

Board Special Meeting

John Stanford Center – Board Office Conference Room

2445 3rd Avenue South, Seattle, WA 98124



Audit & Finance Committee Meeting Minutes Thursday, January 14, 2016 4:30 – 6:30 pm

Call to Order

Director Peters called the meeting to order at 4:32 pm.

School Board members present were Directors Peters and Blanford were present. Director Harris arrived at 4:36pm.

Staff members present were Assistant Superintendent Ken Gotsch, Assistant Superintendent Human Resources Brent Jones, Student Civil Rights Compliance Officer Kelli Schmidt, Interim Accounting Manager Barry Tsoi, Director Early Learning Cashel Toner, Budget Director Linda Sebring, Purchasing Manager Craig Murphy, Interim Grants Director Michael Stone, Chief Partnership Officer Clover Codd, Executive Director Special Education Wyeth Jessee, Director of Special Education Michaela Clancy, Director Policy, Board Relations & Special Projects Erinn Bennett, Buyer II Paul Nermo, Buyer II Alicia Festa, Buyer I Crystal Miller, Senior Capital Auditor Kimberly Fry, Internal Auditor Alphonso Melton, Operations Coordinator Pam Goldfine

Approval of Agenda

Director Blanford moved to approve the agenda. Director Peters seconded. The agenda was approved.

Director Peters reviewed the December 10, 2015 meeting minutes.

Items Requiring Board Action on January 20 and/or February 3, 2016

1 Modification to Spring Academy Contract- Information Only (Jessee/Clancy)

Michaela Clancy spoke about the Modification to Spring Academy Contract. Ms. Clancy explained the contracted was bid through as a RFP. Ms. Clancy spoke about the propitiate share dollars were larger than anticipated. Ms. Clancy spoke about the Spring Academy has been a successful vendor for us. Ms. Clancy spoke about the contract being extend to June to take would it through the school year. Ms. Clancy commented that this modification was also taken to the item to Curriculum & Instruction and on Monday January 11, 2016.

2. Modification to the Seattle Teacher Residency (STR) Memorandum of Agreement - Information Only (Codd)

Clover Codd spoke about Modification to the Seattle Teacher Residency (STR) Memorandum of Agreement. Ms. Codd spoke about including additional information in this informational update to give background to all committee members. Ms. Codd spoke about how the objective of the memo is to summarize the current status of the STR program. Ms. Codd spoke about March 2013 we entered in an agreement that is in the Memorandum of Understanding. The STR is aimed at reducing the teachers turn over and create a strong public and private partnership. The Alliance for Education has been the fiscal agent for the STR Program. STR Residents are

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similar to student teachers but spend the entire school year learning alongside a mentor teacher.

Ms. Codd explained the contents of the memo, the 2015-2016 contribution of 250,000 (excluding the RTTT grant of 338K) and the 2016-2017 contribution of 50K.

Ms. Codd spoke about in the late spring of 2015 Dr. Nyland communicated to the Board and the Alliance that the SPS monetary contribution for the 2016-2017 school year would be 50k. Ms. Codd stated that we would additionally donate "in-kind" staff support through our STAR Program Manager.

Directors asked if the Alliance fund raising is based on funding by other parties. Ms. Codd confirmed that is correct. And due to the District not contributing as much as in the past the Alliance will need to raise additional funds beyond what they have in the past. The amount the District has offered for next year has not been approved by the Alliance yet.

Legal has made additional updates to the document which Ms. Codd brought forward to the committee to review (Addendum to the original Memorandum of Agreement).

Directors asked what a Cohort is. Ms. Codd explained it means teachers still in the learning process and as they move up in a group within the program that is the year of that group.

Cohort one was the first group the following year was Cohort two, the program is currently on Cohort three.

Director asked what has the District done to have the number of teachers of color increase. Ms. Codd spoke about how the District has begun recruiting their own IAs to be a part of the STR Program, which brought up our numbers

Directors commented, we had testimony that showed the cohorts bring about school wide culture shift. That is a significant benefit of this program. Ms. Codd stated that it is hard to calculate the cost of teacher turnover. This was one of the original reasons for the teacher residency program. She reiterated that it is hard to quantify the benefits and cost savings over time, but the original goals of the program were intended to reduce our costs related to teacher turnover, increases in diversity, improvements to school culture etc.

Directors asked how is it known if the program has met the goals outlined. Ms. Codd spoke about giving the committee more data the specific goals as they are achieved. 100% of the teachers that graduated the program last year came back to the same school. Ms. Codd stated that she would gather more evidence and share it with directors.

Directors asked if we are setting up an additional foundation are we competing against ourselves. Ms. Codd I cannot answer and she does not have the information to that.

Directors questioned the total cost, and wanted clarification if that the amount of 45k per teacher was correct. Ms. Codd explained it costs approximately 43k per resident. That was not our contribution.

Special Attention Items

1. Annual Work Plans (Gotsch)

Kenneth Gotsch spoke about the 2016 Annual work plan. Mr. Gotsch explained the current format will be changing at the next meeting in February. The edits and track changes in the document. January has 6501 will be moved to March.

Erinn Bennett spoke about how the additional policies have been updated. Bennett has asked for feedback to come her way regarding this annual plan.

Directors asked if this was created by staff or prior committee members. This was driven by staff and board policy. Bennett spoke about how some items that are in need of review prior to that.

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Directors asked if options will still be considered at the next meeting. Ms. Bennett confirmed suggestions will be included and she will be happy to be the collection point of these suggestions.

Ms. Codd spoke about SMART Goal #4 and how this goal this is a cross departmental effort between enrollment planning, budget and Human Resources. Ms. Codd explained the three departments have been meeting weekly; one update from these meetings is the District now have new earlier hiring start times. Ms. Codd spoke about Phase I for hiring will begin in March. Final outside hiring will occur in May which is a month earlier than what we had done in the past, we are hoping this will allow us to grab the best and the brightest earlier.

Directors asked if SPED hiring occurs earlier what about our immersion programs. Ms. Codd spoke about how on January 30th we are having a career fair for high need positions.

Directors asked how the District benchmarked the timeline with the competition. Ms. Codd explained she will need to do further research and will get the information to the board.

Ms. Codd spoke about the Title IX policy annual work plan is in the process of hiring a new coordinator. Ms. Codd explained the annual work plan are being divided out as which committee would be appropriate to review Title IX.

Directors asked if Ms. Codd has heard from other districts that might be having the same problem. Ms. Codd spoke about how we are the only District that has an actual adult HIB policy – and that other policies and laws protect against retaliation, hostile work environment, discrimination and sexual harassment/assault. Ms. Codd stated that she is going to be working with the Student Civil Rights Officer and the Legal Department to revise policies and write clear processes for complaints.

Regular Agenda

1. SMART Goal #4 Early Hiring (Jones)

No update

2. Monthly Human Resources Adult Title IX Update (Jones)

No update

3. Monthly Head Start Financial Report Update (Toner/Gousie)

Cashel Toner introduced the new Operations Coordinator Pam Goldfine. Ms. Goldfine spoke about this report that is presented to the parent policy council. Total salary and operation expense which is 4.2 million which the grant amount is. We track expense before they are posted to the system. We are aiming for zero dollars left at the end of the fiscal year. No odd items in the report.

Directors asked what the grant indirect charge is. Ms. Goldfine spoke about the indirect charge amount that the state and federal government has agreed to and confirmed it is administrative overhead.

Directors asked if Head Start has put the budget from the prior amount next to last year. Ms. Toner explained the grant didn't change however we are at close to 90% on our salary and benefit costs. Ms. Toner explained that Head Start had some unfilled positions last year and this year they are fully staffed.

Directors asked about the hourly bus monitors. Ms. Goldfine spoke about how Head Start is required to have one bus monitor that is not the driver that manager the children.

Transportation does the hiring and training and these employees are hourly and special education FTE. Ms. Goldfine gave a status update on the grant from last month. Ms. Goldfine spoke about the information has been delivered to the federal government.

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4. Monthly Procurement Update (Murphy)

Craig Murphy spoke about staff recognition and how strategic goals of Improving Systems are achieved/strengthened thru Purchasing partnerships and training. Mr. Murphy introduced the staff members Paul Nermo, Alicia Festa, Crystal Miller. Mr. Murphy gave a brief update on the staff present. Mr. Murphy spoke about the Works Roster training/cooperation with District Facilities/Bruce Skowyra/Larry Gottas team on December 10th. Mr. Murphy spoke to the training booklet for committee. Buyer for this project was Anja Markovic.

Mr. Murphy spoke about the Contracting Services arranged training by State of WA Labor and Industries organized by Diane Navarro that occurred on December 18th.

Mr. Murphy spoke about Crystal Miller working status on \$1.6 million in Levy Funded Technology equipment. Partners are DOTS Colleen Halvorsen and Robert Shore.

Mr. Murphy spoke about how Susan Johnson has been working on the Middle School Socials Studies adoption. \$1.2 million total consisting of the December 2015 (early) delivery of 7 and 8th grade/Holt McDougal/Houghton Mifflin curriculum and will be followed by the mid Jan 2016 delivery of McGraw Hill. Mr. Murphy spoke about working with Curriculum and Instruction, Shauna Heath, Kathleen Vasquez and Kristin Nicholls.

Mr. Murphy spoke about how the District uses approximately 28 thousand feet/year of paper towels. This is being piloted next month. Mr. Murphy spoke about the Purchasing department ongoing partnerships with the Facilities department. Mr. Murphy showed an example of the latest paper towel project is estimated to save \$50K a year. Mr. Murphy spoke about working with the Facilities department, Bruce Skowyra and Custodial Services team.

Directors asked what is lost with the new paper towel, quality or environmental. Mr. Murphy explained the new towel is the same if not better and reminded the committee it is a pilot project.

Directors asked what is being done to have broad and equal opportunities on the Small works. Mr. Murphy explained the roster is open to everyone, no exclusions as required by an RCW. We do not have significant work in that area, because the District performed trades are performing the majority of the work. The roster amounts changed with their last negotiation. We also advertise through TABOR with Contracts Manager Diane Navarro regularly attending the meeting.

Directors asked is the District actively reaching out to small business. Mr. Murphy spoke about how the District is not staffed at the level in previous years, therefore while the district does what it can to engage small business we do not have the same capacity as in previous years. Mr. Gotsch spoke about how we have made a request in this year budget to do more outreach to small business and would welcome any suggestions. Directors suggested the Hispanic chambers of Commerce.

Directors asked where the budget in Curriculum adoption process is identified in the budget. Mr. Murphy advised that the end use has to identify and pre-encumber the funds prior to them being used or the competitive procurement phase being started

Where do we find funds for adoption. Mr. Gotsch spoke about the Budget Director Linda Sebring will need to have plan reserves for site adoptions and this would be a role for Audit & Finance committee.

Directors asked does other committee have these documents. Mr. Murphy explained yes they do and they help build those charts.

Director Blanford noted the separation between committees is purposeful. It allows the committees members to dive deep into what they're committee is working on.

5. Monthly Financial Status Update (Tsoi)

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Barry Tsoi spoke about November how fund balance was increased and the ending fund balance was \$103.3M. This compares to \$82.6M for November 2014. Mr. Tsoi noted the fund balance normally peaks in April and October each year when property taxes are received. Enrollment for the year of 51,121 is less than the adopted budget for 2015-2016 by 553 FTE. Mr. Tsoi spoke about the revenues were \$200.4M YTD, compared to \$183.3M last year. Mr. Tsoi spoke about the State revenues of \$96.5M are up approximately \$10.6M over the previous year, reflecting increased enrollment. Mr. Tsoi spoke about the expenditures of \$162.1M were up \$9.2M over the previous year due primarily to increased staff expenses, as well as special education expenditures, while Support Services have gone down by \$3.1M. Mr. Tsoi spoke about the Capital Projects Fund balance was \$171.1M compared to \$154.3M in the prior year. Fund balance is comprised primarily of BEX IV (\$81.1M), BTA III (\$64.2M). Revenues were \$76.6M, consisting primarily of property taxes from the BEX IV levy (\$52.5) and BTA III levy (\$20.4). Expenditures of \$27.6M were comprised principally of BEX IV (\$23.2M). Mr. Tsoi spoke about the Debt Service Fund for November was \$7.4M. Mr. Tsoi noted that the balance will continue to increase this year as we establish a sinking fund for the 2010 QSCB (\$17.5M) that is due in total in 2017. Mr. Tsoi spoke about the Associated Student Body Funds represent monies raised by student groups for cultural, athletic, recreational and/or social purposes. Fund balance at November 2015 was \$4.2M compared to also \$4.2M in 2014. Mr. Tsoi spoke about the Trust Fund accounts are monies donated to the District for private purposes, primarily scholarships, and are governed by individual agreements. The November fund balance was \$1.9M. Mr. Tsoi spoke about the Investments with the King County Pool. Directors asked where is the debt for the John Stanford Center (JSCEE) building at in this report. Mr. Tsoi spoke about the JSCEE debt is in the long term debt fund and is not in this report. Mr. Tsoi said it can be included in the monthly highlights in future months.

6. Monthly Budget Update (Sebring)

Linda Sebring spoke about the budget development plan. Ms. Sebring explained the budget is monitored year round and we forecast approximately 13 months ahead. Ms. Sebring explained this year the Budget Office is behind with the normal calendar schedule due to the strike and levy. Ms. Sebring spoke to the budget development calendar:

- December 17 - Governor's Budget
- January 11 to March 10, 2016 - State Legislative Session
- January 14th – Central Budgets finalized
- January 15 – 22nd – Senior Leader review of Central Budgets
- February 17 - Budget Instructions to Schools
- February 24 – Staffing and funding allocations to schools
- March 8 – Service Based Budgeting decisions finalized
- March 10 - Washington State Budget Adoption
- March 31 – School Budgets finalized
- April 18 - Final Balancing
- June 15 - Introduce Budget to Board
- June 22 – Required Public Hearing
- July 6 - Board Action to adopt FY 16-17 budget

Ms. Sebring spoke about the legislature closes on March 10, 2016 the schools will also be building their budgets at that time. Ms. Sebring spoke about the school budgets should be finished by the end of March. The Budget Office locks the budgets in April and presents the budget to the board in June.

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Directors asked what are the \$5M investments. Ms. Sebring spoke about how they would have additional information on that in April and she gave examples from last year a lot of the investments.

Directors asked if there is a wish list of these items needed. Mr. Gotsch explained yes a list does exist and it is presented at the board work session for budget.

Directors asked how it is decided what to invest and what is a priority. Mr. Gotsch spoke about every opportunity to look at priorities and additional.

Directors asked why the \$5M taken out of the budget. Ms. Sebring spoke about in the October budget session, salary savings was one suggested way we could use. Ms. Sebring spoke about the hope of having legislature to change the levy inflator.

Ms. Sebring spoke about class size for K-3 the current student to teacher K-3 is at 19.02.

Ms. Sebring spoke about recognition given to the Budget office by the Mayor office.

Director Harris thanked the Budget office for being so responsive for any requests that have been given.

Mr. Gotsch spoke about the Legislative Update. The new session started January 11, 2016 "short" session, limited to 60 days. Mr. Gotsch explained the need for legislators to focus on policy issues and fine-tune two-year budget. Mr. Gotsch spoke about the four-year budget outlook – no new revenue. Mr. Gotsch explained that 2016 is an election year, little willingness to expand available revenue and legislature continues to have divided control with a lot of motion, but no progress.

Directors asked what does MSOC stand for. Ms. Sebring explained it is the Maintenance Supply and Operating Costs.

Directors asked what is meant by negative changes in the Governor's budget. The levy inflator has not been changed and budget does improve by \$87,476.

Mr. Gotsch spoke about how the Friday memo has been a resource to the Budget office to communicate more items. Ms. Sebring spoke about the upcoming Parent Training on January 25th. The presentation for the parent training has been brought to the Principal training for review, the feedback from them has been well received and highly appreciated. Ms. Sebring gave a brief summary of items the budget developments.

7. Monthly Grants Update (Stone)

Michael Stone spoke about how this is an overlay of the last fiscal, current and upcoming fiscal year. Federal grants, federal competitive grants and PTSA. Head start we are only showing 2M but they are only given half at the beginning of the year. Title I and Title III we are hoping remains the same.

Directors asked is there a way to tell what is sustainable on a bar chart. Mr. Stone spoke about the sustainability and the census data says this is correct and when the 2020 census comes out we may see something different. The District is seeing an increase in poverty but less students qualifying for free and reduced lunch. Mr. Stone also noted the formula driven by poverty levels. Mr. Stone spoke about individual grants that the building can apply for. These dollars have to be in line with that plan. Mr. Stone spoke about federal complete.

Directors asked are we counting sustainable funds for expensive programs. Mr. Stone spoke about Rainier Beach as an example, the program started this before they had funding and then expanded it when they had funding. The school improvement grant was originally designed to create sustainability eventually with other dollars.

Mr. Stone spoke about Math and Science which is the same from last year. Mr. Stone spoke about no funding for future funding for Race to the Top and the literacy grant is spread across the state fund kindergarten fully funded full day kindergarten. Mr. Stone spoke about the King County juvenile detention center being run by the agency. Mr. Stone explained we are one of

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the only districts that still are running the detention centers. Mr. Stone spoke about the family education levy was increased by 1M, but we may see a reduction in the number of schools increase.

Directors asked will this information be in the SESIP. Mr. Stone confirmed the information is already available and created a basic spreadsheet and is available to all schools.

Adjourn

The meeting was adjourned at 6:51 pm

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