%)
- Almost three out of four students are identified as EL (69.0%); twice the district total (34%).
- Approximately one out of ten students are identified as SPED; below district total (16%)
- Percentage of SPPS students by race: Asian 31%, Black 23%, White 17%, Hispanic 11% and American Indian 1%.
- Asian Racial Population by home language (10/1/14 enrollment)
 - o 64.5% Hmong
 - o 17.5% Karen
 - o 2.6% Vietnamese
 - o 1.2% Cambodian
 - o 0.8% Burmese
 - o 0.6% Karenni
 - o 0.2% Lao
 - o 0.1% Thai
 - o 13.0% Other (including English)
- There are 11,931 Asian students in SPPS (a breakdown by grade was provided) constituting 31.5% of student population.
- Students identified as SPED -- over the past five years there has been a slight reduction from 11.6% to 11.0%. (Speech and language represent the most common identifier for these students.)
- The ELL five year trend has gone from 74.7% to 69.0%
- The EL identified as SPED five year trend has gone from 9.7% (1117) to 7.8% (927)

2. School Choice Patterns

- More than half of students live in areas A and C
- More students are from out of district (3%) than area D (2%)
- Approximately 4000 St. Paul resident students enroll outside of SPPS (a list of the highest enrolled ten outside schools was provided.)
- Enrollment by Area - Asian Students

- o Out of District 359 (3%)
- o Area A - 3068 (25%)
- o Area B - 2182 (18%)
- o Area C - 3164 (26%)
- o Area D - 283 (2%)
- o Area E - 1376 (11%)
- o Area F - 1862 (15%)

3. Interaction in School Climate

- There is a steady trend of lowest absence rates
- Very small percentages of students suspended and more males suspended than females
- Suspensions occur at middle grades
- Approximately one in four students identified in grades K-5; but less receiving services
- Approximately one in five students passing advanced courses, consistently higher for females
- Approximately 10% of staff are Asian, considerably lower than student population
- Percent absent 11 or more days was approximately 13% (data was broken down by grade and gender)
- Suspension by gender (2013-14) -- Female - 0%, Male 1%, All Asian Students - 1% (this was broken down by grade with numbers concentrated in Grades 7-9)
- Gifted and Talented identified/received GT services -- as of 10/1/14

K-5	1277 (24.8%)
6-8	432 (18.8%)
9-12	592 (13.7%)
All Grades	2301 (19.6%)
- Number of students passing advanced courses (Secondary) 2010-14 has remained more or less constant at 19% for females and 17% for males.
- Asian Employees in building -- administrators 12 (9.8%), instructional staff 462 (9.5%) and all other 7 (5.0%).

4. Achievement Patterns

- Approximately one-third EL at level 3 and another one-third at level 4
- MCA math proficiency is highest in grade 5 (45.6%) and lowest at grade 11 (25.5%)
- Almost four out of five students graduate in four years; higher for students with Southeast Asian home language
- Graduation is considerably higher for females than males.
- ACCESS Composite by Level -- L1 - 9.8% (856), L2 - 14.0% (1042), L3 - 29.4% (2238), L4 - 33.6% (2495), L5 - 10.7% (847) and L6 - 2.6% (208).
- Spring 2014 MCA Reading Proficiency by Grade:

	Does Not Meet	Partially Meets	Meets	Exceeds
Grade 3	51.4%	21.8%	23.7%	3.1%
Grade 4	48.6%	32.6%	16.1%	2.7%
Grade 5	33.2%	28.7%	33.4%	4.7%
Grade 6	42.3%	22.6%	28.2%	6.9%
Grade 7	47.1%	26.3%	21.4%	5.2%
Grade 8	50.2%	26.2%	20.5%	3.2%
Grade 10	41.0%	27.1%	25.7%	6.2%

- Spring 2014 MCA Math Proficiency by Grade:

	Does Not Meet	Partially Meets	Meets	Exceeds
Grade 3	34.1%	26.3%	31.1%	8.5%
Grade 4	31.0%	24.0%	32.5%	12.5%
Grade 5	29.4%	25.0%	34.3%	11.3%

Grade 6	37.6%	29.4%	27.7%	5.3%
Grade 7	29.7%	30.0%	30.2%	10.1%
Grade 8	29.9%	27.2%	29.1%	13.8%
Grade 11	48.8%	25.7%	20.3%	5.2%

- 2014 Graduation Rate by Gender:

	<u>Asian</u>	<u>SE Asian Home Language</u>
Female	464 (82%)	430 (88%)
Male	431 (74%)	409 (78%)
Total	895 (78%)	839 (83%)

5. College and Career Ready after SPPS

- More than half of students are consistently enrolling in post-secondary
- Percentage of students enrolling in college has decreased in the last two years; coinciding with increasing graduation rates
- Most students currently attending post-secondary attend a two-year school
- Students attending four-year post-secondary, attend a public school within the state.
- Average ACT composite score for 12th grade Asian Students (2010-2014) has gone from 18 to 17 for females and held steady at 18 for males.
- Percentage of students enrolling in college by graduating class: 2008 - 65%, 2009 - 63%, 2010 - 66%, 2011 - 69%, 2012 - 64%, 2013 - 58% and 2014 - 57%.
- A chart was provided showing SPPS 2014 graduates post-secondary enrollment (fall 2014).

6. Conclusions/Emerging Themes:

- Asian students comprise the largest student racial group in SPPS; mostly Hmong home language
- Families are heavily concentrated in the north and east regions of the district
- Considerably high attendance and low suspensions
- Make up two-thirds of emergent bilingual students (EL); mostly levels 3 and 4
- Considerable numbers of students are enrolled outside of SPPS
- In general, less than half of students are proficient on state assessments and other achievement measures
- As graduation rates increase, post-secondary enrollment is decreasing
- There appears to be a gender gap.

Next steps are:

- Continue analysis with emphasis on student voice
- Identify and address systemic barriers that serve to maintain the status quo for academic outcomes
- Continue engagement with Asian Affinity group
- Participate in broader community conversation focused on supporting Asian students in SPPS
- Engage in a research collaboration with Dr. Bic Ngo, U of MN College of Education

QUESTIONS/DISCUSSION:

- Thanks were extended to staff for meeting the data request on Asian students so promptly and thoroughly.
- Staff stated students are not where they need to be but the data allows a look at their information in a new way. Each group has a unique set of challenges. This is an initial conversation; further conversations must be in conjunction with the community. SPPS is open to partnerships in looking at the data and for solutions.
- How many students within the ELL classes are staying too long in these classes? Response: Administration is assessing Hmong students born in the US who do not speak Hmong yet are in ELL classes. ELL has Federal guidelines and under them refusal of services has consequences. To be identified for ELL services the first factor is

another language other than English. Administration is looking into how to exit students in ELL in a timely manner. Parents can exit their students from ELL services as can the individual student at any time however that has to be done every year.

- A comment was made that the 4000 students not enrolled in SPPS was an interesting figure and efforts should be made to learn why families are choosing options other than SPPS..
- For GT testing, are parents being informed they can have their child retested in first grade? Response: SPPS does universal testing in Kindergarten and 2nd grade. Parents can request their student be tested or have a portfolio assessment. That request can be made up to 5th grade. Teachers can also request testing or portfolio assessment.
- Does SPPS send flyers in native languages or have interpreters call homes so parents know this is an option? Response: Yes, the information is translated in the primary languages.
- A Board member stated she looks forward to subsequent conversations and deeper dives into this area. The challenge is finding answers that are universally workable. In future conversations, specifics relative to GT and SPED as well as supplemental language services to get at what each area is trying to accomplish, what are the benefits to students and what are the challenges? Further, to look at how services are provided to ensure students are accessing mainstream curriculum to help close gaps. One issue may be that students do not meet the academic language criteria. Look at who does not get access to what because they do not pass tests as youngsters; they may be missing the academic pieces until they enter Kindergarten. Look at areas of intersectionality and the issues of trauma on a student's ability to be successful needs to be considered as well.
- A Board member felt the accelerated class data seemed to diverge from VisionCard data and she would like to see it unpacked a bit more. Response: Staff checked the VisionCard data and found it was reporting something different from what was being presented on this area in this presentation.
- The question was asked if all groups have gone down in enrollment in post-secondary? Could it be the economy? Response: Since 2009 when the stimulus was introduced, there has been a steady recovery in jobs and in the last months more jobs have become available. More students are availing themselves of a career right out of high school. It was noted this correlates with MNSCU data.
- A Board member asked if the kind of jobs students are taking are life sustaining? Response: Staff indicated this was a issue for broader discussion.
- A Board members stated Asian staff in the district comprise about 10%. This is one concern area that needs more support in recruiting Asian instructional leaders and offering role models for students to move into instructional areas as a career choice.
- The 4000 students enrolled outside SPPS – can something be done to get more information on this? Can exit data gathering be done to know why they are leaving, etc. Where are the break points? What can be done to get information and reverse the trend? Response: The top school on the list was designed to promote college preparation and academic success. Something is known about some of the top 10 schools as they were previously SPPS monitored charters. Families are finding these schools welcoming and supportive of what they looking for. SPPS needs to learn what it is they are offering or not and what can be enhanced in SPPS to address this. SPPS is also finding some families are coming back and choosing to stay with SPPS as well. There is definitely more to learn about engaging with families on their choices.
- Is there any information on the schools SPPS knows they are losing students to? How are those schools doing? Is there data? Response: Again, some were charter schools under SPPS authority and the data suggested they are not doing any better than SPPS and from what MDE reports, charters are generally not any better than SPPS.
- Staff indicated some of the baseline data in this area will be addressed under the Pathway VisionCard. As SPPS has talked to families from charter schools, they seem to be choosing charters more because of staff and how welcome they feel and less on achievement data. They feel they are wanted there.

- When you talk about Asian students in ELL percentage-wise and also in SPED, is the issue in terms of misidentification? Response: Labeling on the language issue, is a major factor in special needs student; many are ELL identified based on speech and language. SPPS is looking to see whether it is over-identifying on this somehow. The second highest identifier is in information processing.
- How does SPPS plan to reach out to Asian students to address issues and challenges, to hear the student voice? Response: Recruiting is currently underway among Hmong students to put on a Hmong Youth Summit to help address some of these issues (October 13 - MEA weekend).

D. Facilities Master Plan Update

The FMP Vision is for versatile, equitable, healthy environments that balance the factors of creating authentic, engaging and personalized learning experiences to sustain our academic mission and deepen connections to our communities and world. The FMP Planning Process is currently in Phase 3 (January-June 2015) in which schools and other district buildings develop their own plans on how to improve their buildings. School teams include the principal, AP, head engineer, teachers, parents, students and community members, total actual participants will be 465. The workshops are scheduled in March and May with 4 hour sessions at each. Facilities is working with schools within particular pathways.

The framework for March workshops are:

- Major program elements remain (grade levels served per building (e.g. Pre-K - 5, 6-8, etc.) the exception is adding Pre-K where possible.
- Attendance boundaries; class size ratios
- Special Education service models
- Programs and Pathways (IB, Dual Immersion, Montessori, etc.)
- Joint use sites and specifics
- Not everything discussed will be funded
- Need to understand big picture to align resources and explore, if needed, additional resources
- SPPS is striving for equity in all its facilities.

Facility teams will review site information, floor plans and facility condition data, apply district facility standards to school priorities, develop framework for comparing buildings across the district and take the information provided from the workshops to guide future of the school.

1. Facility Principles and Standards

Overarching themes are (1) quality of instructional space and enhancing the built environment's role in creating school culture, (2) equity of building systems and conditions and (3) alignment of growth and capacity.

2. Emerging themes in district areas are:

- Area A - large gathering spaces, better signage for main office locations, entrances
- Area B - capacities of buildings and classrooms being overcrowded; not enough space for program support; transportation conflicts (pedestrians, buses, vehicles) and cafeteria space to serve students.
- Area C & D - larger classrooms to allow for flexibility; more natural light in learning spaces and better defined main entrances
- Area E - varied, flexible space to work collaboratively; clear, recognizable, welcoming entrances that are equitable between bus and parent drop-off; classrooms with daylight and views.
- Area F1 - large, flexible gathering spaces and assembly areas; updates to spaces (furniture, windows, fixtures, flooring) and buildings' appearance
- Area F2 - Better defined entrances to buildings and more classroom space.
- Alternative Learning - more classrooms of greater size and full kitchens for expanded lunch options

- Creative Arts - adequate variety of performance spaces, buildings that reflect the creative, dynamic energy of students.
- Language Immersion - flexibility in classroom for small and large groups, break-out groups outside classrooms; softer lighting, acoustics in corridors and classrooms to create more calming school environment
- Montessori - more parking for staff and parents; better parent drop-off areas; outdoor classroom space; assembly space for whole school and monument signs.

The Board will receive updates on the FMP at the May - July COB meetings. During the summer the Facilities Department will work on refining floor plans, creating cost-estimate scenarios and review construction efficiencies. In the Fall, the Board will be asked to provide input on funding and resource allocation, establish district-level priorities and review schedule and time-sensitive action(s). In December 2015 the FMP will be completed with recommendations provided for Board action.

QUESTIONS/DISCUSSION:

- Will you share summarized information from the first meeting at the second meeting? Response: Yes, overall themes will be shared. The second session will provide opportunity for participants to ask questions that may not have been answered, review commonalities among pathways and track priorities and issues defined for each site.
- A Board member encouraged administration to take the opportunity to generate broader excitement around the FMP. It was suggested information should be provided earlier so the community feels it has a chance to participate. Response: Information is in all the schools so families have access to it. Findings, process and project points are all on the website. The website also provides a way for those who cannot participate in the workshops to provide input.
- How are you engaging staff differently? Response: Great effort has been made to ensure the process has a connection to end users. Administration is talking with teachers and teachers are hearing what students have to say. Teachers, building administrators and head engineers are all included in the process.
- The Board stated it needs to have a workshop to look at overall issues and consider demographic impacts, how to handle pre-K, etc. When would you need the Board together and for how long? Response: There is inherent vulnerability in the process, we are asking communities to help define the problems but we need everyone at the table to define solutions. All of the pieces of the puzzle need to be identified before deeper engagement by the Board, we need to define deeper issues first.
- A Board member noted this is a very well managed process providing for substantial groups of voices at the table. It is also designed to manage expectations and provides the public with historic reference points in the areas of facility maintenance and improvement.
- Another Board member stated SPPS needs to create leverage by working with the County and City. He suggested moving to participate in County site development work groups and in the Arena Task Force that is being put together. SPPS needs to be ready to talk with City and County in these areas.
- It was noted Pre-K will be a big facilities issue. When will that be discussed? Response: It will be rolled in with the elementary presentation. Administration is letting folks know the district wants to expand Pre-K options and is starting that planning now. We hope to define what is efficient and plausible, to define the gaps so we know where SPPS can go and to look at other solutions that might be out there.
- It was suggested SPPS needs to develop criteria to compare schools to each other. There will be those wanting bright new buildings so SPPS must become expert on how to make old schools beautiful, attractive and exciting to meet those expectations and not create community expectations of "all new". SPPS has one million square feet that will turn over 100 years old over the next 10 years so the challenge is there.

E. FY 2016 Budget Update

The FY 2016 budget aligns with the SSSC 2.0 goals of (1) Achievement for all students, (2) Alignment of school programs and (3) Sustainability to optimize classroom resources and academics. SSSC 2.0 focus areas are racial equity transformation, personalized learning, ready for college and career, excellent Pre-K-12 programs with connected pathways and systems that support a premier education.

The CFO reviewed the 2015-15 budget guidelines. In general the revenue for the FY 2015-16 general fund is relatively flat compared to current year. The budget meets required contractual obligations. All schools do not receive the same amount of money per pupil because some school funding is categorical (having specific criteria on its spending), funding for Comp Ed and Title I follows the students on a one year delay (previous year's October 1 count) and higher poverty schools have greater access to categorical dollars than lower poverty sites. School enrollment affects the dollars allocated.

1. A preliminary look at the **FY 2015-16 General Fund Big Picture** shows:

	FY 15 Adopted (in millions)	FY 16 Preliminary (in millions)	Difference	% Change
Revenue	\$529.1	\$530.4	\$1.3	0.25%
Use of Fund Balance	8.1	2.5*	(5.6)	(69.1%)
Expenditures	537.2	532.9	(4.3)	(0.8%)
Balance	\$0	\$0		

*The ending FY 14-15 (6/30/15) Unassigned Fund Balance is projected to be 5.2% (as of the 12/2014 quarterly report). The \$2.5 million use of fund balance for FY 15-16 has been accounted for in the projection.

2. **FY 16 General Fund Big Picture - Revenue:**

	FY 15 Adopted (in millions)	FY 16 Preliminary (in millions)	Difference	% Change
Revenue Comparison	\$529.1	\$530.4	\$1.3	0.25%
General Ed (All Other Sources)	402.5	400.5	(\$2.0)	(0.5%)
Alt Facilities Levy (Pay As You Go)	9.7	12.0	2.3	23.7%
OPEB Levy	16.1	17.9	1.8	11.2%
Integration Revenue	16.3	16.4	0.1	0.6%
Operating Capital/Health & Safety	14.6	15.4	0.8	5.5%
Compensatory Education Aid	69.9	68.2	(1.7)	(2.4%)
TOTALS	\$529.1	\$530.4	\$1.3	0.25%

3. **Fund Balance**

Fund balance is a residual, assets over liabilities (equity). It can be part Restricted and part Unrestricted. Additional revenue will increase fund balance while additional expenditures will decrease it. It plays an essential role to mitigate current and future risks. Unrestricted (unassigned) fund balance level is crucial in long-term financial planning. Credit agencies monitor Unassigned fund balance to determine creditworthiness. They favor an increased level of fund balance. The SPPS Board sets an Unassigned General Fund balance of at least 5% of annual general fund expenditures.

Fund balance categories for SPPS (projected as of 6/30/15) are:

- **Non-Spendable** - includes amounts not in spendable form (inventory & pre-pays) \$1.4*
- **Restricted** - includes amounts that are subject to externally enforceable legal restrictions outside the control of local government (OPEB Trust) 15.9
- **Committed** - includes amounts constrained for a specific purpose using its

highest decision-making authority, the School Board (severance, Retiree Health insurance)	27.9
• Assigned - includes amounts constrained with the intent to be used for a specific purpose, authorized by the School Board or individual authorized by the governing body (Next year operations, SSSC 2.0 initiatives, Site carryover)	14.8
• Unassigned - Board Policy sets the minimum at 5% of annual General Fund expenditures	30.0
	<u>or 5.2%</u>
Total Fund Balance (estimated as of 6/30/15)	\$90.0

* in Millions

Recap of FY 2015-16 Fund Balance	
Projected Revenue	\$530.4
Projected Use of Fund Balance	2.5
Projected Expenditures	532.9
Unassigned Fund Balance (est. as of 6/30/15)	30.0
Percent of Unassigned Fund Balance	5.2%

4. **FY 2015-16 General Fund Projected Shortfall Maintaining FY 2014-15 levels** (no changes)

• Inflationary increases to all expenditures (i.e., salary & benefit increases utilities, contracts, supplies and equipment)	\$14.7*
• If the District retained all one-time only expenditures and expenditures for school and program transitions	6.3
• Additional projected FY 16 contractual commitments for Kindergarten class size and Board resolutions	<u>2.8</u>
TOTAL	\$23.8
• Inflation offset by a projected revenue increase	(1.3)
• Unassigned Fund balance available to offset costs	<u>(2.5)</u>
TOTAL SHORTFALL	\$20.0

* In Millions

Preliminary Plan to Address FY 15-16 General Fund Projected Shortfall

• Most District departmental/program budgets will receive 0% inflationary increases along with a 5% reduction	\$(7.0)
• Reducing one time only expenditures that supported school and program transitions in the 2014-15 school year	(4.5)
• Reducing program budgets that have decreasing revenues	(4.7)
• Reducing program budgets that have had operational efficiencies	<u>(3.8)</u>
TOTAL REDUCTION	(\$20.0)

5. **FY 16 General Fund Big Picture - Expenditures**

	FY 15 Adopted (in millions)	FY 16 Preliminary (in millions)	Difference	% Change
Schools	\$246.1	\$248.6	2.5	1.0%
School Service Support	185.0	175.3	(9.7)	(5.2%)
District-wide Support	102.0	105.1	3.1*	3.0%
Central Administration	4.1	3.9	(0.2)	(4.8%)
TOTAL	\$357.2	\$532.9		

* District-wide support: there is a funding increase due to restricted funding for alternative facilities and health & safety, plus inflationary increases for employee benefits, insurance and utilities.

6. **Staffing the Schools**

SSSC 2.0 class size ranges at higher poverty sites are:

Grade	FY 16 Target Ranges
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Pre-K	20
Kindergarten	20-24
1-3	22-25
4-5	25-28
6-8	29-33
9-12	30-35

The higher poverty threshold is the top 30 schools per the teacher's contract (these change from year to year). Effective FY 2015-16, the Target Range for Kindergarten changed to 20-24.

SSSC 2.0 class size ranges for lower poverty sites are:

<u>Grade</u>	<u>FY 16 Target Ranges</u>
Pre-K	20
Kindergarten	22-26
1-3	22-27
4-5	25-29
6-8	29-35
9-12	30-37

Site staffing criteria for FY 15-16 has the following site configurations: Pre-K-5, K-8, Dual Campus, 6-8, 6-12 and 9-12. Staffing categories are:

- Principal
- Assistant principal
- Administrative intern
- Clerk (minimum, additional 10 month, mobility and attendance)
- Learning support (counselors)
- Library support
- SSSC 2.0 site staff for program articulation.

FY 2015-16 additional site staffing supports per Board Resolution are:

<u>Position</u>	<u>FY 15 FTEs</u>	<u>FY 16 Additional FTEs</u>	<u>Total Additional FTEs</u>
Licensed media specialists	10	5	15
Elementary school counselors	10	5	15
Licensed school nurses	7	-	7
School social workers	5	-	5
TOTAL	32 FTEs	10 FTEs	42 FTEs

7. **School Budget Worksheets and Allocations** include:

- Summery page of allocations
- Special Education staffing detail
- MLL staffing detail
- Class Size staffing detail
- SSSC 2.0 Program Articulation support (dual immersion, AP/IB/MYP/PYP, Aerospace and iPad accessories)

8. **FY 2015-16 Title I Budget Projection** indicates a reduction of \$3.9 million.

- \$2.1 million in carryover funds from post ARRA funding are gone creating a funding cliff (without post ARRA funds and special waivers, impacts of Title I reductions would have been felt sooner)
- \$1.8 million in Title I funds due to Minnesota receiving less of the Federal share (Minnesota has fewer students in poverty as compared to other states with higher concentrations of poverty)
- FY 16 budget base estimated on previous year reduction of 6%.

The FY 2015-16 New Title I Budget Model works to:

- Minimize impact directly to schools, programs took majority of Title I cuts, schools only 2%
- New model distributes Title I funds to schools to lessen the impact of cuts
- Tiered approach funds all eligible Title I schools and minimizes the impact on schools with high concentrations of poverty.

By law SPPS must fund 75% or greater F&R.

Model:

Percentage Concentration (>=)	75% F&R	50% F&R	40% F&R
Percent of the PPFU	100%	93%	70%
Per Pupil Amount	\$540.00	\$500.00	\$380.00

Overall schools saw about a 2% decrease.

9. **Other factors** influencing the budget are:

- Third quarter projections impact fiscal year end fund balance
- Enrollment fluctuations impact revenue, class size and building capacity
- Contractual settlements impact expenditure levels
- Legislative adjustments impact revenue
- Previous year's October 1 Free & Reduced lunch count impacts revenue
- Bond ratings
- Funding has not kept up with inflation.

The CFO reviewed the budget adoption schedule and engagement efforts to introduce the budget to various groups and communities.

QUESTIONS/DISCUSSION:

- The CEO stated this was a challenging budget cycle needing to deal with reductions. Administration's primary emphasis was to reduce impacts to schools but there will still be impacts to schools. Programs will need to make tough decisions and administration will need to make decisions about good programs that are nice to have but may need to be streamlined or curtailed. This is just the beginning of the decision process.
- A Board member stated she liked the approach to the Title I situation. She stressed her concern about the point that impacts are to programs not schools. Obviously there will also be impacts to school so she cautioned against creating the impression there will be no impacts. What are examples of programs needing to be streamlined or cut and what is the decision process? Response: Every department will have some reduction, most programs administrators will look at how to absorb that impact in a non-salary manner first but may end up with FTE reductions. One of the biggest areas impacted is the Teaching and Learning Department every program under that department will have to make some reduction or consolidation and do more with less. The biggest impact on the academic side is not only in staff reduction but in re-envisioning how to provide services to schools. For Special Ed and MLL, where services have to be provided to students and schools are the primary provider, administration looked to minimize the impacts there and is looking to administrators for decisions on how to implement and where reductions can be made best. The Leadership Team will review all planning being done on the budget to make sure SPPS provides as much service as possible with the least domino-effect impact to other areas.
- How many people? Response: We do not know yet. There are two parts to that (1) how many will be impacted in some way (licensure issues, etc.) and (2) are there staff that will be eliminated.
- A Board members asked administration to look at what is spent in total on athletics and is there a way to see a 5% reduction in that area and what would it mean? What is the athletic budget for the district? Response: Budget is a little under \$4 million. The reduction currently is that inflation has not been allocated to that budget.
- Over the next couple of years inflation will continue to be a major issue. SPPS has used fund balance the last couple years, enrollment is flat and will be flat for a period of time,

what does that mean for SPPS? Response: Yes to the factors. Inflation is a huge factor across the entire state educational system. Other driving forces are salary and benefit commitments. In terms of enrollment for the next three to five years, there will not be a significant increase in enrollment but beyond that enrollment does begin to increase. SPPS does not expect any major changes from the legislature so it will have to manage commitments made and not make more that would not be sustainable.

- Clarification was requested on support services changes. What does school service support mean to families? Response: School service includes such things as Special Education, MLL, Student Placement, the Engagement Office, Instructional Support, Teaching and Learning, transportation, the planetarium, Belwin - any area having direct support to schools. For Special Ed administration looked at targeted adjustments it considered its two major funding sources, Federal one-time money and the State. For the State, in order to receive reimbursement the money has to be spent initially. About 50% of a teacher expense for special ed is paid by SPPS. Staffing was considered based on paraprofessionals, IEPs and caseloads (SPPS is currently maintaining at less than maximum caseload) in order to allocate staffing to schools. Administration is looking at certain schools and how this will impact the future as well while not impacting the same schools again. Administration has not mandated who, what or where to cut, the principals understand where their staffing is at and are working through a decision-making process on where to make reductions.
- Kindergarten and class sizes decisions were important despite how expensive it is, however, are iPads worth the cuts? Response: This FTE increase is just the additional contractual commitment this year, not the entire commitment. The levy was voted on by the community and SPPS committed it to be used specifically in the area of technology. Technically SPPS can use levy money on anything but it has promised the community to use it in specific areas and should meet those promises.
- What is the funding formula for students now? Response: We are using current law, \$5,831 per pupil with 1% added.
- This is a difficult budget and the Board will have to approve it in the end. Decisions are being made collectively for the best benefit of students. All decisions will be tough to make, there are no easy issues. It will continue to be difficult if nothing changes in the revenue stream. More information will be provided as the budget progresses and develops and as legislative decision become clearer.
- A Board member stated that if the Board anticipates a need for more Board discussion we should look at scheduling an extra meeting before next month if necessary.
- Staff noted SPPS has met class size criteria as specified in the contract.

F. Standing Item: Policy Update - No Presentation

G. Standing Item: PLTT Update - No Presentation

H. Standing Item: SSSC 2.0 Update - No Presentation

I. Work Session

1. Board Check-In

Board members reviewed their reaction to Superintendent Silva's application for Superintendent position with another district.

2. Report from Student Involvement Work Group

Clarification was made on who was assigned to this work group and, due to commitments of same people to involvement with #3, a new group will be formed for this area. The Chief Engagement Officer was asked to provide the Board with information on what groups/organizations are out there currently before work progresses in this area.

3. Report from Superintendent Mid-Year Review Work Group

The group is looking at how others do evaluations and what it should look like with goals in place. The group felt VisionCards represent score cards for district and should be used as part of the evaluation structure. Additionally, they felt the current evaluation in the areas of strategic, managerial, leadership and relationships should be part of the process as well. A third meeting is scheduled to assess direction and then to begin to build how

the evaluation will look. They noted this year's mid-year evaluation will follow the previous format and the new process will begin in December. They anticipate an additional report at May COB.

Board members were asked to let the Board secretary know their availability in July.

4. Board Attendance at April-May Recognition Events
Board members reviewed upcoming recognition events and graduations and committed to representation at each.

III. ADJOURNMENT

MOTION:	Mr. Brodrick move, Ms. Doran seconded, adjournment of the meeting.
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The motion passed

The meeting adjourned at 9:47 p.m.

Respectfully submitted,
Marilyn Polsfuss
Assistant Clerk