Call to Order

This meeting was called to order at 4:34 Directors Harris and Burke were present. This meeting was staffed by Assistant Superintendent for Business & Finance JoLynn Berge.

Approval of agenda: Director Burke moved to approve the agenda. Director Harris seconded. This motion passed unanimously.

Approval of meeting minutes: Director Burke moved to approve the May 11, 2017 meeting minutes. Director Harris seconded. This motion passed.

Board Action Reports (Discussion and/or Action)

1. BAR: Washington State Risk Management Pool (WSRMP) Annual Payment (Staudt; Intro 6/28/17) Richard Staudt, Risk Management Manager spoke about Seattle Public Schools (SPS) being a member of Washington Schools Risk Management Pool (WSRMP) since August of 2002. The annual premium contribution for membership exceeds the $250,000.00 threshold that requires Board approval. Mr. Staudt highlighted the loss modification factors that are at .645 % on property losses, which means that SPS is performing 35% better off than the average WSRMP member in terms of property losses. Mr. Staudt also spoke about the loss modification factor of our liability and how it is at 0.769 , which means that we are roughly 23% better than the average WSRMP member. The loss modification rates are based on how we have done over the last 3 years. We have done well. Mr. Staudt spoke about working hard to keep our losses down and how we assume the first $250,000 of own losses. Assistant Superintendent JoLynn Berge requested that this BAR be moved to the consent agenda. Director Harris approved.

Director Burke made a motion to move this item forward to the full Board with a recommendation for approval Director Harris seconded. This motion passed unanimously.

2. BAR: Hospital Based Educational Services (Clancy; Intro 6/28/17) Michaela Clancy, Director of Special Education spoke about SPS agreement and requirement of flowing dollars through OSPI for Children’s Hospital and Fred Hutch for the education of students while they are in treatment. It has been over 10 years that SPS has had this agreement. Director Harris asked if there had been an increase in dollar amounts from OSPI over the years. Ms. Clancy reported that the flow through amount has not been increased and that has caused hospitals to take on additional costs. Ms. Clancy mentioned that they purposely added Fred Hutch to the agreement to show transparency and that the flow through is for both Fred Hutch and Children’s Hospital.

Director Burke made a motion to move this item forward to the full Board with a recommendation for approval Director Harris seconded. This motion passed unanimously.

3. BAR: Individual Educational Program (IEP) Based Private School Services (Clancy; Intro 6/28/17) Michaela Clancy, Director of Special Education spoke about Individual Educational Program (IEP) Based Private School Services Ms. Clancy stated that the BAR combined all of the services included bringing the individual educational program; private placement services and additional services
like behavior services together. Ms. Clancy stated that they were still conducting a Request For Qualifications (RFQ) for everything that is a regular cost. The Boar Action Report is a result of the RFQ. The BAR includes all the placements, our individual private schools, CHILD and Yellow Wood, that are not part of the day treatment services. Ms. Clancy stated that they made sure that they added some oversight in the RFQs. Noting that they are also responsible for compliance monitoring of the students. Director Harris asked there were any hidden issues such as restraint policy issues that they had faced a year ago. Ms. Clancy mentioned that CHILD has an emergency response protocol that they add to a students’ IEP if needed. The staff at CHILD are trained in Pro Act and follow all district policies. There have been no reports of isolation or restraint at CHILD.

Director Burke made a motion to move this item forward to the full Board with a recommendation for consideration because the Request for Quotation (RFQ) was not complete. Director Harris seconded. This motion passed unanimously.

4. BAR: Therapeutic Day Services (Clancy; Intro 6/28/17) Ms. Clancy spoke about the BAR being a renewal of last year’s RFQ and how they have new providers and have increased their options. Ms. Clancy spoke about the goal of reducing the Northwest School of Innovative Learning contract to half for the 2017-2018 school year. Director Harris requested to know how Ms. Clancy was planning to reduce the contract. Ms. Clancy said that the long-term strategy is to use the new providers and or place students back in school as they have done with their Seneca Family Agency partnership. Director Harris requested that Ms. Clancy add bullet points highlighting the progress that Special Education has done regarding these contracts.

Director Burke made a motion to move this item forward to the full Board with a recommendation for approval. Director Harris seconded. This motion passed unanimously.

5. BAR: Related Services Agency Contracts (Clancy; Intro 6/28/17) Ms. Clancy spoke about the RFQ regarding contracts for their Psychologist, Occupational Therapist, Physical Therapist and Speech and Language Pathologists from all of the individual contracts that kept increasing and that they are already receiving responses. Director Harris requested that the citizens’ complaints and the due process be placed in a graph form so they can see the trends. Ms. Clancy said she would add it to a Friday Memo and to the updated BAR.

Director Burke made a motion to move this item forward to the full Board with a recommendation for approval. Director Harris seconded. This motion passed unanimously.

6. BAR: Private Schools Proportional Share Services (Clancy; Intro 6/28/17) Ms. Clancy spoke about the BAR being a Federal requirement for our Individuals with Disabilities Education Act (IDEA) Grant. Seattle Schools is required to provide proportional IDEA funded services for our student with service plans in our over 100 private schools within our district boundaries. Ms. Clancy spoke about the success they have had working with Catapult Learning.

Director Burke made a motion to move this item forward to the full Board with a recommendation for approval. Director Harris seconded. This motion passed unanimously.

7. BAR: Amending Policy 5201 Drug Free Schools, Community & Workplace (Codd, Intro 6/28/17) Assistant Superintendent of Human Resources, Clover Codd mentioned that the BAR had originally come to the Audit and Finance committee back in April 2017. The Directors had several questions regarding Policy 5201 so Human Resources (HR) worked with Seattle Public Schools legal department to address the concerns. HR did not make any changes to the original proposed Policy.

Director Burke made a motion to move this item forward to the full Board with a recommendation for approval. Director Harris seconded. This motion passed unanimously.

8. BAR: Approval of Seattle Public Schools 2017-2021 Affirmative Action Plan (Codd, Intro 6/28/17) Director of Strategy and Operations, Sheila Redick spoke about the new five year affirmative
Action plan that is required by law but also aligns with Seattle Public Schools (SPS) equity work. Ms. Redick mentioned Policy 00030 and how SPS works towards making sure our workforce reflects that of the students we serve. Ms. Redick spoke about The Office of Superintendent of Public Instruction (OSPI) dictating the method of analysis that they must follow. It compares the percentage of female employees and employees of color to the theoretical availability in King County. Overall, SPS is doing well but there are areas that SPS could improve on. Ms. Redick mentioned that the new report points out their deficiencies, points out what they are aiming for and also includes specific things that they will be working on to close the gaps. Ms. Redick said that their five-year goal is to see improvements in the underutilized areas and to see an increase by 2 to 5 percent. They have also outlined a number of strategies to focus on recruitment and retention. Ms. Redick mentioned that they will report on their improvements on a yearly basis. Director Harris asked if multi-racial was one of their category. Ms. Redick said that they did track multi-races but that they are in the process of cleaning up the data so it matches how the Census is tracking multi-races. They hope that next year’s report will have a more accurate count. Director Burke requested that Ms. Redick come back to Introduction at the next Board meeting and give a bigger comprehensive presentation.

Director Burke made a motion to move this item forward to the full Board with a recommendation for consideration. Director Harris seconded. This motion passed unanimously.

9. BAR: City of Seattle Families & Education Levy (FEL) and Seattle Public Schools (SPS) Personal Services Contracts (PSC) for Seattle Parks & Recreation, City Year of Seattle, and University Tutors of Seattle Schools. (Stone, Intro 6/21/17) Director of Grants, Michael Stone spoke about the how the combined master contracts have gone over the $250,000 threshold. Mr. Stone spoke about the University Tutors of Seattle Schools contract recently increasing and having to update the information on the BAR. Mr. Stone mentioned that it would be corrected on BAR. On a side note Director Harris requested that Mr. Stone put together a Friday Memo in regards to the Japanese Dual Language Program.

Director Burke made a motion to move this item forward to the full Board with a recommendation for consideration. Director Harris seconded. This motion passed unanimously.

Annual Report

1. Insurance & Student Insurance per Policies 6530 and 6535 (Staudt) Richard Staudt, Manager of Risk and Loss Prevention spoke about an annual report required by Board Policy and that there is no action required. Mr. Staudt highlighted the improvements that have taken place on our insurance policies. Mr. Staudt spoke about the 2015-2016 limit of liability under the Washington Schools Risk Management Pool (WSEMP) and how it had increased from 20K per occurrence to 40K in occurrence. In 2014-2015, they added some coverage for Special Education due process hearings and lawsuits. Mr. Staudt explained that before SPS could access our cost the Washington Schools Risk Management pool would pay up to $35,000 for a due process hearing and up to $200,000 for any one individual claim and up to $250,000 annual aggregate for lawsuits brought under a student’s IEP. Mr. Staudt spoke about improvement on the 2015-2016 terrorism coverage that we previously did not have. Mr. Staudt spoke about the pool covering up to $1M of our catastrophic student coverage for all of our athletic participants without any finding of liability on our part, which is per accident, per student. Mr. Staudt spoke about the “Masters Builders Risk Program” and how it was purchased directly through the Commercial Insurance Bucket. Mr. Staudt explained that SPS previously required the general contractors on Capitol project to purchase coverage themselves which they would then pass the cost to SPS along with a contractors overhead charge. Mr. Staudt pointed to the second report which covered student insurance and how the coverage had not changed. Mr. Staudt said that his team had taken additional steps to try to ensure that families receive the insurance offers. Mr. Staudt spoke about not seeing much of a difference in participation of the District directed insurance plan compared to other years. Director Harris suggested that Mr. Staudt work with the Community Engagement Team to reach families.
2. JSCEE bonds/building update (Berge/ Fleming) Assistant Superintendent of Business and Finance, JoLynn Berge spoke about the $31M outstanding debt on the John Stanford Center. The interest is being paid by our Capital Project Fund, as are the principal payments, and it will be fully paid off in 2026-2027. Ms. Berge updated the committee and said that the QZAB bond had been paid in full. Director Harris asked if we had room at the JSCEE building for an interim school site. The answer was no and that the parking situation will soon be a problem with the overpass construction. Ms. Berge mentioned that there is a committee looking into helping with the parking shortage.

Special Attention Items

1. Capital Funds Update (Coan) Assistant Superintendent of Business & Finance, JoLynn Berge prefaced what Melissa Coan, Financial Control Capital Projects Manager was going to speak about saying that they thought it would be a good idea to give a recap of 2016-2017 Capital Funds budget as well as a first glimpse of 2017-2018. Ms. Coan pointed to the slide showing the approved adoption by the Board in 2016. The slide showed the anticipated revenue and expenditures that showed our projected ending fund balance. The next slide Ms. Coan showed a balance of $3.5M for the 2016-2017 school year. Great news considering the deficit in BEX IV program due to accelerated spending specifically with the Arbor Heights project. Ms. Coan pointed out the cash flow line item and how they had a place holder under general fund loan just in case they needed to access it. Ms. Coan pointed to the 2017-2018 opening balance of $3.5M; we are anticipating $205M in revenue collections and just under $280M in expenditures leaving us with a deficit in the overall Capital budget of $71M. That is if we are going to spend 100% of all of our reserves. If anticipated expenditures meet or exceed 2017-18 projections, any realized capital fund deficit will be addressed through either a general fund loan or cash flow bond pending board approval.

2. Affirmative Action Report 2016 (Codd, Redick) Ms. Codd asked if the information Ms. Redick shared regarding the Affirmative Action BAR could cover the follow up portion of the meeting since it was the same data. Director Harris agreed.

3. School Improvement Grant (SIG) Carry over funding for 17-18 (Stone) Director of Grants and Strategic Partnerships, Michael Stone spoke about carrying over $310,000 of the School Improvement Grant for Rainier Beach High School. Principal Smith has sent out a list of how he would like to use the funds. 
**Follow up:** Director Harris requested to see the list.

4. Cost of Living Adjustment from the Feds for the Head Start Grant (Gousie) Program Manager of Head Start, Eugene Gousie wanted to give the Board an update regarding the $42,000 funds they received from the less than 1% Cost of Living Adjustments. Mr. Gousie’s team will work with the Policy Council to determine how to use the funds. 
**Follow up:** Director Harris asked if we could frame our meetings in a way that people who have quick items to share could go first instead of waiting until the end. Ms. Berge said she could make it happen.

Regular Agenda Items

1. Monthly Budget Update (Berge) Assistant Superintendent of Business and Finance, JoLynn Berge mentioned that there is a slight change in how we are going to bring the budget through because of timeline development. Ms. Berge will bring the budget Board Action Report to the next quarterly meeting. The timeline is as follows: Budget BAR at the next Audit & Finance Meeting, Budget Work Session on June 28, 2017 and a Community Work Session on June 29, 2017 which the community can then come to the July 5, 2017 Board meeting or to the budget hearing on July 19, 2017 for public comments. The adopted budget will be on July 26, 2017.
2. SMART Goal #4 Budget (Berge) No update.

3. Monthly Financial Status Update (Berge) Ms. Berge spoke about answering a question that the committee had previously asked regarding page 7A on the financial report. Community Service percent of the remaining budget was shown as a negative 99% the majority of that balance was due to the radio station. Ms. Berge said that once the fundraising efforts were completed the expenditure budget is adjusted to reflect additional spending capacity for the station. The current adopted budget has been updated and is at $1.6M taking care of the negative 99% shown on the original financial report. Regarding the ASB report, Ms. Berge recommended that they take it off the June work plan because it is part of the budget package and the adopted budget. Ms. Berge said she would re-look at the policy and if they need to make a special report for the policy, they will bring it back in September or recommend a policy change.

Follow up: Director Harris asked Ms. Berge to ask Clover Codd, Assistant Superintendent of Human resources regarding “recruitment position control, talent management” that was on the list. Director Harris also requested to see the policies regarding Parent Teacher Association (PTA) paying for staff. Director Harris also asked Ms. Berge to check in with Legal to determine what the status of the Seattle Schools Foundation is.

4. Committee Annual Work Plan (Berge) No update.

Adjourn at 6:31pm