MEETING MINUTES
COMMITTEE OF THE BOARD MEETING
July 21, 2015

PRESENT: Board of Education: Louise Seeba, Jean O'Connell, Anne Carroll, Chue Vue, Keith Hardy, Mary Doran and John Brodrick

Staff: Michelle Walker, Marie Schrul, Kate Wilcox-Harris, Laurin Cathey, Ryan Vernosh, Michelle Bierman, Andrew Collins, Jacqueline Statum-Allen, Tom Parent, Theresa Battle, Lisa Sayles-Adams, Nancy Cameron, Idris Davis, Jean Ronnei, Jackie Turner, Sharon Freeman

Other: Jennifer Simon, Tony Lonetree, Josh Verges

I. CALL TO ORDER

The meeting was called to order at 4:33 p.m.

II. AGENDA

A. Affordable Care Act Compliance

A representative from Aon Hewitt Health and Benefits Consulting provided an overview of the Affordable Care Act and its potential impact on SPPS. She indicated the purpose of the ACA is to cover the uninsured, avoid increasing the Federal deficit, and working toward bending the health care cost curve downward.

The Act has established converging boundaries for employer plans. The lower boundary is based on minimum actuarial value. Health care reform has established minimum thresholds for the value of coverage provided by employers to fully satisfy the Employer Mandate. A plan's actuarial value must be at least 60%. Actuarial value refers to the share of overall claims that are covered by the plan. Using the lowest boundary, employers need to pay 60% of out of pocket costs (or conversely, average member out-of-pocket costs for deductibles, coinsurance, co-pays, etc. should not exceed 40%). Most employer plans cover between 80-90%.

The upper boundary (The Cadillac Tax or excise tax) begins in 2018 when a 40% excise tax will be imposed on the value of health plans that exceed $10,200 for individual/$27,500 for family. The base amounts will be indexed annually. The tax is to be paid by insurers and self-funded plan administrators and it should be expected that insurers will pass on the tax to employees. The tax is not deductible so the final tax will exceed 40%. Valuation of the benefits for calculating the threshold for the tax include: medical plan, employer and employee contributions to health FSAs, employer contributions toward HSAs or HRAs, employee pre-tax contributions to HSAs and self-insured dental and vision plans.

The IRS is currently in the request for comment phase on key provisions after which guidance/regulations will be developed.

If an employer maintains current benefit values eventually the plan value will exceed the excise tax threshold. Absent significant efforts to control total cost, employee out-of-pocket costs will increase if the employer intends to avoid the excise tax. 92% of employers believe plans will be different by 2018 with 47% saying they anticipate significant change in order to be ready for 2018.
Employers are thinking ahead to mitigate future costs and exploring alternatives to paying the excise tax such as:

- Increases to employee cost sharing - co-pays, deductibles
- Elimination of medical FSAs
- Elimination of spousal coverage
- Conversion to self-insured funding
- Improving health of covered population
- Conducting independent plan audits to monitor costs
- Converting employee HSA contributions to post-tax

SPPS along with Aon Hewitt will continue to monitor guidance to get further clarification on calculation methods and details of how the tax will be collected. Once final regulations are issued a complete assessment of the District's costs in comparison to excise tax thresholds and an evaluation of alternatives to paying the excise tax will be explored.

QUESTIONS/DISCUSION

- Is SPPS anticipating salary increases to cover the increase in employee cost share?  
  Response: No thought has been given to increasing salaries to address this at this time. SPPS/Health Partners will continue to focus on improving health and looking at the types of injuries and illnesses within its population.
- Will SPPS be doing an dependent audit? It should be done regularly/annually.  
  Response: Yes that is being put in place.
- Where are we with current coverage?  
  Response: SPPS's exposure was reduced by a reduction in plan costs and with rates fixed at 4% increases for the next couple years. SPPS is looking out to 2018 in order to get ahead of the curve through planning.
- Is the current plan threatened by the excise tax?  
  Response: As of today, SPPS will slide under that threshold in 2018. The biggest risk is health care renewal after the guarantee period with Health Partners; that falls in 2018 as well.
- When you look at the SPPS population having that risk, what if SPPS has to pay the penalty on that portion of its population?  
  Response: SPPS is okay in its current state, but does need to be careful about 2018. It is the upper boundary group, calculations made individually, that poses the greatest risk.
- What is the purpose and intent of the excise tax? What is it supposed to accomplish? To what extent are current and future providers in partnership with SPPS and its alignment with its Wellness Policy? Is that a good alignment?  
  Response: The excise tax helps to maintain a budget neutral stance for the ACA. Its basic premise is that health plans offering the richest type of coverage do not motivate the individual or the provider to be efficient or to use health care in an efficient way. It is a move to try to bring the health care cost ceiling down to more realistic levels. The majority of SPPS's health analytics come from Health Partners. They have or are developing recommendations on how service delivery might be adapted and are looking a transitioning initial health contacts from directly with a clinic/doctor to phone contact.
- The consultant noted that if SPPS does not change anything from the current plan SPPS will pay an excise tax incrementally year after year. SPPS will have to take action to control internal costs and find the right mix of out-of-pocket costs for employees. SPPS is, however, set for the next two fiscal years.
- So, because of ACA, employees will have to pay more to have the same coverage or find themselves with a drastically different plan. Correct?  
  Response: That cannot be answered right now as the regulations and guidelines have not been established. SPPS is good for the next two years. Until the proposal is more defined and details are set actual detail cannot be determined. The fact is health care costs are rising at an unsustainable rate and this is deemed one way to control that.

MOTION: Ms. O'Connell moved acceptance of the report. The motion was seconded by Mr. Brodrick.

The motion passed.
B. FMP Update: Accommodating Enrollment Growth

Phase III (Engagement) of the FMP is completed. There were 818 community participants, 2,753 attendee participation workshop hours, 14 school pathways were reviewed along with 68 building project plans. 191 online surveys have been completed to date.

Board engagement has involved background and influencing factors (May-July) to be followed by framework (August to September) and plan refinement and finalization (October to December).

Overarching themes that were brought out were:

- Quality of instructional space and enhancing the built environment's role in creating school culture
- Equity of building systems and conditions
- Alignment of growth and capacity.

Charts were provided looking at enrollment projections in the areas of:

- Kindergarten-Grade 5 growth and growth or loss in the various SPPS enrollment areas.
- Current capacity for elementary schools
- Growth/loss in grades 6-8 and current capacity for middle schools
- Growth/loss in grades 9-12 and current capacity secondary and high schools

Designing for growth was discussed. Instructional mandates are student-teacher ratios, needs of elective classes and hours per day of usage. Core function needs include food preparation/service, athletic and large motor movement and restrooms. Functional capacity must address resilience along with a margin for excess growth capacity ("bubble grade", student mobility, etc.).

Designing for growth raised the question "can SPPS design a way to accommodate growth that plausibly meets the demand for each program, respects program identity, meets the FMP vision, principles and 47 standards and is efficient with construction". To accomplish this required many perspectives: the Student Placement Center and REA for demand and grade-level modeling programs and the 818 principals, parents, teachers, students and community members that collaboratively designed with Facilities Management during Phase III.

For the PreK-Grade 5 growth, the design process has shown SPPS can likely solve for projected enrollment increases and intentional significant PreK space expansion in the existing portfolio. In order to do so and maintain its commitments to quality learning environments and core services (gathering, dining, etc.) select building expansion will be necessary.

For grades 6-8 growth the design process showed SPPS probably cannot solve for projected enrollment increases in the existing portfolio. Building expansion opportunities are limited, programmatically misaligned or inefficient.

The design process for grades 9-12 shows SPPS can probably solve for projected enrollment increases in the existing portfolio but in order to do so and maintain the commitment to quality learning environments and core services, minimal building expansion will be necessary. Setting consistent expectations around building utilization (number of hours each space is used per day) will be critical. A chart (preliminary) representing theoretical capacities on enrollment modeling and site-identified growth opportunities was provided.

In summary, opportunities indicate there appears to be a way to accommodate growth in Kindergarten-grade 5 while also creating significantly more PreK classrooms in the existing portfolio of buildings. SPPS will potentially be able to accommodate enrollment growth in grades 9-12 within the existing portfolio. The challenge will be providing sufficient space for students in grades 6-8 within the existing portfolio.
QUESTIONS/DISCUSSION:

- So it appears SPPS may need to build/buy a new middle school?  Response: Yes
- Are there other district owned properties where land is available (where the kids are or will be)?  Response:  Riverview is the only property.
- Please clarify the process from here to completion and where stakeholder groups fit in.  Response: From here the work will be to refine the framework.  The Board will be critical in that process.  The FMP Committee will work toward taking the framework and find meaningful ways to finalize plans.
- REQUEST FOR INFORMATION: It would be helpful if staff would layout, in an update how this will move forward and specifically how and when the Board will have a chance to get hands on in the work so it is up to speed on all the factors involved.  Response: The heavy lifting was accomplished in the first three phases.  The direct Board involvement comes in now until adoption of FMP (proposed for December).  SPPS will be going back to communities with the final framework so they can see the results of their work.
- Concern was expressed about the grade 6-8 issues?  What are the possibilities?  Response: Buying a building if an appropriate one can be found in the right area, building new, expand at sites if there is appropriate space.  The options needs to be explored.
- PROPOSED SUBJECT FOR SEPTEMBER COB:  What are administration's plans to address those schools with lower/falling enrollment?  Response: There are a handful of programs in which critical conversations are on the horizon.  It is a matter of establishing when the issues will become critical and how to address those issues.  Certain items must have action taken early on and for those, a framework on when those conversations happen needs to be established.  December is the time when the Board will vote on the FMP plan and the timeline associated with various decisions is part of that process.
- The "capacity" chart (middle, secondary and high) is that proposed capacity for each building on the chart?  Response: Yes
- Staff indicated the 2008 Facility Adequacy audit provided underlying Phase I data.  The Information from the original audit is refined through a condition assessment every year reflecting changes within each building.  2008 data was based on reality at that time but subsequent changes (i.e., student teacher ratios, repair, redesign, etc.) have changed that data which has been updated to reflect current reality.  The original study was beneficial to understanding how physical property affects educational needs and how it has changed over time.  Changes such as the SPPS commitment to science instruction and the commitment to class size are pieces that have had impact on site capacity.
- Overall, staff indicated SPPS can address the needs for elementary and high school capacity but middle school will be the challenging issue.

MOTION: Ms. Doran moved, Mr. Brodrick seconded, acceptance of the report.

The motion passed.

C. Standing Item: Policy Update - No Report
D. Standing Item: PLTT Update - No Report
E. Standing Item: SSSC 2.0 Update - No Report

F. Work Session

1. Student Engagement Work Group Summary

The work group identified objectives for student engagement that included:
- Hear student voices on issues important to them
- Hear student voices on issues important to administration and the board
- Engage all students with stake in particular issues
• Hear the full range of student perspectives
• Provide students the information they need to participate in a meaningful way
• Engage students on issues where their perspectives will influence decisions
• Deliver authentic student engagement

The overall aim is to help students find pathways to address their various issues.

Considerations discussed were:
• Be cognizant of students’ time constraints and priorities
• Recognize that students may be more willing to participate if other students are helping design and lead processes
• However this moves forward, implement as a pilot to jointly determine what is most beneficial to students, Board, and Administration

Several options were offered for consideration:

a. Student Rep on Board
   • **Structure and Benefits**
     – One to three students to serve on the Board
     – Allow students to vote on issues
     – Outstanding leadership development opportunity for a student
   • **Challenges**
     – Tasks few students to represent entire diverse student body
     – Would require students to be knowledgeable of all issues requiring their vote
     – Enormous time commitment for a student

b. Student Advisory Team
   • **Structure and Benefits**
     – Group of students serve as special committee
     – Opportunity to select students with diverse backgrounds and life experiences
     – Task could be to help design and sometimes deliver student engagement – but not “speak for” other students
     – Group of students is well positioned to figure out how to reach other students for wider engagement
     – “At the ready” to partner with Administration and Board
   • **Challenges**
     – Would require SPPS staff support and budget for supplies and perhaps transportation, meals, training, etc.
     – Logistical challenges to regularly convene students

Examples of engagement opportunities discussed included:

a. **Major district-wide efforts**: Facilities Management Plan, school start times
   • Design with staff, students, families
   • Staff implements in partnership with others; tools include brainstorming sessions, scenarios, workshops, etc.

b. **Specific policies or similar**: Gender inclusion, Rights and Responsibilities
   • Design with staff, students, families
   • Staff implements in partnership with others; tools include brainstorming sessions, scenarios, workshops, etc.

c. **Time-sensitive class/grade, school, or district-wide questions**: Identify issues important to students (of all ages), get implementation feedback, test simple option or ideas
   • Design generic, replicable approach with students, staff
   • Staff implements with students
   • Could use iPads for quick polls or “pulse checks” to students; easily be tailored for age and primary language
The task force recommendations were to approve a Student Advisory Team and launch a pilot in the fall of 2016 in collaboration with Community Education. Communications focus would be on this being a pathway to reach all students, not a position to "speak for" others. Expectations would be formal and explicit attention on student voice from district and building staff in all relevant decisions. A mechanism would be created for this to be reported out to the public and especially to students so they see their input.

2. Board Member Services from District
The Chair expressed a desire, going forward, to have a defined protocol regarding what Board members could expect to receive in the way of District devices.

Administration indicated there was a wide variety of technology that could be deployed, however for efficiency, options should stay within what is available under Technology Services protocols and equipment choices. Administration also indicated phones were at the manager's discretion.

Several options were discussed and a final protocol will be established once several questions have been answered.

III. ADJOURNMENT

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<th>MOTION:</th>
<th>Ms. Doran moved the meeting be adjourn. Ms. O'Connell seconded the motion.</th>
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<td>The motion passed.</td>
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The meeting adjourned at 5:52 p.m.

Respectfully submitted,

Marilyn Polsfuss
Assistant Clerk