I. CALL TO ORDER

The meeting was called to order at 4:34 p.m.

II. AGENDA

A. FY 16 Budget

1. Top Five Funding Priorities

   Board members summarized their top five funding priorities.
   - Mr. Brodrick - Only one – Keep cuts as far away from students as possible
   - Ms. Seeba – AP, IB, Sports (helps build community and changes paths), CIS, rigorous course work
   - Ms. Doran -- Family Engagement (Need to continue getting families involved at schools), Intervention Specialists (restore), Special Ed/MLL, job embedded PD, Finance Department (critical to functioning of district)
   - Ms. O'Connell -- EAs/TAs in higher need schools, compliance and contract review support, Parent Academy (add back), Partner and Family Engagement (so don't lose momentum/relationships developed over past years)
   - Mr. Vue  – Classroom instruction, Community Engagement, Special Ed & MLL, Intervention Specialists (restore some)
   - Mr. Hardy  – Finance (support for district), Sports, Family Engagement (Crucial), Intervention Specialists, MLL, PLCs (though need redirection on how time used within schools)
   - Ms. Carroll -- Full range of extra curriculars, Stakeholder engagement in its many forms, academic and behavioral support for all students, expanded and rigorous course work (more), Equity/PD and other supports to meet students' needs in ethical and equitable manner.

   Major themes from the priorities list were: Community/Family Engagement, Rigorous, challenging course work, Extracurriculars, Finance, Intervention Specialists and keeping cuts as far from classrooms as possible.

   COMMENTS/DISCUSSION POINTS:
   - The CEO asked Board members for clarification on which of these items to maintain as proposed, restore to FY 15 levels or enhance as the discussion progresses.
   - Board will not be able to answer some of this as have not gone to that level of detail in the budget.
   - Some of this conversation would change if there is additional revenue or something else is receiving drastic cuts.
• Family engagement was noted in response to reductions as is Finance.
• A Board member noted that just because these items were pulled out as priorities, other items are not unimportant. There may need to be some additional conversation if there is added revenue or if there are cuts somewhere else.
• Rigorous course work – expand
• Family engagement – maintain, expand
• A Board member stated they agreed with the value of the identified priorities, however further discussion needs to happen regarding where they are at now and are they are functioning efficiently and economically.
• Staff noted the proposed budget now, as is, assumes 1% without compensatory and proposed reductions are to address the $20 million shortfall. The cuts have been made, staff are being notified. The budget is balanced as it stands now. There is still the possibility of the legislature providing some added revenue. Options out there are receiving more funding, looking at OPEB differently, etc.
• Some concerns the Board has in looking for money in other areas are the concerns expressed by the community regarding direct support for teachers, layoffs, etc.
• Why would athletics take priority over additional staff to classrooms. Response: Research shows there is value to students in having after school offerings for middle school students. Athletics, activities, music, drama, all after school offerings expand the academic offerings for students providing greater opportunities to learn.

Staff provided a page of "Legislative Funding Scenario Estimates" and what would happen if additional revenue was received. Levels illustrated are current 1.0%, 1.5%, 1.5% plus OPEB, 2.0% and 2.0% plus OPEB. Learning Readiness (universal Pre-K) was not considered in the equations as its status is unknown at this point in time.

<table>
<thead>
<tr>
<th>Gen Ed Formula (Includes)</th>
<th>Less: 1.0% included in budget</th>
<th>Repurpose budgeted OPEB amount Available</th>
<th>Total</th>
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<tbody>
<tr>
<td>Comp Ed</td>
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<tr>
<td>1.0%</td>
<td>3,300,000</td>
<td>(2,400,000)</td>
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<tr>
<td>1.5%</td>
<td>5,000,000</td>
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<td>1.5% + OPEB</td>
<td>5,000,000</td>
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<td>2.0%</td>
<td>6,700,000</td>
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<tr>
<td>2.0% + OPEB</td>
<td>6,700,000</td>
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Staff noted the repurpose of OPEB at $1 million (already budgeted in current budget) does add some funding but is not a recommended option long-term. An even less desirable option would be the use of the .2 from the fund balance ($900,000).

Staff also provided a list of recommended items to restore with amounts that would occur at the various Legislative Funding Level Estimates. These items include: Fall adjustments, additional teachers to reduce use of study hall, security cameras, athletics, substitute increases, Community Engagement, American Indian 1.0 Dakota teacher, AVID, Finance, HR, library software license fees, SSSC 2.0 arts articulation, MLL-Interpreters, Special Education, TDE Observation FTE. Examples of how the additional funding at the various levels would affect some sites were provided as well.

The Superintendent reviewed her recommendations. She explained the fall adjustments are made once enrollment at various schools is known (classes offered, teacher location, students within school, etc.) Last year SPPS used 1.0 for the fall adjustment. The study hall option (6-12 and extended time) would be an increase in academic offerings (teachers) and a reduction to the number of students in study halls. This year the maximum for class size is 35 and the budget was predicated on this number. She moved quickly through the remaining recommendations. The CFO noted that if all funds were directed to the schools, there would be no contingency remaining for fall adjustments.

The Superintendent stated SPPS cannot go back to what it had in 2015. The fall adjustments might be an area where schools can pick up some supports. The contingency for fall adjustments is not currently built into the budget, but if there are
additional funds that will be put into the fall adjustment contingency. Fall adjustments will occur but without additional funding it could be pulling from one school for another.

Items for restoration were:
- Rigorous course work
- Focus on support in classrooms (EAs, TAs, Intervention Specialists)
- Be sure classroom support remains the same
- Increase CIS courses
- All of these items reflect the values of the Board.

2. Suggested Cuts/Reduction
Board members noted their recommended cuts/reductions. These are to be cuts beyond what has been done already.

- Mr. Brodrick - Take a hard look at the Offices of Communications, Equity, Leadership Development, Teaching & Learning, Engagement, College and Career Readiness, Technology. Have not seen evaluations done on the efficient functioning of these offices. Is the support getting to the buildings?
- Ms. Seeba - The Board needs to compare itself to other districts on size, cost, efficiencies. Is SPPS in line with supports? Special Ed, Family Engagement, Technology, Academics, job embedded PD, PEG. Can departments reorganize to minimize cost and maximize efficiencies.
- Mr. Hardy - OPEB, fund balance, Assistant Directors/Administrative Interns
- Ms. O’Connell - OPEB ($1 million), Board Resolution ($2.8 million), consolidation of departments to save management money
- Mr. Vue - Board Resolution (be sure bargaining unit fully understands why this is being done), OPEB, fund balance, would hope each department runs as efficiently as possible already
- Ms. Doran - Board Resolution (jobs not filled), one-time $1 million OPEB, job embedded PD (concept fine, find less costly way to do it), disagree on Office of Equity, Special Ed
- Ms. Carroll -- Board resolution (delay implementation - reallocate to student support/intervention), perhaps across board small cuts to salary of professional and licensed staff to preserve more jobs, OPEB at $1 million.

There was less consensus in this area, OPEB and Board Resolution and various departments (look for savings through efficiency) all received support.

The Superintendent indicated reorganization has been on-going but comparisons to other districts is difficult due to the magnitude of the SPPS district. She noted if there are further reductions in any departments it will be affecting people.

3. Impact of Funding Priorities and/or Cuts/Reductions
The CEO took time to clarify some issues raised during earlier discussion.
- This has been a difficult budget season, administrative departments were given their target which was no inflation and at least a 5% reduction and for some looking for even more efficiencies/reductions so departments have considered efficiency.
- On the evaluation of offices/departments – not all have been evaluated. The Office of Communications was reviewed several years ago which led to the reorganization of the office and its staffing. The majority of its work is in support of schools - their websites, publications, letters to families, interpreters, marketing, video/audio as well as various communications for the District.
- Family Engagement – The Chief Engagement Officer & her one support staff are listed under District-wide Support as is the Office of Family & Community Engagement. The office has not been evaluated as a whole but an evaluation of parent support/Parent Academy has been done over a number of years. It has become a nationally recognized model and one many districts are adopting.
- PEG - the contract is actually $55,000.
• The Office of Equity comprises a number of equity areas: Out for Equity, EMID, the MRC, classroom partnerships and racial equity.
• The Administrative Interns are actually part of the teacher bargaining unit. They are not administrators but do support administration in the schools. Any reductions in this area would have a teacher impact. This is also a way for the District to grow its own assistant principals or principals through these positions.
• Added supports to classrooms bring up sustainability issues, restoration in some areas may create a funding cliff. As an example, a one-time shift of OPEB should be used only for something that does not extend over one year.
• Sustainability - with achievement and alignment SPPS has met class size requirements and contractual obligations. Sustainability comes into play with the proposed to use $1 million of OPEB, the cost is being moved down the road for to be addressed later. That is unless it is used for a one-time cost, such as the cameras.
• The other assumptions in the budget are the use of the $2.5 million unassigned fund balance. That is not sustainable over time unless there is a really great year in terms of finance. Using the .2% additional of unassigned fund balance is again a one-time only and funds may not be there next year to sustain this. The cost for the Board Resolution, if delayed, will have to be picked up at some point as well.

4. Development of Final List
The CEO stated the Board currently has a 1% proposal in front of them. Many of the things proposed will have an impact on personnel in terms of recalling or in notifying people their positions are no longer eliminated. If there are cuts being requested that are beyond the Superintendent's recommendations that will need to be adjusted, those need to be communicated now. If the Board is comfortable with the potential of the 1.5% from the legislature, even though we have no idea what might come from them, that would allow some room in what can be done now in preparation for Board adoption in June. The 1.5 + OPEB could also be done in preparation for June. The 2.0% or above recommendation is not something that could be done with certainty at this point. If the Board wants to see some of these changes before the Board adopts the budget, then as much direction as possible should be provided right now, particularly in personnel matters. That would be helpful to staff. At a certain point, there will be a limit on what can be done with personnel; particularly if timing goes past deadlines, and, SPPS is past many deadlines right now. It is past all deadlines for the teacher bargaining unit now.

The Board checked with General Council to be certain the Board could provide guidance to the Superintendent out of a COB meeting. She said that would be acceptable.

Director Brodrick asked for answers to specific questions posed by himself and Director Seeba. He went on to say in light of flat enrollment and the unpredictability of the legislature these problems are not going away. SPPS needs to begin to think about what he and Ms. Seeba suggested in making decisions about what are basics and what are extras. There will be some things SPPS will simply not be able to do any longer.

MOTION: Ms. O'Connell moved the Board provide guidance to the Superintendent to make a one-time-only use of the $1 million OPEB fund from the FY 16 General Fund to be put toward those items the Superintendent deems most important. Also to make a change to the basic budget revenue assumptions from 1.0% without tie to compensatory to 1.5% with a tie to compensatory. This is revenue guidance only with no recommendation for expenditures. Mr. Brodrick seconded the motion.

The CFO indicated she was fairly comfortable with the 1.5%, it is a conservative estimate of what would come in along with the use of the OPEB $1 million.

The Board indicated the Superintendent should come back with how the revenue would be prioritized for use. The CFO indicated the following items from the Superintendent's priority list were those that were in common with the priorities stated by the Board:
• Athletics
• Community Engagement
• AVID
Clarification was sought on a discussion of expenditures and uncommitment of dollars.

**RESTATEMENT OF THE MOTION:** Ms. O’Connell moved the Board provide guidance to the Superintendent to make a one-time-only use of the $1 million OPEB fund from the FY 16 General Fund to be put toward those items the Superintendent deems most important. Also to make a change to the basic budget revenue assumptions from 1.0% without tie to compensatory to 1.5% with a tie to compensatory. This is revenue guidance only with no recommendation for expenditures. Mr. Brodrick seconded the motion.

The motion passed.

The Superintendent indicated there was now an additional $3.6 million contingent above originally proposed budget.

The Board asked if there has been reasonable guidance to staff to proceed on expenditures. Superintendent indicated many of her priorities are aligned with Board’s expressed priorities. Staff expressed concern that the next meeting is the June 9 COB where a budget will be presented for action to move on for BOE approval. The Superintendent indicated she did not have clear direction regarding the $3.6 million. She asked for a decision today.

Ms. Carroll asked to put the Board Resolution back on the table in order to free up more funds to address the priorities that the Board has provided. The Resolution would be about $1 million (the 10 unfilled positions) which would make the total $4.6 million. This would delay further action on the Resolution for one year. Ms. O’Connell indicated she could support this if there was a review early in FY 17 budget cycle. The Director of HR indicated a funding issue was being created by adding additional positions as well as needing to readdress the Board Resolution positions at a future time.

**MOTION:** Ms. Carroll moved the Board delay implementation of the Board Resolution with regard to the 10 FY 16 positions in order to restore direct school staff for this budget cycle.

Ms. Doran seconded the motion.

Motion passed 5 in favor, 2 against (Brodrick and Seeba).

There is now $4.6 million available. What are the Board’s directions to the Superintendent? The Board reviewed the Superintendent's recommendations indicating their priorities with regard to it.

- Fall Adjustment (assumed)
- Teacher increase to reduce study hall - higher on list
- Security cameras - further down list
- Athletics (secondary) - middle
- Substitute increases (got 7% cut and now increase in substitute wages) - okay where is
- Community Engagement - middle
- American Indian 1.0 Dakota teacher -- lower 1/3
- AVID - higher
- Finance - middle
- HR - lower
- Library software license fees - okay where is
- SSSC 2.0 Arts articulation - lower
- MLL - interpreters - higher
- Special Ed - higher
- TDE Observation FTE - okay where is.

The CEO indicated the initial priority list
- Athletics
- Community Engagement
- AVID
- Finance
- HR
- MLL
- Special Ed -- for a total of $1.1 million
remains the same with slight changes in priorities: moving substitute increases higher, athletics moved down somewhat, security cameras were not on either list and HR was removed from first consideration.

5. Final Statement

**MOTION:** Ms. Carroll moved the Superintendent and her team present a budget proposal to the Board based on the priorities identified by the Board including an analysis of management structures and efficiencies. Ms. Seeba seconded the motion.

The motion passed.

The Board directed Administration take a hard look at the management level for consolidations possible through attrition.

Administration was instructed to have a final proposal available for the Board for June 9 COB meeting. They were asked to make time for further discussion on the budget and to lighten the agenda for June 9.

III. ADJOURNMENT

**MOTION:** Ms. Seeba moved the meeting adjourn; Ms. O'Connell seconded.

Motion passed.

The meeting adjourned at 7:19 p.m.

Respectfully submitted,
Marilyn Polsfuss
Assistant Clerk