

**MEETING MINUTES
COMMITTEE OF THE BOARD MEETING
May 4, 2010**

PRESENT: Board of Education: Elona Street-Stewart, John Brodrick, Keith Hardy, Vallay Varro, Kazoua Kong-Thao, Jean O'Connell, Anne Carroll

Ms. Kong-Thao departed at 6:00 p.m.

Staff: Superintendent Silva, Suzanne Kelly, Shirley Heitzman, Matt Mohs, Bill Larson, Sharon Freeman, Michelle Walker, Michael Baumann, Denise Quinlan, Kathy Brown, Jaber Alsiddiqui, Jan Spencer de Gutierrez, Kevin Umidon, Lynn Gallandat

Other: Greg Patterson, Jeff Koon, Rhonda Black, Kristen Stuhr

I. CALL TO ORDER

The meeting was called to order at 4:32 p.m.

II. AGENDA

A. Quarterly Financial Report

The Superintendent called on the Chief Business Officer to present the SPPS Quarterly Financial Report for the period ended March 31, 2010.

The results for the General Fund showed projected general fund revenue of \$457,700,000 and projected general fund expenditures of \$460,800,000 with a total projected fund balance of \$59,500,000. The reserved portion is \$29.9 million. The reduction in revenue was mainly due to loss in interest revenue and the tie out of the deviation in enrollments. Expenditures are projected to be less than expected. The unreserved, undesignated fund balance as of 6/30/10 is projected to be \$27.9 million which represents 5.3% of the current year expenditures which is within the guidelines established by the Board of at least 5%.

QUESTIONS/DISCUSSION:

- Under the Reserved Fund Balance where there was a significant change in Health & Safety and Operating Capital, what changed? Response: Decisions were made within the operating budget to do some cost shifting in order to realize the overall savings that were desired.
- Projected UFARS general fund expenditures, why is that higher than the projected number? Response: That is a combination of the General Fund and General Fund Fully Financed.
- The designated fund balance, professional growth what portion is cultural proficiency? Response: The \$180,000 does not include cultural proficiency training it is professional growth for individuals and contracted put asides.

The Chief Business Officer moved on and reviewed the Fully Financed General Fund (grant budget), the Food Service Fund, the Community Service Fund, the Fully Financed Community Service Fund, the Building Construction Fund and the Debt Service Fund. He noted revenue and expenditure changes and the fund balances in each area.

QUESTIONS/DISCUSSION

- The community service fund, how does that fund work compared to the general fund sources, how is it used and what causes it to go up or down? Response: Enrollment

drives funding for community service along with grants (both those applied for and Federal under the fully financed portion). These impact how much revenue goes to programs. There is also the fee income from some community ed programming.

- What is required for fund balances in community service funds? Response: There is no fund balance percentage in statute and the board has not established policy for this area. From a financial planning perspective, there could be some utility to having that kind of percentage amount to carryover. With community, education there is a whole mission and strategic part which enters in.
- The phrase “restore fund balance” this suggests it was drawn down. Response: Yes, this is to restore it, to bring it up because it was drawn down. Where it is right now is looking at the program funding which is in place. With regard to cutting within community education, cuts to community service or community service funding has not been done in the current budget reduction process so the District is sustaining the programming it currently has. For FY 10 the assumption was there would be a reduction in state aid. Because this area started with less revenue, if the state did not cut funds they would be restored. There is no defined fund balance but there is a maximum amount which can be in the fund balance and if it is exceeded, there are penalties. The fund balance is a “rainy day fund” to address unexpected events within the budget. There are defined line items within the fund balance and those cannot be moved around from one area to another, the monies must be used for that defined purpose.
- The building construction fund, are the co-location expenditures in 10-11 or are they in this year’s budget? Response: The move costs will be funded out of a balance left from a past capital bond issue for large-scale system changes.
- How was that approved last year when the moves had not been planned? Response: The District put aside a \$1 million contingency for program changes and since it was not all spent it went back into the fund to be used as needed.
- The debt service fund balance is shown at a negative 96.44%, please explain this. Response: This change represents a draw down of funds which are primarily due to the refunding of current debt which was done earlier this year in order to realize future savings in debt service costs. There is still a fund balance of \$859,000 which is good.
- The debt service fund, why is this such a huge fund? Can you provide a breakdown of detail? Response: The money was used to refinance bonds, as approved by the Board earlier this year. It was to buy down bonds early at a favorable rate in order to provide significant decrease in long-term debt.
- Can the building fund be used to move playground equipment to a new location? Response: Yes, that is an allowable expenditure and could be done. .

MOTION:	Ms. Street-Stewart moved, seconded by Ms. Carroll, acceptance of the report.
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Motion passed 6 in favor and Mr. Hardy abstaining.

B. Capital Budget & Budget Update

The District has issued many of the **capital projects** approved in 09-10 which included direct digital controls, voice over IP, individual deficiency corrections and individual single proposals. About 60% of the approved projects have been bid. Bids have come in under budget for the most part. The projects which have been awarded are on schedule to complete prior to school start. Several additional items will be brought to the Board for consideration at upcoming meetings.

Regarding the **signs** and lighted signs at schools, there were eight projects that came out of the of last capital bond process and which were noted as deficiencies in the FCA/EAA Study which were identified as damaged, not operating properly or lacking. Out of 79 signs, 49 identified with that deficiency. Out of that 49 signs, 31 were identified as lacking a marquee sign which was a ranked priority. Of the 31, eight schools listed signs in their top three priorities and therefore were approved as projects to be addressed. The design

was done, a prototype was put together with three types (building mounted, pole mounted and monument signs). All of the signs require a slight variance due to the size of the sign. It is a common practice within the City of Saint Paul to apply for a variance as they want signs vetted through the public process. Once there is a sign design, the District goes to the District Council meetings to receive community input, then applies for a variance and goes on to the Zoning Board for a variance. For the eight signs, two have been approved and have gone forward to the Zoning Commission for approval of the variance. One has been denied (Obama). The others have been scheduled at District Council meetings through May. Based on input received, the decision has been made to reduce the size of the sign slightly. Reapplication for the variance will be made with the smaller size. All signs are projected to come in under budget.

QUESTIONS/DISCUSSION:

- Does SPPS need to go back to the District Councils when the size has been modified? Response: SPPS does have to go back on the signs for which no recommendation has been made (five of the eight). If a recommendation has been made it, moves forward to the Zoning Commission for a variance hearing.
- Obama has been denied, which two are approved? Hubbs and Frost Lake have been approved.
- Is there a sign the District Councils can see? Response: No, this is a brand new prototype, pictures of the design can be made available. The size would be comparable to Como Elementary's sign. A copy of the design can be provided.
- Why was the Obama sign not approved? Response: The primary objection, based on feedback, was that it was thought too large and intrusive. A Board member expressed concern about the denial and asked that staff get specific information about why it was denied.
- The Board was reminded it has no role in this. However the District Council does not have authority to make the decision they can only provide a recommendation to the Zoning Commission, and then it goes to the Planning Board and then to the City Council. The Board recommended staff proceed through the process with the recommendation as it is and let subsequent decision-making bodies make the decision.
- What is the timeframe for signage? Response: It is a rolling schedule which depends on variance approval. Once variances are approved a bid package will be put out. Some of the signs are bundled which may affect timing somewhat. The limiting factor is the ground freezing.
- There are some questions around facilities at co-location schools, explain the process being used with the buildings to bring people together, discussions on what they like, what they will get, what they cannot expect. Response: Staff is scheduling one-on-one communications with all principals, both the vacating and incoming, at all co-located sites. These meetings will look at room use and the logistics of the changeovers at the schools; these will begin this week.
- When are staff involved? Staff are different than the principals. A Board member asked administration to "manage the chatter." How will input from staff and families be managed? Response: The Superintendent reminded the Board that schools have been closed before. There is only so much input that can be accepted, there are rules and regulations which cannot be broken and which define room use and location. The American Indian and World Cultures building is the best example of how a co-location works. The District is not designing new buildings as it did with Rondo which was specifically designed for three separate schools. Some things can be kept but everyone must be realistic about expectations. The changes will be the work of Facility Planning, the Executive Directors and the principals of both schools who will develop a plan. This is a one-year co-location with the expectation that eventually the two will become one. Franklin and North End are the only ones with distinct, separate identities and may work differently in how they align. The groups are beginning to working together to plan how the process will work.

- When staff and parents are upset, they need some assurance that they will have a role in the conversations. Response: Staff is walking through the process of what is going to happen. Administration wants both principals to have on-going communications with staff and families, to have open communication with their communities. The Assistant Superintendents' role will be to assist and help in the process as needed. There is an extensive written plan in place to guide the process. Staff needs to move on however so the families can move forward in their decisions. The process is shaped to better serve the community.
- The District and community have to live with the reality – SPPS, the state and the country are all facing the need for reductions. The only thing SPPS can lose is the trust of the community so they must move on with the process as the decisions have been made.

The Superintendent noted that during discussion at the last board meeting there was mention of exploring some savings through an **early retirement incentive program**. She asked the Chief Business Officer to provide an update on the status of this. He stated they had assembled a team from Legal, Human Resources and the Business Office to formulate a possible plan for certain employee groups. They are moving forward with costing out a retirement incentive in the form of a District contribution to a tax deferred health reimbursement account for teachers and principals. The group is still working on different options for eligibility. There is the potential for further saving within the FY 11 budget. Staff is trying to accelerate their efforts to cost this out on May 6 with plans to present a recommendation to the Superintendent and then bring it forward to the Board.

- What was the thinking behind the choice of a health reimbursement account as the primary incentive? Response: Health care costs are a challenge for everyone and will continue to grow. Based on how the District's funding works and how budgeting work there is a better opportunity to accomplish two things: to realize some savings and set the right incentive opportunity for the District. Minneapolis has such a plan and there seems to be promise based on what they have done.
- These would be sheltered fund? Yes, they would be tax deferred funds
- This may be coming to the May Board meeting? Response: Possibly, however the District must negotiate with the unions before it can be brought forward. The whole purpose is savings and the opportunity to keep some of the newest staff who have had full training and who are the District's future investment. This would be a one-time-only offer.
- The discussion moved back to staff and parent concerns on the co-locations. Response: The process differs with each building. There seems to be one building feeling more affected by this than others so administration will have to work more closely with them to process the change. There are some unknowns at this point (school start time, bus routes, bus timing) these will remain unknowns for a while because of the domino effect throughout the process as one thing leads to another. Administration will try to give some parameters to parents but so many issues depend upon enrollment and the location of students which cause a ripple effect on timing particularly in transportation and school start times.

Administration was thanked for the update and with the consensus of the Board, the meeting moved to the next subject.

C. Standing Item: School & Program Changes

1. **Investing In Innovation (I3) Grant Update**

Total ARRA funding was \$84.3 billion. Within that funding, the ARRA Competitive Stimulus Funding totaled \$9.7 billion nationally. These were the "Race to the Top" funds (\$4.3 billion) or about half. Another portion of this funding is the School Improvement Grants for turning around schools. These funds flow through the state to the persistently lowest performing schools (for SPPS - Humboldt and Maxfield). There is some additional funding the State has applied for under the competitive funding for the State data systems and the education technology funds. \$300,000 of these funds

have been granted to SPPS for a pilot project to integrate on-line technology into 9th grade course work (The Net Books Project).

The purpose of the I3 program is to provide competitive grants to districts and educational non-profits with a record of improving student achievement in order to expand the implementation of innovative practices that are demonstrated to have an impact on improving student achievement or student growth, closing achievement gaps, decreasing dropout rates, increasing high school graduation rates or increasing college enrollment and completion rates. These grants will allow districts in partnership with non-profit partners to identify and document best practices that can be shared and taken to scale based on demonstrated success.

The I3 funding is about \$650 million of the \$9.7 billion. This is accessible at the district level and is available in three levels of competitive grants: "Scale-up" grants; "Validation" grants and "Development" grants. The scale-up grants require experimental evidence. It is surmised these will go to large districts such as LA Unified or New York City or to large national educational research laboratories or national consortia of very well known and well-researched methodologies. There will be approximately 3-5 grants awarded with a maximum of \$50 million each.

Approximately 100 validation grants will be awarded for up to \$30 million (the average will be \$17 million). Those will again go to large districts or laboratories. SPPS has a project which meets this criteria which is Project Early K. SPPS is developing a proposal to submit to expand in St. Paul and Minneapolis based on the research done over the past six years through funding from the McKnight Foundation. There is enough evidence to meet the validation category.

The District can only apply directly for a total of two. There is no limit on the number SPPS can apply for with partners.

The last level, development, requires some promising evidence and these are for up to \$5 million with an average of \$3 million. SPPS will be submitting and collaborating in submission of a number of I3 grants in several priority areas: early childhood education, internationally benchmarked standards, teacher professional development and leadership, college access and literacy. SPPS is partnering with the Minnesota Department of Education, the Council of Great City Schools, The University of Minnesota and the National Math and Science Initiative. The partnering applications include projects for: college access (Ramp Up To Readiness and AVID); leadership development (National Institute for School Leadership) and parent and family engagement (Parent Institute for Quality Education).

QUESTIONS/DISCUSSION:

- The expansion of Project Early K in Minneapolis and St. Paul, how would an expansion in St. Paul look? Response: The purpose of I3 grants is to in some way show the validity of work already done in similar or different circumstances. Can it be replicated. For SPPS this would be expanding to another 10 school sites. For Minneapolis, it would be to coordinate various pre-k programming efforts and expand to another 10 sites.
- Matching dollars, what is the match requirement for these development grants? Response: The match requirement is 20%. SPPS has a proposal in with McKnight which is under consideration. There is also funding from United Way so there shouldn't be issued with the philanthropic match.
- The reason for including Minneapolis is that the districts need to work together more to maximize what is being done and to learn from each other.
- The CGCS work is core standards. SPPS is one of six districts in the nation to pilot core standards to be sure the standards are addressed in the curriculum and in the State standards. The other districts are: Boston, Seattle, Philadelphia,

Atlanta, Cleveland. SPPS is the smallest district in the group so this will be an opportunity to learn from large school districts. The Gates Foundation is partnering with the CGCS on this proposal. There are numerous potentials for SPPS.

- The competitive nature of grants has moved everyone to new era and how the District relates to other educational interests. Are charter schools in Minnesota eligible for the competitive funding or the I3 funding? Have traditional school districts and charters collaborated? Response: Staff indicated they would need to check on charter school inclusion. There are non-public inclusion requirements in several of the I3 areas. SPPS has reached out to the private schools in St. Paul to partner on a proposal and Cretin-Durham Hall responded to partner. Many of the requirements are specific to the particular competition but there is substantive non-public inclusion in many of the areas. SPPS is looking at not just meeting the letter of requirements but at who should be included in specific proposals.
- Another example of school/charter collaboration is the School Leadership Federal Grant; this isn't ARRA funding but is under regular Federal funding this year. SPPS worked closely with the Center for School Change in proposing a school leadership proposal for turnaround schools – SPPS and charter schools in St. Paul.
- SPPS is exploring many opportunities to partner with public, private and charters on projects.
- Staff was asked to provide an update on the “mega funders” combining to create a new fund to use for educational purposes. Is there a way to look at this as a model and encourage Minnesota-based funders to approach something as an endowment in a similar fashion? Response: The previous superintendent worked hard to bring this about through the St. Paul Foundation. Unfortunately, she was not successful in accomplishing this because each company or foundation likes the ownership and recognition of their project sponsorships. The federal government when they released I3 wanted to pose a challenge to the national philanthropic community to join them in the work of turning around low performing schools. Administration will continue to work to access the funds through national projects such as the “common core”.
- Going back to Project Early K expansion will this allow SPPS to grow into taking students from a different demographic background or will it just allow SPPS to expand current demographic base? Response: There is a balance in St. Paul between the district and other providers in the community. The proposal is one way to begin to meet that unmet need though SPPS would still continue to target the highest need students. There are a number of criteria students need to meet to fall into the highest needs criteria. There needs to be a larger conversation on where to go next. One part of the initiative with McKnight was to expand training to childcare centers in the city. This is proving to be effective and McKnight is committed to providing funding support in this area. There are a number of options as the proposals move forward. Just the application process has provided opportunities for cooperation between SPPS and Minneapolis and the wider community which will be beneficial as everyone moves forward and things will come out of this that may not be directly connected with the actual I3 funding.
- Is there an expectation with ARRA funds that districts must sustain these innovative efforts which the District has committed to with new dollars (if SPPS is successful in being a recipient)? What are the expectations beyond the two-year period? Response: Even if the district cannot continue the level, best practice says that as early as the students can be brought into education the better prepared they will be for school. The district is looking at this from the perspective “does this money fit with what the district is moving to accomplish.” The district cannot commit money it will not have in the future. The first experience the child and family has with the district sets the expectations and trust levels.

- What factors play in favor of SPPS receiving grants? Response: The federal government criteria has four absolute priorities which are the same as the ARRA criteria:
 - o Teacher, professional development and leadership competition
 - o Data systems
 - o Internationally benchmarked standards
 - o Turn around of the lowest performing schools

All proposals must come in under only one of those priorities; others can be alluded to but the application must come in under only one priority area. There are additional competitive priorities that allow for additional points.

In Pre-K SPPS is competitive because it has a high quality model where all of the elements are clearly defined. There is strong, research-based evidence from a research design that goes over multiple years (showing improvement over time). In addition, because SPPS is a unique district with a very diverse student population but which is applicable to other districts that have diverse student populations. If SPPS can do it here, it can be applied elsewhere. Additionally partnering with Minneapolis makes this stronger. SPPS can show Level 4 implementation of the model. Partnering with daycare centers is a positive as well as it benefits the district and the community. Negatives are competition, a great deal of competition.

2. **Update on ECFE Site Changes**

ECFE is re-organizing into three zones: an east side zone, a northern zone and a southern zone. The twelve sites will be grouped according to these geographic locations:

Dayton's Bluff	Crossroads	Highland
John A. Johnson	McDonough Homes	Homecroft
Roosevelt Homes	Mt. Airy Homes	West 7 th @ Monroe
Wheelock	Rondo	West Side @ Humboldt

Three sites will close next year, leaving 12 sites citywide. Two of the sites are located in elementary schools which have experienced growth in their school age population in recent years and these schools need the space for their elementary school programs. Therefore, starting in the 2010-2011 school year, the Galtier and Randolph Heights sites will be closing so that the schools can use the space for their Pre-K-6th grade classes. Families affected by these closures will be referred to other St. Paul ECFE sites that are within two miles of the current site. Transportation will continue to be provided as needed.

Teachers and resources will be shared amongst sites in each zone allowing for more collegiality among staff and sharing of resources. In addition, classes with a specific focus, such as the birth to 24-month classes, literacy classes, and culturally specific classes, will all be offered in each zone in order to make them more accessible to families.

Finally, Saint Paul ECFE will be asking for a modest fee increase of 3% beginning at the \$50,000 annual income level of families participating in ECFE next year. Fees have remained constant over the past seven years, and the fee per hour of class is on the low side compared to many ECFE programs in the Twin Cities area.

QUESTIONS/DISCUSSION:

- Will information be provided to families on the changes and who is available to assist them? Response: Community Education is currently working on a communication plan to address comprehensive information exchange. A letter to all parents at all ECFE sites was sent out. It talks about restructuring in a holistic

way – how to right size ECFE and all community education programs. ECFE has a lot of parent advocacy but the letter addresses the fact that the district is not eliminating access to programming but rightsizing the program by moving from 15 to 12 for sustainability and high quality programming. The program cannot continue as it is as there has been a need to dip into fund balance on an on-going basis.

- There will be cost savings from moving out of Galtier? There will be a cost savings because the resources will be spread out to provide regional support. The regional approach will provide the same high quality services across the city. Initially savings will come through attrition; some of the teachers who are retiring will not be replaced. ECFE is receiving fewer Title I resources coming into ECFE so rightsizing is being done now to sustain the program in the future. Transportation will be provided for those who can't get to a site.
- Is this the major change in ECFE? Yes.
- With consolidation comes efficiencies so the potential to concentrate professional resources and this may allow expansion of offerings at fewer sites. There is also value in the fact that no one is turned away due to financial reasons.
- There is a reduction in revenue for ECFE in two forms: fewer Title I resources and a significant reduction in referendum dollars for next year.
- Some of the very specific focus classes will be offered in each zone, this will meet the needs of underserved families as well as offer convenience. ECFE is a pathway to get kids into school and establish relationships with families. This is about equalizing resources in the district. It allows the District to maximize resources and matches what the Mayor and City are trying to do. The City is looking at six areas and how to provide services and SPPS is trying to align to the same model. This will provide the opportunity for families to start to see schools as the center of the community. In addition, what is done at the libraries and rec centers in the areas will align as well. This is community building to serve communities in a different way to address their needs.
- The City is looking at having learning campuses spread across the city. This will allow for community education learning opportunities in a more collaborative manner. There will be more coordinated work to bring learning efforts together. There is a need to find where things intersect and where the gaps are to find how to address them. This is working with existing resources and looking forward to leverage additional resources to provide funding or services.
- Transportation for ECFE – do families understand this is available? Yes, it is built into the ECFE budget and there are vans or cab service is provided where that is more affordable. There is also district transport when there is a critical mass.

Thanks were extended for the update.

D. Standing Item: Policy Update -- No report

E. Work Session

1. **Valley Branch Visit**

It was established that two Board members would visit the location on May 11.

2. **Listening Session**

Board members who will be present at the listening session are Directors Carroll, O'Connell, Hardy and possibly Varro. Director O'Connell will bring the supplies.

3. **Celebration of Excellence**

Board members were reminded the event is from 2:00-4:00 p.m. in the Great River Room of the Crown Plaza on Sunday, May 16.

III. ADJOURNMENT

MOTION: Ms. Street-Stewart moved the meeting adjourn. Motion seconded by Ms. Varro.

Motion passed.

The meeting was adjourned at 7:21 p.m.

Respectfully submitted,
Marilyn Polsfuss
Assistant Clerk