

# Board Special Meeting

2445 – 3<sup>rd</sup> Avenue South, Seattle WA 98134



Public Comment: BTA IV and Operations Levies; Work Session: Budget; Executive Committee

Wednesday, October 28, 2015, 4:00-6:30pm  
Auditorium, John Stanford Center

## Minutes

The Board Special Meeting was called to order at 4:00 pm. Directors Blanford, McLaren, Patu, Peaslee and Peters were in attendance. Director Carr arrived at 4:50 pm. Director Peaslee noted that Director Martin-Morris was attending a conference.

### Public Comment Session: BTA IV and Operations Levies

Director Peaslee opened the Public Comment session to take input on the BTA IV and Operations Levies from the following members of the public:

1	Tina Podlodowski
2	Ankur Kothari
3	Al Han
4	Christa Winquist
5	Jennifer Ogle
6	Liza Rankin
7	Greg Wong
8	Melissa Westbrook
9	Chris Jackins
10	Kim McCormick
11	Chandra Hampson

At 4:29 pm, the Board special meeting recessed as there were no further requests to testify. The Board Special Meeting reconvened at 4:36 pm.

### Work Session: Budget

Directors Blanford, Carr, McLaren, Patu, Peaslee and Peters were in attendance. The meeting was staffed by Assistant Superintendent for Business & Finance Ken Gotsch, Budget Director Linda Sebring, Associate Superintendent Flip Herndon, and Assistant Superintendent for Operations Pegi McEvoy.

### FY14-15 Year-End Close Status

Ken Gotsch summarized the year end close status for fiscal year (FY) 2014-15, which ended August 31, 2015.

### Current year FY15-16 Update

Linda Sebring spoke about FY2015-16 class size and what the class sizes would look like without legislative funding. Ms. Sebring spoke about details on the Understanding FY2015-16 class size information handout and how the Legislative class sizes are converted into what parents can expect for their students' classrooms. Ms. Sebring spoke about how further

variances can occur at individual schools whose Building Leadership Teams (BLTs) make different choices for classroom configurations compared to how teachers are allocated. The designation of "Hi Pov" or High Poverty is assigned by the Office of Superintendent of Public Instruction (OSPI) and is based on schools with 50% or more students eligible for free and reduced lunch rates as of October 1, 2014. Directors suggested that this handout be online. Directors asked about the black box on the handout and Ms. Sebring stated the box shows the definition of high poverty.

Directors asked what is the cost to the district to fund the average elementary classroom. Ms. Sebring spoke about the actual state mandated class size. State mandated class sizes are district wide. The district must match the state target in order to receive full funding. Directors ask what would happen if the district does not meet state mandate. Ms. Sebring explained that the state would provide partial funding for what the District did achieve, but withhold additional funding that might be provided to the lower class size.

Directors asked if the levies don't pass, what would be the consequences for the district. Ms. Sebring gave examples of possible scenarios. One option could be if the levies do not pass, we would run it again, and if they did not pass a second time the district would need to identify program reductions for the funds not being received. Ms. Sebring noted how a levy is for a calendar year and not a fiscal year. If it didn't pass we wouldn't receive funds in FY2016-17. The district can only submit a levy for voter approval twice in a calendar year; Seattle has only had one levy failure in happen in 1975. Ms. Sebring spoke about the October headcount: 2005-06 thru 2015-16. In 2015-16, headcount is currently at 53,324. Ms. Sebring explains that number shows we are still trending up and begin to flatten out. Ms. Sebring spoke about the enrollment update. She explained these estimates are what the budget was adopted for and schools were staffed on in March. At the end of May we made initial adjustments, the k-12 total of (-766) is the enrollment loss from the adopted budget to now. Ms. Sebring spoke about FY2015-16 Current Year Budget Status. Ms. Sebring spoke about how the Accounting Department has now finalized FY 2014-15, and the Budget department will use that information to adjust the upcoming year. The district contract with Seattle Education Association (SEA) went above the reserve that was in place.

### FY16-17 Budget Development

Ms. Sebring spoke about bringing the budgeting guiding principles to the Audit & Finance Committee meeting in the future. Ms. Sebring spoke about the FY 2016-17 Budget calendar. She noted the December final school funding, mid-November planning exercise and that this is a short session for the legislature. Directors asked if the dates for the legislative session were the normal dates to occur for McCleary. Ms. Sebring explained the staff is doing their best to predict what the legislature may adjust and is aware of the district's desire to want to staff earlier. Directors asked if the legislative session goes longer than expected how will the additional time affect our planning. Ms. Sebring spoke about the budget office reviewing the House, Governor and Senate budgets and the district basing its recommended budget on what we can tell based on educated guesses. Mr. Gotsch spoke about the Legislative Agenda. The three main goals, first to fully fund McCleary including regional salaries, address capacity needs in Seattle, and lastly to close opportunity gaps.

Directors asked if not funding McCleary, did the levy lid impact the district negatively. Ms. Sebring spoke about if they fully fund education then it would not negatively affect us. The state would have to provide a significant increase in funding for Seattle to cover for it and it could mitigate the potential loss of levy funds. Ms. Sebring spoke about how the levy lid was raised in 2012 by 4% for six years with a sunset in 2018. Ms. Sebring spoke about the ideal levy amounts, after the Doran decision of 1978, was 12% to keep it to a reasonable amount. Ms. Sebring gave a summary of ghosting and when the state started having problems before the recession they started adding things to the formula, such as initiatives that no longer exist.

Ms. Sebring spoke about how McCleary does not allow the district to rely on levies and slightly over 25% of our funding is based on levies. Sunsetting of the levy lid could create problems if other funding is not revised. Directors asked what it would look like if the district continues to not have funding the way it had in the past. Mr. Gotsch spoke about providing the Board with slides with that information in the future. Ms. Sebring spoke about the School Weighted Staffing Standards (WSS) Formula. Going into 2016-17 the legislature has reduced class size. The district will have to have smaller class size in 2016-17 if we are accepting state funds. Directors asked if there is new funding in capital in order to meet the mandate to reduce class size and where will we put kids. Ms. Sebring spoke about some funds that were allocated by the state, but this year we affected 24 schools in reducing class size. Flip Herndon spoke about how the state has allocated some state funds to reduce class size state wide and the District is in the process of applying for those dollars. Directors asked about the student count date of October 1, and if the lag time penalizes the district or helps. Ms. Sebring spoke about how the district will use end of January for when we have our formula for that, but the state will continue to use October 1<sup>st</sup> which this year we are on the bubble, because of the late start of school and may have lower poverty numbers. Mr. Gotsch spoke about the Central Services Budgeting Process. Mr. Gotsch explained it has helped central office staff's understanding of the budget process and needs and issues of the district office. Much of our work for the work plan will begin in November to December.

Ms. Sebring spoke about early projections of the 2016-17 budgets. Ms. Sebring explained in January this will change more once we receive the governor's budget. We had a major increase of Materials, Supplies, Operating Costs (MSOCS) in FY15-16 that is not anticipated to continue in FY16-17. Directors asked if the MSOCS are considered discretionary funds. Ms. Sebring spoke about how the MSOCS are non-staff funds that we receive per student that we should provide for these categories. Directors stated we need to establish common vocabulary of what is paid for from local levy vs what is given to the district. Ms. Sebring stated we do have that and we will attach that research to this document. Directors asked if we pay for libraries out of MSOCS and if librarians would like to have additional resources, who could they speak to. Ms. Sebring explained yes we do and it is in there, one line of allocation. Librarians can speak to Shauna Health or Michael Tolley regarding academic needs. Directors asked what the per-pupil inflator is. Ms. Sebring noted the per-pupil inflator is based on a percentage that can shift on an annual basis. The past few years it's within the 4% range typically however this year they had it at 1%. Directors asked how they determine how much they will give the district per pupil. Ms. Sebring spoke about how it is a percentage, it's not a true indicator of what we receive per pupil, and it affects what we can collect from our local levy.

Ms. Sebring spoke about one time funds such as annual underspends and salary savings, Cost of Living Adjustment (COLA) of 1.8%, and k-3 class size reduction. Weighted staffing standards has been added as a place holder. For resetting budget development reserve, as we work through the next couple of months, we will be using this for inflation costs and other program cost increases. Ms. Sebring spoke about potential solutions for FY 2016-17. Directors asked what is the opportunity cost of having a large mitigation fund. Ms. Sebring spoke about if there is an increase in students above district estimates, then the district would receive additional funds from the state. Ms. Sebring spoke about the historical budget gap and how the budget office tried to equalize this we looked at the years past as we went into the recession and as we came out of it. FY14-15 is when the large amount of funding was coming in from the state and McCleary funding began to come in. In 2015 we were able to start making investments, such as text books and skills programs. Ms. Sebring spoke about how in FY 17-18 costs are beginning to rise and the levy is being reduced. This is the levy cliff; this is the assumption of using one time funding. Directors asked if the cuts mean our governance priorities have no funding. Ms. Sebring spoke about still needing to discuss how we are going to balance our budget, we can cut other things to add new things but it will not be as easy as FY 15-16. Directors thanked the Budget Office for the Budget gap slides and

noted it was clear and very helpful. Ms. Sebring spoke about the three year financial projection, the big number in 2017-18 (Surplus/ Gap Estimate of \$68.2 million) is legislative language and some of the ghosting goes away as well. Mr. Gotsch spoke about the list of unfunded needs, as of October 20, estimated at \$71 million plus. Pegi McEvoy spoke about how bell times were crafted prior to the list of unfunded needs and it will be removed, as it is not affecting the bottom line and the amount remains the same. Directors asked about the additional 5 minutes to lunch recess if it was already completed. Ms. Sebring stated she was told that is was still on the table. Directors thanked Ms. Sebring and Mr. Gotsch and the staff for all their hard work.

Director Blanford left the meeting at 6:04 pm.

The meeting recessed at 6:05pm.

### **Executive Committee – Discussion and/or Action:**

The Executive Committee meeting was called to order at 6:07pm.

#### **Review of the November 4 legislative session agenda**

Director Carr suggested the committee start with the Superintendent Contract and Evaluation items prior to the agenda approval as both of these items are listed on the agenda. Directors and staff agreed to come back to the November 4 legislative agenda at the end of the meeting.

#### **Board Action Items**

##### **Superintendent Contract**

John Cerqui provided an overview of this item and noted the action report regarding the Superintendent's new contract and the possibility of salary increase. The process will include an evaluation session with Directors Carr and Peters, and receiving input from the entire Board, after which they will be in a better position to know about the contract extension and/or increase in salary. He noted what will be coming forward to the Board on November 4 is a placeholder, then once the evaluation and negotiations are complete, all of the information will be available for transparency prior to action on November 18, 2015.

Director Carr noted that she received input from all Directors, and that she and Director Peters will meet with Supt. Nyland next week. They will then be able to provide their findings to the full Board.

Director Carr called for a motion for recommendation. Director McLaren made a motion to move this item to the full Board for consideration. Director Peaslee seconded. This motion passed unanimously.

##### **2015-16 Superintendent Evaluation Instrument, Rubric and SMART Goals**

Erinn Bennett spoke about the action report which calls out several documents that have been discussed in the last few months. Today is a process step to move this forward to the full Board on November 4<sup>th</sup>, with action on the 18<sup>th</sup>. The documents for introduction would include the Superintendent evaluation instrument, the rubrics, and the SMART goals, all of which have been edited via feedback. She called out that this action report is coming from the Executive Committee, and wanted to confirm that that was okay from the Executive Committee Directors. They discussed what the options were, and concurred that it should in fact come from the Executive Committee. Ms. Bennett noted the governance priorities are listed in the motion.

Directors asked about the steps that were taken since they last discussed the goals. Ms. Bennett provided reference to page 2, where the information is provided.

Directors asked for verification on the continued conversation on the final language for the first two goals, and asked where they could submit any new feedback.

Ms. Bennett noted to send to her and Mr. Tolley any suggested edits in the language. Since this is introduction, the Directors can see the language at that time, and can offer suggestions for change, in the form of an amendment, prior to action on November 18. The final language will go out to the Board on Friday.

Dir. Carr asked for motion to add this item to the November 4 legislative agenda for introduction. Director McLaren so moved for consideration. Director Peaslee seconded. This motion was passed unanimously.

#### Continued: Review of the November 4 legislative agenda

Director Carr noted that the Executive Committee has been through this agenda previously, and that we are just looking at the edits.

Theresa Hale called out the changes since it was last seen. Native American Heritage month presentation was added to the Superintendent Comments section, and the Family Engagement Institute will be presenting in the Board Comments section. Ms. Hale discussed the items that were moved to consent by the committee, and also the new items that have been added for introduction after they were presented at the Curriculum & Instruction (C&I) Policy Committee two weeks ago.

Ms. Hale asked if there were any items from action that they would like to move to consent. Directors discussed and agreed to move action item #4, Certification of the 2016 Operations Levy Collection, to consent. Directors discussed #12, as a potential item to be moved to consent. Mr. Cerqui discussed that there is a purchase agreement on that item, and he would recommend leaving it under action. Directors agreed to leave it.

Director Carr asked for questions and comments on the rest of the agenda for November 4. Directors asked about #8, the Student Assignment Plan (SAP), and recalled the new changes at introduction on October 21. Flip Herndon noted that he had been working with Ashley Davies, and they will be providing the redlined changes as requested, for Board review later this week. Director Carr noted that the end of May/beginning of June was always going to be the timeframe. Dr. Herndon agreed and noted this was to create greater predictability for parents, staff and schools. He confirmed that May 31 will replace the September 30 date to dissolve the waitlist. Directors asked for an explanation for what will happen to vacant seats in September if there was no wait list. Dr. Herndon noted they will follow the same process that it is in place now; if students do not show, and there are vacancies, only newly enrolled families will be allowed to have those seats. Directors asked what would occur if no newly enrolled families came to that area. Dr. Herndon noted that those seats would stay open, they would not become open again until the next enrollment period. The only time they would be filled was if someone sold their house and that school became their new attendance area; the seats would not be available as a choice school at that point. Directors asked about staff adjustments that would need to be made due to those empty seats. Dr. Herndon noted that we don't currently move wait lists to retain staff; that has not been the issue. Directors asked about over enrolled schools. Dr. Herndon noted that students will not be moved on to a wait list of an over enrolled school; it would not be an option as a choice school.

Directors asked for clarification about when the choice for a spring cut-off date was presented to the public. Dr. Herndon noted that in late September and early October, there were community engagement meetings in West Seattle, Thornton Creek, Meany, and E. C. Hughes

that he could recall. There was varied attendance at each of the meetings. Dr. Herndon noted that the public was notified of the spring dates, and that there wasn't much comment or feedback. Director Peters noted that for 60 parents at her recent community meeting, they were frustrated by the change being so early, and she wanted to pass along the feedback.

Directors asked for clarification on what program information was being removed from the SAP. Dr. Herndon stated they will get the red lined version to see all of the changes that have been made to the document, and that what Ms. Davies was referring to at introduction was to remove the programs that we no longer have, that were still listed on the old SAP. He noted that this new SAP is a clean-up of all the outdated information. Directors asked about Rainier Beach enrollment in relation to the new SAP. Dr. Herndon noted that this shouldn't make a difference in the school's enrollment, and actually gives parents more of an idea of where they will be before the school year even ends. He noted that it will likely be more helpful to them, and create more certainty.

Directors asked about the BTA Levy and noted the feedback from the public regarding adding John Rogers to Levy item. Directors discussed the boundaries in that area around Olympic Hills, Lake City Way, John Rogers and Cedar Park. Dr. Herndon noted that he and his team have been looking into these changes, and the ones that were approved in 2013, which won't go into effect until next school year. He is currently not making the recommendation to move John Rogers to the BTA IV Levy projects list, but it could be a possibility for the BTA V Levy. Directors asked about the E. C. Hughes building and the funds from the legislature. Dr. Herndon noted that the funds for that project were for schools that were not in service, and a way to address a building at a good price. It took less funding to get E. C. Hughes up and running, rather than other out of service schools. He noted that school renovations come at a considerable cost. Directors discussed issues around Cedar Park and the planning to use it as a neighborhood assignment school has evolved over the years. They noted that if it becomes a small school within walking distance to students' homes, it will have a high level of appeal, as long as it's kept small enough.

Director Patu left the meeting at 6:34pm.

Directors noted that the District needs to take a close look at the enrollment projections that we aren't hitting. SPS is growing, but not hitting the projected enrollment number. They further discussed looking at other neighborhood schools as it is very expensive to have under-enrolled buildings in operation. Directors noted a building fire in the past at Coe, and it was nice to have a building in reserve. Dr. Herndon noted that all of our buildings are getting back to use, and we don't have the wiggle room. Directors noted that the new school will be state of the art, and the low income students will be at the old school- this becomes an issues of equity. Dr. Herndon suggested that people go see the renovated buildings, especially the ones that are landmarks, and see how well renovated they are.

Director Carr asked for a motion to approve the amended November 4 agenda. Director McLaren so moved. Director Peaslee seconded. The amended agenda was approved unanimously.

The meeting adjourned at 6:45 pm.