

**MEETING MINUTES
COMMITTEE OF THE BOARD
August 4, 2009**

PRESENT: Board of Education: Elona Street-Stewart, Kazoua Kong-Thao, John Brodrick, Anne Carroll, Tom Goldstein, Keith Hardy
Ms. Carroll left the meeting at 9:30 p.m.
Mr. Hardy left the meeting at 10:00 p.m.

Staff: Suzanne Kelly, Jeremiah Ellis, Luz Maria Serrano, Kathy Brown, Lynn Gallandat, Hitesh Haria, Cecelia Dodge, Michael Baumann, Christine Wroblewski, Michelle Walker Davis, Richard Valerga, Nancy Stachel, Valeria Silva, Denise Quinlan

Other: Commissioner Toni Carter, Judge George Stephenson. Peter Jessen-Howard, Earl Ross, Mary Cathryn Ricker, Erin Zolotukhin-Ridgway, Michael Caron

I. CALL TO ORDER

The meeting was called to order at 4:43 p.m.

II. AGENDA

1. Juvenile Detention Alternatives Initiative Presentation (JDAI)

The Superintendent asked the Chief Accountability Officer to make a brief statement about her role as SPPS liaison to the JDAI. She welcomed the JDAI representatives and indicated SPPS has several individuals participating with JDAI on various committees to share the SPPS role in the initiative and critical partnership. SPPS has provided data around SPPS suspension rates and other academic indicators that relate to the area JDAI has been focusing on which is disproportionate minority contact.

Commissioner Carter indicated JDAI has appreciated SPPS's partnership with them. It is an important initiative not just of the Ramsey County Corrections Department but of multiple departments in Ramsey County, the school district, the police departments and various community organizations. The JDAI stated their relationship with SPPS is a critical partnership. When the issue of young people in Ramsey County is addressed this is, in large part, SPPS students.

She then reviewed the vision JDAI shared with SPPS that youth involved in the juvenile justice system will have opportunities to develop into healthy, productive adults. The window around the discussion was "juvenile detention;" viewing it as an opportunity to help correct or reassure the trajectory of these juveniles' lives. The juvenile services are viewed from a youth-centered services perspective in the JDAI initiative and connected to other initiatives (school or community) with the youth and their families.

The Commissioner stated the "mission" is that the services provided improve both public safety and the long-term outcomes for juveniles in Ramsey County by:

- Reducing the number of juveniles in secure detention.
- Eliminating the disproportionate representation of juveniles of color in secure detention
- Achieving systemic reform of juvenile detention practices
- Developing appropriate and effective detention alternatives for juveniles who should not be held in secure detention.

She stated it is important that, as the numbers of juveniles in detention is reduced, that the number of juveniles of color is reduced proportionately as well. This should be done through systematic reform by changing the way the county delivers juvenile detention services. Although juveniles may not need to be in the Detention Center, they may still need other services or to be in other places where they can be provided with assistance to guide their lives – alternatives must be available.

JDAI's work began in 2005-06 with the definition of the purpose of detention. Secure detention is for youth who (1) are accused of committing a law violation and (2) are at risk to re-offend before their next court date or who may fail to appear in court.

What known about the effects of detention include:

- Prior incarceration is a greater predictor of recidivism than carrying a weapon, gang membership or poor parental relationships.
- Congregating delinquent youth together negatively impacts their behavior and increases their chance of re-offending
- Detention can slow or interrupt the process of "aging out of delinquency"
- Detention harms youths' mental health
- Detained youth with special needs fail to return to school
- Formerly detained youth have reduced success in the labor market, and
- Detention is expensive; many youth will achieve a better outcome in alternatives to detention.

Some of the impacts seen from JDAI work have been:

- Increased active membership on committees leading to the development of more connected relations throughout the community
- Changes in suspension policies
- Conversations with high school principals about key offenses and how they are handled
- Discussions around protocols for referring youth to SROs (school resource officers).

Results in Ramsey County through the JDAI work have resulted from partnerships, particularly on the Disproportionate Minor Contact (DMC) Committee.

Ramsey County was the first Minnesota County to pilot the Risk Assessment Instrument (RAI) to screen who should come into detention and who should not. It assists in separating the high risk youth who need to be detained from youth who would have better results through the use of other alternatives.

There are two primary reasons youth come into detention; one big area is the schools through terroristic threats or through disorderly conduct. Over the period JDAI has been in existence terroristic threats have been reduced by 69% and disorderly conduct by 56%. In the area of disorderly conduct there is great disparity with about 90% of the kids being referred to SROs being African American youth.

Overall, through the efforts of the schools and other partners the average daily population in the detention facility has gone down 60% from pre-JDAI figures to second quarter 2009. Youth of color in detention is down 53% over the same period. It is difficult to get the disproportionate outcomes down. It was seen that as the numbers declined the disparities actually grew. However in the most recent quarter, for the first time, the DMC actual numbers and percentages for youth of color declined from the previous quarter and it is hoped this will become a trend as a result of some of the initiatives which have been implemented.

Judge Stephenson, Ramsey County Juvenile Court and co-chair of the DMC Committee, indicated that, within three months of JDAI starting its work and having serious conversations about how kids are detained, the detention population was reduced by about one-third. That is without implementing a single new practice, guideline or rule. It was just because it was discussed and thought about and attention was paid to all aspects of the detention process. This is called the "JDAI effect."

Many feel the community should be a "color blind society." However when you look at the percentages of kids of color, particularly young black males, it is clear that the community is not "color blind." What is now being done is looking at race and paying attention to it because it is recognized there are things going on that can be attributed to nothing else. So when the decision is made to reduce the disproportion, by paying attention, results are seen. He indicated representation on the DMC Committee by the district has been most helpful and he expressed a hope that the participation would continue.

The Judge, indicated that, practically speaking, every time placing a kid at the JDC is avoided there is an impact on disproportionate minority contact, confinement. What judges at the juvenile court have focused on doing is paying attention; "do we have to lock this kid up" whether pre-trial or post-plea. "Is the kid a flight risk, a risk to public safety?" Just thinking about it makes a difference. He indicated the "bench" appreciates the efforts SPPS has made thinking about the impact of decision points.

QUESTIONS/DISCUSSION

- What are the breakdown in the numbers – African American, Latino, and American Indian? Also by gender. Response: The numbers are available and will be provided.
- Where/how does JDAI involve parents and guardians? Where are they brought into the process? Response: the many committees that are functioning have been working with parents and communities. One of the committee is the Alternatives Committee which determines what kind of alternatives ought to exist. There is also a Community of Care that meets with the Corrections Department to further design alternatives. JDAI meets in the community and will continue to do so. JDAI is working to design a young people advisory committee to meet with the Corrections Director with young people and their families represented to help look at the system on a regular basis. These are young people who have been "involved in the detention system".
- A request was made that the Board be informed of these community meetings.
- What work has been done with the principals? Response: With work done with principals (junior and senior high school primarily) – the ages of kids looked at are primarily 10-17 years with an average age of 13-17; and the bulk falling between 15 to 16.
- Is the aim towards what school staff can do on alternatives and family structure? Response: There are some system alternatives and some community alternatives. The system alternatives are those run out of the Correction Department involving shelter and at-home detention. Community alternatives are funded by the Ramsey County Board (money is saved doing this but it does take an up-front investment); these include community coaches and evening learning centers for structured learning environments where they have to be in place from 2:00 p.m. to 8:30 p.m. Those are the two alternatives developed so far.
- There are ways the schools can be helpful. The county may want to talk to the schools about partnerships for the disorderly conducts and also for the truants. In Ramsey County truancy has been criminalized through contempt of court charges for not going to school when directed to do so by the courts. Corrections is really looking at implementing a new procedure so the contempt of court ruling cannot be used. So part of that would be to ask for the school board's support as well on truancy issues.
- So the numbers of kids in detention are being brought down. What is happening to the numbers of kids who are in alternatives? Response: The alternatives capacity at this

time is 40 youth; 30 are in the evening learning centers and 10 are working with community coaches. The community coaches have tended to remain fuller than the learning centers through being a little more flexible. The evening learning centers are not at the capacity the county would like however there have been some very strict criteria for the learning centers which is targeted to "misbehavior."

- In looking at what the JDC is doing and the schools are doing, how does it all fit together? Is there the same disproportionality? There is also the issue of juvenile prostitution, juvenile victimization that are picked up through TIP. JDAI is not a protection system; those kids are being hooked into the protection system. So, what direction is attorney referral through TIP going and what is the prognosis for finding a way to use something other than that as a stick? Response: that is the challenge, they have been at the table with JDAI as well and they don't want to use detention either so they look at shelters and other alternatives. The challenge to the system is how to think creatively and use resources already out there and look for and address the gaps where there are no alternatives to support the vulnerable kids. Focus on prevention.
- The action of the schools and that impact on reduction in JDAI numbers – if there are some funding cuts how will the program remain viable and is the program responsible for these types of results or is that primarily a function of the schools based on what the practice has been? The schools, the teachers, school officials is one group of gatekeepers; there are also law enforcement officers, probation officers, prosecutors and judges. The first few groups are the most significant gatekeeper because that is the first door the kids walk through. As everyone is more deliberate about how kids are handled and about the training necessary for teachers, administrators, law enforcement officers, etc. a better job will be done. JDAI was initially about detention. The reductions seen have not been just the result of teachers, the schools being more cognizant of the problem and doing a better job it's also police officers on through the system. All of the various steps through the system have contributed to the reductions; there is no way to determine if one factor has more impact than another.
- Has that come about because of JDAI or through just some commonsense practices? Did one drive the other? The reductions seen in the first three months after JDAI was formed was simply from talking about the issue. It is in large part due to the fact that a problem was recognized and a determination was made to deal with it. There is a focus on reducing disproportion, reducing how frequently detention is used so that contributed to others taking a look at how other things were done down the line. There is also a need to get parents and community members involved; they are gatekeepers too. It is about everyone working together to get it done.
- JDAI has seen similar numbers of young people being arrested yet the decisions being made in year 1 based on the JDAI effect, in the next year having a purpose of detention defined; in the next having the risk assessment instrument on line; and now this year having alternatives available, have all contributed to the improved results. Nationally juvenile crime is down. Ramsey County has reduced juvenile detention by 60%. Communities not doing this kind of systematic approach are not getting those kinds of results. So that seems to imply this is critical to continuing these improvements.
- The most important end result is the climate in the school buildings as a result of implementation of this program; is there a way to measure whether because of this change in thinking at the front end that there a possibility of becoming more tolerant of bad behavior? The Superintendent responded there is a strong desire to keep students in school. To do that the District is doing a number of things, particularly this year's efforts to engage all staff in cultural proficiency training which is about looking at people's attitudes about children, particularly children of color, and it is hoped this will contribute to changes in how students are referred, how it is determined who is sent to the office or not, who gets sent to the SRO or not. The District does not want to tolerate illegal behavior and there should be consequences for illegal behavior. The issue is where that line is drawn and how that line is drawn based on race. There are some things which can be handled without involving an SRO and thus avoiding engaging the criminal justice system. The district wants a balance; there is a difference

between misbehavior and criminal offense. Historically that line has not been clearly defined and as a consequence children of color disproportionately have been tracked toward a criminal system and toward a juvenile record that carries with them when there should have been other options applied. A lot has to do with education not only for staff but for students as well. The District will be implementing a Positive Behavior Intervention Strategies this year defining behaviors which are okay and which are not okay and consequences and expectations attached to them. It is about shared accountability.

- Everyone needs better tools on how they relate to students and students need better tools on how to relate to teachers and other administrators which they might not have gotten in other settings. It is a joint responsibility. Even the administrators have their own “baggage” so they need training skills as well. Sometimes it’s not about race but about behavior and how that is viewed. The critical nature of this partnership is to put students on a trajectory for success.
- Is the message being sent to teachers that they’re not supposed to send someone to the office or that they have to get the numbers of suspensions, dismissals and expulsions down? The Superintendent responded the District has a goal to reduce suspensions and behavior referrals, yes. The way that is done is through a variety of mechanisms: dealing with classroom management and professional development around that; around educating children about how they are to behave; about educating parents and the community and drawing them in. We are not telling teachers if a child is constantly disruptive or creating a negative learning environment for others that they should not be referred on. The desire is to have a learning environment that is beneficial to all students.
- There are two large systems being addressed in this discussion – the school district with its own mechanisms and issues and the juvenile detention alternative intervention system which is newer but showing positive results. Considering the points of decision-making, every time an individual in contact with a student was making a decision, was the call to really intentionally think about how the decision being made (worked through)? Response: From the data you can see that for young people of color who have committed similar offenses the outcome or the decision about the outcome can be dramatically different. It’s not about young people committing more egregious offenses it is about the decisions made as a result of the offenses. If you look across the large numbers of youngsters in the “system,” all decisions at each point in the process results in more severe decisions for students of color. So it is very important that the decision be looked at very carefully.
- Decision point analysis is that at each decision point where a kid could go into the system deeper, the decision must be looked at. SPPS was invited to participate with JDAI in decision point analysis in reviewing its processes and being more objective in order to bring consistency to the decisions being made.
- Thanks were extended to the board for participating in the presentation and with JDAI on the committees. JDAI encouraged the District to appoint someone to represent the District on the DMC Committee. The county is looking at ways to partner even more strategically and looking forward to seeing the work the District is going to do on decision point analysis.

The Board Chair expressed a desire to continue working with JDAI.

MOTION: Ms. Kong-Thao moved, seconded by Ms. Carroll, the Committee of the Board recommend the Board of Education accept the Juvenile Detention Alternative Initiative presentation with thanks to everyone present.

Motion passed.

2. Special Education Advisory Committee Report

The Superintendent requested the Director, Special Education introduce the committee co-chairs and thanked the group for their participation in the meeting. The Director asked the co-chairs to present their report.

The purpose of the Special Education Advisory Council (SEAC) is to provide information, advice and assistance to the Saint Paul Public Schools Board of Education and Director of Special Education on issues related to special education. The Saint Paul Public Schools Special Education Advisory Council was established 36 years ago, in 1973. It also serves as a forum for parents and other individuals to express their concerns and ideas regarding special education issues.

During the 2008-09 school years, the Council focused on the strategic plan goal of creating a welcoming environment. One specific strategy was to increase SEAC membership through networking and being visible at District events. The Saint Paul Public Schools Special Education Advisory Council specifically addressed the following issues:

- Aligning goals and activities to Saint Paul Public Schools' (SPPS) mission, vision and organizational values;
- Sponsoring activities that would promote an increase in membership; and,
- Improving communication with SPPS families, staff and community stakeholders through training, and development of a SEAC manual and website.

The most critical issues identified by SEAC were how to increase membership to include additional parent, staff and community stakeholders and to provide opportunities to share information with SEAC members so that members are able to give well-informed advice regarding changes in special education and Saint Paul Public Schools. Some of the highlights of the SEAC activities include:

- Creation of a manual for members that includes a welcome letter, information on member responsibilities, contact information, and special education resources.
- Sponsorship of an event that included a speaker on Autism and a short program to introduce the SEAC, welcome new members and encourage membership.
- Assignments were made to the following committees: Membership, Web/Marketing/Publicity and Workshops/Training. T
- Membership doubled and included a staff representative of the Community Transition Interagency Committee.
- Information was shared regarding SPPS organizational values, power action items, special education equalization and large scale systems changes. As a result the website was updated, workshops and trainings were planned.
- Members participated in a training provided by ARC regarding Due Process and parent participation on Individualized Education Program planning teams.
- Input and information were shared regarding the special education budget, Belief Campaign and the special education plans for American Recovery and Reinvestment Act funding.

It was determined 2008-09 goals were met through informational meetings and workshops, the website and printed materials, opportunities to connect and the promotion of collaboration. Membership increased and communication continues to improve.

The theme for 2009-10 was selected at "collaboration" to encourage more parent and community involvement, identify ways to provide information to parents who are new to special education, and continue to provide information and training so that the Council can provide well-informed advice,

SEAC provided the following recommendations to the SPPS Board:

- Identify specific ways to strengthen the communication between Special Education and General Education, including allowing time for educators to meet and plan for improved academic results for children with disabilities and for them to participate in professional development together which will support inclusive learning.
- Identify specific ways to improve communication with parents and the community regarding special education.
- Continue to support collaboration in order to improve special education services in all settings.

DISCUSSION/QUESTIONS:

- Congratulations were offered on the tangible work done over the past year.
- How can things put in place this year become systematized; built into how the district works so parent education becomes on-going. Response: How to get information to parents is addressed at almost every meeting as well as how it can be done better. The website is a start. Also, remembering Special Education is there and celebrating it. Encourage Special Education families to come in and make it possible to participate through coordination between regular ed. and special ed. More communication of opportunities to increase participation – reduce structural barriers to make people feel more welcome.
- The Chief of Academics indicated the concept of uplifting the awareness of Special Education is a national movement. It is important to make sure prevention is done up front rather than through intervention at the end. SPPS is starting several initiatives looking at regular education and Special Education much more as collaboration. With the Special Education dollars from ARRA SPPS will be able to collect data which will allow better monitoring of the students; work with coaches to enhance the curriculum for all kids including Special Education and continuation of the collaboration which has been exceptionally well received. Additionally SPPS is looking at its own practices to find better ways to address issues. Another piece being done throughout the system will create more opportunities for teachers to have time to teach through efforts to reduce paperwork. Schools are also being clustered so there is a common ground and consistent application of IEPs. The discipline process will be unified, particularly in middle and high school so all schools will be encouraged to work toward starting the PBIS and choosing initiatives to concentrate on for the year so there is a common basis across all schools. Then, Special Education students won't have to readjust if they move from one school to another. The desired result will be to find the strength of a student not to focus on the weakness.
- Does SEAC focus primarily on students identified through their cognitive and physical limitations? Response: SEAC is an organization for parents of all kids with disabilities; all disabilities. Currently the majority of parents have kids with autism; that is the recent trend but the group is for parents with kids with all disabilities.
- Regarding SEAC's first recommendation focusing on improved academic results, how can the District improve academic results for Special Education students and the graduation, dropout rates? Response: SEAC chooses their areas to provide advisement to the District on and they do provide advisement in many areas including things that might help address dropout rates. This question gets into more of a Special Education Annual Report rather than a SEAC report. The group came tonight prepared only to give the Special Education Advisory Committee annual report. That could certainly be a topic SEAC could work on researching. There has been discussion on the "Graduate to Something Great" with Special Education students considered within the whole continuum so that began some thinking. The parents on the committee now are primarily parents of elementary age students. There really aren't any parents of secondary age kids. The topics don't come up in the same way; the committee does try to look at topics important to all the parents.
- The second recommendation to improve communication is a little generic, what thoughts are related to that? Response: it can mean different things to different

parents. Probably hearing about issues earlier in the process if issues arise would be beneficial to parents and getting information to the parents and ensuring they actually see it.

- Was there follow-up on prior year recommendations, how will administration respond? What happens with recommendations? Is there follow-up on them??? What is the work plan? Response: There will be an administrative response prepared and shared with the committee and brought to the Board. The recommendations are incorporated by the Special Education staff and they report out on how recommendations are incorporated.
- Has there been any effort toward Involving stakeholders of minority groups on SEAC? Are there any parents of color on the committee? Response: The District is trying to align parent participation under one umbrella which should maximize the leverage of outreach to all parents and increase participation among all parent groups. Some parents of color are beginning to come and some to join. The Special Ed. Interpreters were invited to come to the meeting (Hmong, Somali and Spanish). They subsequently submitted a proposal on increasing involvement of parents of kids of other cultures in SEAC. They noted the process would be overwhelming for a parent whose first language isn't English; they proposed the beginning of participation at an entry level and in a way that makes sense for them. There is a need for help with outreach for African American parents. A caution was extended that other cultures look at Special Education differently so that needs to be kept in mind when addressing this area and address it as the community wants it addressed rather than how the District thinks it should be addressed.
- The recommendations are fairly broad in terms of measuring, how will SEAC know that it has been done or achieved; will there be specific targets? Response: Administration will work with the co-chairs to identify goals which can be measured over a year's time.
- It was noted that SEAC has a more direct relation with staff all the way through which is different from other committees. There is direct advisory authority and responsibility and relationship with staff on a regular basis. Be careful an additional layer is not created which will put undue burden on the committee. It would be preferable to work within the reporting system but have the report that results from Special Education incorporate SEAC's priorities and goals in their reporting out.
- Discussion occurred around the graduation rates on charts provided. It was noted the NCLB figures are calculated differently and are somewhat inflated. SPPS depends on the 4-year completion rates to a greater extent.
- Why do the co-chairs feel the graduation rates are so low? Response: Since Special Education covers such a wide spectrum of student issues the reasons are many and varied. It really almost needs to be viewed on an individual basis. What needs to be worked toward is help for every individual; each Special Ed. student is unique in their needs. There are also the large number of students who continue on into the Transitions Plus Program and others so that is a positive result.
- A request was made to delve a little deeper into the data provided to show low income figures (and gender).

MOTION: Mr. Brodrick moved, seconded by Ms. Carroll, the Committee of the Board recommend the Board of Education accept Special Education Advisory Committee report.

Motion passed.

3. Other Post Employment Benefits (OPEB) Assessment Report

The Superintendent asked the Chief Financial Office to make the presentation on the OPEB. Discussion on this area started with a presentation made to the Board in 2007 and also as a result of a discussion of cash flow which the Board had requested updates on and how that ties into the state stabilization funding relative to ARRA.

Under new accounting rules issued by the Government Accounting Standards Board (GASB), school districts must disclose their accrued actuarial liability for post-employment benefits (other than pension) in their financial reports. These benefits consist mainly of health care-related benefits that had been promised to retirees before they retired. These benefits are referred to as "OPEB" benefits (Other Post Employment Benefits).

The problem is that SPPS needs to have a long-term, deliberate fiscal plan to fully address the present OPEB actuarial unfunded liability. On September 25, 2007 the Board approved the actuarial valuation and the District is now in the middle of a second actuarial evaluation which must be done every two years.

This year the Legislature passed two key laws: (1) the OPEB pay-as-you-go levy which allows school districts to levy for what they actually paid for OPEB during the previous fiscal year (this includes a compelling timeline) and (2) the OPEB Bond Authority which allows schools to issue taxable bonds to defray unfunded OPEB liabilities and to collect unlimited taxes to pay the debt service thereon. No voter approval is required; however this option expires on October 1, 2009. After October 1, 2009 voter approval of a levy is required but the opportunity remains. These two items lead to the desire to establish a fiscal plan now.

As stated SPPS needs a fiscal plan now for several reasons:

- The bond opportunity changes effective October 1, 2009
- OPEB pay-as-you-go levy opportunity provided in the last legislative session is a bona fide opportunity to mitigate the District OPEB liability.
- The District must report OPEB liability on its financial statements (as of 2008) and therefore the liability is public knowledge
- It is fiscally responsible to have a viable, effective plan to guarantee the future and keep the promises made
- Having a plan can actually realize better discount rates and through applying those rates to actuarial valuation the aggregate OPEB liability could be reduced
- Over time, having a plan will reduce the liability, keep SPPS in good stead with bond rating and insure the benefit is secure.

The Chief Financial Officer then presented the administrative recommendation so the Board could keep it in mind as the discussion continued. He then described the process used to arrive at the recommendation.

He then reviewed some "key facts" relative to OPEB at SPPS:

- The greatest expense to the district OPEB is health care coverage of retired employees hired before 1996 and covered until they (and/or their surviving beneficiary) pass away.
- Approximately 2,500 retirees are being paid OPEB at an average age of 73.
- The SPPS liability is assessed to be \$312 million (Actuarial valuation based on assessment)
- In FY 2009 the District Annual Required Contribution was \$28 million
- The SPPS bond ratings remain high despite reporting in 2008 Financial Statements
- The tax base in St. Paul right now is less vulnerable than other parts of the U.S. (based on a 2009 Public Financial Management study) and
- State revenues to SPPS will continue to go down (due to enrollment decline)

Other key fiscal considerations or second order effects include:

- The levy to St. Paul property taxpayers
- Cash flow vis a vis borrowing
- Bond rating
- The general economic situation in St. Paul (unemployment, foreclosure trend assessment, etc.)
- Investment rate returns (current and long term)

- Money available in the General Fund
- State revenue to the district now and in the future
- The retiree population over time
- Current and future laws impacting OPEB
- The District's debt position.

There are four financial strategy options open to SPPS.

- **Pay-Go** which is an annual appropriation from the budget to pay for current costs. The 2009 expenses were \$10.8 million. This is the method SPPS is currently using. The District is not legally obligated to fund beyond meeting current year obligations each year.
- **Full Annually Required Contribution (ARC)** funds the total Annual Required Contribution from the SPPS annual budget (\$28 million). To cover the full ARC the SPPS budget would have to dedicate approximately \$28 million; this is not feasible.
- **Ramp Up Reserve** which would use a portion of the Reserve Funds and place this in an OPEB specific trust fund. The fund would be managed to reduce the liability over time covering the full ARC (approximately \$28 million). This option negates the need to sell bonds but commits money from the reserve fund reducing the reserves proportional to the seed capital placed in the trust.
- **Issue OPEB bonds** under which Minnesota statutes allow schools to issue taxable bonds to defray their unfunded OPEB liabilities and collect unlimited taxes to pay the debt service thereon with no voter approval required. This option expires on October 1, 2009 after which voter approval will be required. Bonds can be sold for the full liability (\$312 million) or to cover a portion of the liability. Selling bonds to cover the full OPEB liability or even a portion would require raising the debt for SPPS and increasing the Levy Certification for the district to our taxpayers significantly.

What the District is recommending is a hybrid of the Pay-Go and the Ramp Up Reserve. At this point the Chief Financial Officer repeated the administrative recommendation: **That SPPS establish an OPEB Trust Fund this fiscal year. An initial investment of approximately \$2 million from the Reserves (this would be assessed each budget planning cycle for adjustment upward or downward, cash flow assessment is a key concern). A subsequent contribution of an estimated \$1 million through OPEB "pay-as-you-go" levy authorization will be added to the OPEB Trust in FY 2011. After FY 11 the allowable levy amount increases and SPPS will assess adjusting contributions each budget cycle based on the levy position.**

The expected impacts of this recommendation include:

- Little or no change in the District's levy from last year
- No change or impact to retirees receiving the benefit
- No financial impact on schools or operating revenue
- OPEB trust return on investment will be low over the early years but will grow as the economy recovers
- No increase to the SPPS debt position
- Minimal cash flow reduction
- Will improve the District's Actuarial Valuation
- Sustains or improves the District's bond rating

Unknown factors which might have an impact on the fund would include:

- Implementation of a National Health Insurance Initiative
- Changes in Minnesota legislation
- Return on investment (ROI) on the OPEB Trust Fund
- The economic recovery

Flexibility and a long-term view are the keys to mitigating these unknown factors in a fiscal plan.

MOTION: Ms Carroll moved, seconded by Mr. Brodrick, the Committee of the Board recommend the Board of Education accept and approve the Administration Recommendation that SPPS establish an OPEB Trust Fund this fiscal year.

QUESTIONS/DISCUSSION:

- The OPEB obligation is that a moral or legal obligation? Response: Based on the question, it is a moral obligation; however there is a fiscal issue involved as well which is confidence in the district and its demonstrated way of doing business, 'manifesting in actions' -- trusting the District to pay its obligations. It is confidence in the district, its reputation, your financial stance and posture, it's who you are.
- Isn't it more than a promise though, isn't there a contractual obligation? There is a contractual obligation to pay your obligation which is the \$10.8 million, not necessarily the liability (\$28 million). The contract would have to be changed to change the obligation which would in turn change the valuation for the liability assessment.
- What is the difference between the \$10.8 and the \$28 million? The difference is based on the contract and the retiree population and pending population. The ARC is \$28 million based on population size based on the current valuation. The district only has to pay the \$10.8 million because that is what the District real current liability. The other part of that is more "potential". Then there is a liability on top of that when it is projected out 30 years, this is actuarially determined.
- Exercising the option, does that mean we indicate or we actually have to sell bonds by that date? Response: We have to get proceeds for the bonds; it has to be started by October 1. This can be done within that timeline at this point if the decision is made to move in that direction.
- So this is a state pool? Response: No, this is an SPPS specific solution. This is a St. Paul Public Schools OPEB Trust Fund. The District would be putting money it has, based on the legislative authorization, into a trust fund that would start to accrue ROI. Each year more would be added to the fund by the District to increase the investment until the fund reaches the tipping point of being able to pay the ARC premiums out of that fund. The fund will just continue to accumulate over the years. If this strategy is adopted, the District would be able to insure, through manifest action, our OPEB liability.
- When Reserves are referred to, is this dedicated health care reserves? Response: Retiree Health Insurance Reserves which amount to \$20.9 million. This is a reserve for health care, this is not the Board's reserve? No, this is not the undesignated, unfunded 5%.
- What is special about a trust as a structure versus simply changing the amount in our health care reserve line item? Response: A trust is investing money so there is a return on that investment. Designating the money has no return.
- By putting it in a trust fund it can be invested separately and independently? Response: Yes.
- How were the \$2 million and \$1 million arrived at? Response: The \$1 million is an estimate. What the legislation for Pay-as-you-go Levy says is the State of Minnesota can set aside \$9.2 million for all school districts in the state. SPPS will submit what it paid last fiscal year (\$10.2 million) and the State will assess a percentage of the overall distribution of that. SPPS should get about \$900,000 to \$1 million or about 10%. The \$2 million is based on the OPEB Team looking at what the reserve is at \$21 million and arriving at a seed amount of capital that would actually be a positive so the district isn't put in a negative position with a low interest rate. , It is an amount that would actually realize some ROI while not committing too much of the District's money. This is important because FY '11 looks to be difficult. The District is trying to be conservative and responsible with what would be put into the trust fund. The District could go higher

than the \$2 million. The idea is to keep the risk to a minimum so that by 2011 there would be between \$3 and \$5 million in the trust. If more makes sense the amount could be increased. The current reserve is \$21 million.

- Would there be any interest earned on the trust? Response: The return on investment (ROI) is the interest, it will accumulate to the benefit of the District.
- The retirees who are currently beneficiaries of OPEB, the health insurance plan they have, is that identical to the current employees? Or, is it different? Response: The information will be provided to the Board later.
- Does the trust structure make funds inaccessible in times of emergency? Response: It depends if it is a revocable or irrevocable trust. The Business Office is studying which is the best position to adopt. With a revocable trust the ROI is lower but does give some flexibility. An irrevocable trust has a higher ROI but little or no flexibility. It does provide for greater trust on the part of the employees; it sends a positive message to retirees and prospective retirees. Right now the thought is irrevocable but pay into it only what the District can afford to pay into it.
- When do the lines cross; when would the trust move into paying the ARC? Response: This depends on the ROI and monies put in, possibly 15 – 30 years. Basically, as long as there is flexibility and the financial position improves the District will be in a better position than it is right now.
- What are other districts are doing? Other districts have significantly lower ARC than St. Paul. Some are issuing bonds for the full ARC. It varies significantly across districts but SPPS is a unique situation. What about across the country? Don't know, different states have different legislation so it is difficult to get a direct comparative analysis. SPPS is not doing anything radically different from other districts. SPPS is taking what it has available to it and leveraging it and complying with the law while executing that.
- Explain the Health Benefit Reserve. Response: Every year on the District financial statements the equities are reported and the fund balance reserved for is reported as well. The retiree health total reserve is \$20.9 million. This is reported every year. The issue is when GASBY 45 started requiring the District to report this, the game changed. Before GASBY 45 there was no public display of this liability required, now full disclosure is required. The strategy needs to change with that change from paying as you go to finding a strategy to mitigate that liability to secure the future. The District is proposing taking a small portion (\$2 million) from this reserve to establish the trust so it can start working for the District in meeting its obligations on the OPEB.
- With regard to carrying this forward, should this be elevated from the Committee Report to have a presentation to the public at the Board meeting? Response: Administration indicated they would be prepared to do this.
- Employees hired after 1996 have a different benefit, won't that decrease the ultimate liability and obligation? Response: In total, potentially yes. Health care costs continue to rise, a national health insurance initiative could change the whole playing field and there are innumerable variables which could remain steady state or rise.
- Generally speaking, we are promising the younger teachers less than was promised to earlier teachers? So, would this mean the obligation to the District would be less because we promised less? Response: In theory, yes.
- It was noted that this applies across all areas including the State, everyone is being promised less.

RESTATEMENT OF MOTION: Ms Carroll moved, seconded by Mr. Brodrick, the Committee of the Board recommend the Board of Education accept and approve the Administration Recommendation that SPPS establish an OPEB Trust Fund this fiscal year.

Motion passed – 5 yes, 1 abstention (Hardy)

4. Cash Flow & State Stabilization Fund Reporting

The Chief Financial Officer presented a chart showing projected general cash balance for FY 10 and FY 11. In FY 11 the District will need to borrow short term to cover obligations and/or exercise an opportunity to utilize a line of credit. The Business Office is still exploring which of the two options would be the best value for the district.

The projection is based on assumptions establishing a strategy for meeting the need. There will be a 3% increase on current year taxes. State aid changes from 90/10 distribution to a 73/27; this has the greatest impact on the district. The Federal stimulus is \$4.9 million/month of the \$29.1 which will be expensed in the first six months. The Federal stimulus is a reimbursable payment (a change in how the money comes to the district.) The lowest point for FY 10 is 6/30/10 so there should be no need to borrow in FY 10. In FY 11 the district is looking at mitigation strategies to deal with the situation which will arise.

The SPPS Board adopted its FY 09-10 budget on 6/16/09. The Governor chose to supplant \$500 million in education funds that came from the Federal government to the State of Minnesota. For SPPS that translated into \$29.1 million of the General Fund allocation. State stabilization fund allocation is not new money, it is supplanted money and it replaces State allocated funds with Federal funds. SPPS reviewed all the guidance from the State and Federal guidance to the States to be sure the strategy adopted would be faithful to the guidelines. The State Stabilization Fund is paid to SPPS on a reimbursed basis. So instead of getting it as part of the 73/27 the district has to pay out and get paid back.

ARRA funds come with strings and there are significant reporting and tracking requirements. The SPPS utilization plan meets all Federal and State guidelines for expenditure. SPPS wanted to maximize ARRA funds to save money by recognizing and spending in the first six months in FY 10 relieving the cash flow strain and avoiding borrowing in FY 10. That's where the district realizes the savings while keeping the debt position stable and maintaining the bond rating. Finally, this keeps the administrative tracking and reporting work away from the classroom allowing teachers to focus on curriculum and instruction.

DISCUSSION/QUESTIONS:

- Isn't this a double standard? The Governor pays us off with Federal money yet when we get that money we have strings and hoops to jump through? Explain supplant please. Response: Look at state money as red money and Federal money as blue money. The Governor took \$29.1 million red dollars out of jar and took \$29.1 million blue dollars and put it in the jar. When that \$29.1 million blue money went into the jar the requirement was placed on it to define where every one of the blue dollars goes. Many other states did the same thing because they were allowed to with those particular ARRA funding dollars. This can't be done with IDEA and Title I ARRA funds. The challenge the District has with the supplanting funds is the tracking and reporting and being faithful to the guidance on the front end.
- With the second year portion of ARRA money isn't part of the contingency to receive it based on results? With State stabilization for IDEA and Title I that is what is going on. State stabilization is granted for two fiscal years but based on the Federal fiscal year. The District could have put part of the \$29.1 million in FY 10 and the other in FY 11 but one of the guidelines was to spend fast. The District is going to spend fast, save money, put the District in a favorable position fiscally by utilizing that money which is the intent of the State Stabilization Funds. In total, with the State stabilization funds, IDEA and Title I the District is putting itself in a favorable position to take advantage of future possibilities.
- The "race to top money," can that affect cash flow? Response: The "race to the top" funds are competitive; the district must apply for them and meet whatever specifications come from the U.S. Dept of Education. There are areas around teacher effectiveness, and much of the "race to the top" will go to states. It will certainly

increase the amount of money available but like IDEA and Title I it would be targeted to specific uses.

- Is the District applying for “race to the top” monies? Response: The money is not available yet but when it is the District will apply. Any infusion of dollars into the district would put it in a better cash flow position.
- How much would the ‘race to the top’ funds be: Response: There is no way to know at this point, but the information will be added in when the information is available. The Business Office, on an on-going basis, runs scenarios on any change seen in cash flow so it is an on-going process. Each change in funds changes the scenario.
- Request for Information – at the next targeted time for financial reporting provide an update on the cash flow scenario as well.
- In the past when the District needed to borrow it borrowed against its undesignated reserves; what is the thinking on that? Response: The Business Office is taking a hard look at the last time this was done (03 or 04) and analyzing that strategy. The District now has an authorization to do a line of credit which is being very carefully analyzed as well.

MOTION: Ms. Kong-Thao moved, seconded by Ms. Carroll, the Committee of the Board recommend the Board of Education accept the report on Cash Flow & State Stabilization Funds.

Motion passed.

5. Rights & Responsibilities Handbook (R&RH)

The Superintendent stated this report would address two things: the move to systematize a positive school-wide behavior model and the R&RH which has been revised.

The Chief of Schools stated these areas meet Strategy B Action Step B9: “review current classroom practices and create an SPPS model of classroom management and Strategy G Action Step 3: Identify, adopt and implement best practices for establishing safe, welcoming and respectful learning environments.

She then moved on to described the development process which began with a review process of current practices and data which was done along with the input gathered from various groups (building administration, teachers, community groups, students and District staff). A task force was established with two work groups; one on a positive school-wide behavior model and the other on the actual revision of the Rights and Responsibilities Handbook. The revised handbook was vetted for recommendations by District Legal Affairs, Community Relations, Education Equity and it was presented at Assistant Principal and Principal meetings and four staff meetings (2 elementary, 1 middle and 1 high school).

The **Positive School-Wide Behavior Model (PSBM)** group identified a team which was to develop three to five positively stated school-wide expectations which focus on Respect, Responsibility & Safety. This model is about a proactive approach looking at what should be in place in every building. Behavior expectations will be taught, modeled and reinforced through clearly identified rituals and routines and they will address both classrooms and common areas. A system for reinforcement and reward for positive behavior will be developed and there will be clearly defined multi-level system for behavior supports and consequences. The District will regularly collect and analyze the behavior data. The shared expectations will be communicated to all stakeholders.

As a District, Administration recommended the development of policies and procedures to support PSBM so as to establish a framework for sites to create and organize a cohesive PSBM. Training will be provided for a positive behavior management team at each school. Additional steps will include: providing cultural proficiency training to all staff; collection and

management of data; monitoring of PSBM at each site and assistance with communicating the shared expectations to all stakeholders.

It is a change in philosophy to proactively ensure a change in the culture to proactively pursue a positive behavior model.

The Chief of Schools then moved on to discuss the overall changes to the Rights and Responsibilities Handbook which included expansion to include information on the PSBM and the incorporation of the SPPS Shared Accountability Framework which is shared accountability for academic achievement and for behavior as well. Specific to policies on student discipline a new format was developed to communicate disciplinary action and "physical aggression" was added to the list. Classroom and management were removed from the document because it is about positive behavior and the modeling of it; setting the right conditions and making sure everything is moving forward.

Next steps, once the Board has approved the Rights & Responsibilities Handbook it will be introduced to the schools in the following stages:

- To all administrators at the Administrators' Academy
- Principals will provide an overview to staff opening week
- It will be printed and distributed through the schools
- Executive Directors will work with school leadership, and
- There will be further engagement of union leadership.

It sets a foundation to move forward toward becoming a PBIS (Positive Behavior Intervention Steps) district in the future.

The Handbook will also be presented to the community through outreach to community groups and parent advisory committees (including faith based organizations) and copies will be provided to primary community partners.

The on-going support is being provided through ARRA funding. The District is hiring coaches who will be able to support teachers and the Positive School-wide Behavior Management Teams. The State is providing training (at no cost) in the PBIS model so they can work with schools on an individual basis. Executive Directors will work with school leadership. The union was involved in the design but there will need to be further engagement with union leadership around professional development, support and arriving at a common agreement and understanding on how the children will be dealt with in the schools to ensure consistency across the district.

DISCUSSION/QUESTIONS:

- This is excellent work, it fundamentally changes the conversation and focuses on high expectations which are communicated and understood and it defines rights which leads to defining responsibilities.
- The development of the Level of Offense Criteria is new? Response: What these are intended to promote is more classroom positive behavior and putting the locus of control within the classroom.
- Concern was expressed about what effects might be down the road and questions relative to the levels of violation and how they are defined. The levels were defined by the Legal Department and questions should be addressed to them as to why certain things were defined as they are.
- There was discussion on the concern about the "gang activity." Concern was expressed that a straight reading of that definition might catch un-gang related groups of students. Response: This was the most discussed violation in the Handbook. By the letter of the law a violation for gang activity needs to meet all three criteria. This is one area where substantial support will be needed from the St. Paul Police Department

on training with the Principals and Assistant Principals so the actual violation is recorded properly and under the correct category. Is this a legal definition? Response: It is the same definition the Board approved in the previous R&RH.

- Concern was expressed that this (gang activity) gets to racial profiling and the way disparity in treatment is addressed. It is pretty broad; it was suggested administration vet the gang piece through JDAI and NAACP. Administration stated Legal has been reviewing the Handbook for weeks; the General Counsel can provide board members with the proper citation requested.
- It was noted that once a person is on the “gang” list there is no means to get off of it.
- What orientation do the SROs need as they interact with students in the schools as opposed to the training they receive as police officers? That also gets to the broader issue of how the SROs are utilized.
- If changes to the R&RH appear to be necessary administration must be flexible and find a way to make that happen during the course of the school year.
- Is there a possibility of addressing the cultural competency more strongly up front? It seems important to stress this.
- Is there a similar document for staff? Response: There are Statutory Codes of Conduct for staff but they may not be included in this type of document.
- There doesn't seem to be a strong reference for expectations of staff. Response: The first request around cultural proficiency will be more easily addressed than the second request so Administration would like to take legal advice on that because implicit in that may be some liabilities against the district.
- Is this a Board directive to change this document? No, it is a request to explore ways to address the concerns raised.
- Electronic communication challenges do not seem to be addressed (Face book, texting, etc.). Response: there is a policy around use of school equipment, perhaps a cross reference.
- Amplify the message from the Superintendent to move toward a more positive path.
- Electronic activities (texting) – should the Board provide a policy of what is permissible? In some districts there is board policy which prohibits the use of electronic devices during class along with the consequences. Response: The Director of IT is in the process of strengthening the guidelines and recommendations on technology and its use.
- Clarification: The gang language has been vetted by Legal, it is not based on law but on board policy based on input from Legal at that time and it has been carried forward so it is not law. The Board would need to vote to change that policy and then take it through the three reading process if they want changes to the gang language.
- Board revisions should be given to Administration by August 10.
- How will families receive copies? It will be distributed through oldest sibling in a family or the only child. Considering the cost factor it will get to every family via the schools. There is no firm plan for distribution for staff; it will be on-line for easy access and it will be covered with staff during the opening week sessions.

MOTION: Mr. Goldstein moved, seconded by Mr. Brodrick, that the Committee of the Board recommends the Board of Education move preliminary acceptance pending revision as appropriate of The Student Behavior Handbook: Rights & Responsibilities with approval of the final revision to be at the August 18 Board meeting in order to allow for distribution during opening week.

Motion passed.

6. Standing Item: School & Program Changes

This area will be addressed at the September 1 COB meeting when the AYP results will be available and recommendations will be brought forward on school improvements which may be required.

7. Standing Item: Policy Update

- **Policy**

- 510.00 Graduation

Following discussion on suggested revisions the following motions was made:

MOTION: Mr. Brodrick moved, seconded by Ms. Kong-Thao, that the Committee of the Board recommend that the Board of Education approve Policy 510.00 Graduation as revised and move it forward to the three reading process and final adoption.

Motion passed.

- 510.02 Graduation Exercises

It was recommended the content of this policy be incorporated into the new policy 510.00 Graduation.

MOTION: Mr. Brodrick moved, seconded by Mr. Goldstein, that the Committee of the Board recommend the Board of Education repeal Policy 510.02 Graduation Exercises.

Motion passed.

- 510.04 Honorary High School Diplomas

MOTION: Mr. Brodrick moved, seconded by Ms. Kong-Thao, that the Committee of the Board recommend that the Board of Education approve Policy 510.04 Honorary High School Diplomas as revised and move it forward to the three reading process and final adoption.

Concern was expressed regarding the wording "certain veterans." Following extensive discussion it was decided that the Board would not move forward with this policy as it is adequately covered under law. The maker of the motion withdrew the motion with the approval of the seconder. The Superintendent indicated high school principals would be informed they must contact the Superintendent before proceeding down this path.

- **Procedures**

- 510.04 Honorary High School Diplomas

There was no action on this item as the policy was withdrawn from consideration.

- 801.01 Name Change of a School

Extensive revisions were made to this policy during discussion.

MOTION: Mr. Brodrick moved, seconded by Mr. Goldstein, the Committee of the Board recommend the Board of Education approved Procedure 801.01 Name Change of a School as revised.

Motion passed.

8. Action to Establish a Standing Committee

MOTION: Mr. Brodrick moved, pursuant to Board Policy 211.02 Board of Education Committees, that the Committee of the Board recommended that the Board of Education does hereby resolve to establish a standing committee, to be known as the Committee of the Board, whose membership shall consist of the seven Board of Education members; that the Vice-Chair of the Board of Education shall serve as the Chair of the Committee of the Board and in her or his absence the Chair of the Board of Education shall so serve; and that the Committee of the Board shall advise the Board of Education with respect to any and all matters referred to it by the Board of Education, the Board Chair, the Chair of the Committee of the Board or the Superintendent. Motion seconded by Mr. Goldstein.

Motion passed.

9. Standing Item: Superintendent Transition

• **Presentation of Proposed Community Engagement Schedule**

The Board had requested the Superintendent and the Chief of Community Relations look at the Superintendent Search Community Engagement Schedule and fill out the process. The Superintendent indicated the information provided by the Board and built a proposed schedule for the Board's review. These public engagement events will not involve board member participation. The HYA consultants will take information gathered from these meetings and report it out to the Board on September 22.

The Board approved the proposed schedule by consensus.

III. ADJOURNMENT

MOTION: Mr. Brodrick moved the meeting adjourn; seconded by Ms. Kong-Thao.

Motion passed

The meeting adjourned at 10:22 p.m.

Respectfully submitted,
Marilyn Polsfuss
Assistant Clerk