

## BOARD MEETING MINUTES

September 20, 2018

### Call to Order

The Study Session of the Shoreline Board of Directors was called to order at 5:33 p.m. in the Board Room at the Shoreline Center by President David Wilson on September 20, 2018.

### Roll Call

Present: David Wilson, President; Mike Jacobs, Vice President; Dick Nicholson, Member; Heather Fralick, Member; Saagar Mehta, Shorewood Student Representative; and Soumya Keefe, Shorecrest Student Representative (in the audience).

Absent: Dick Potter, Member.

### Enrollment Update and Planning for Elementary Classroom Capacity

*Marla S. Miller, Deputy Superintendent, presented.*

Ms. Miller reported that, not unlike what is being experienced in many districts throughout the region, Shoreline's fourth day enrollment count for September has come in under what was budgeted as well as under last year's count. The actual K-12 count is 9,365.25 FTE, which is 227.75 below the projected 9,593 FTE. The breakdown among grade levels is as follows:

- K-6 = (119.68)
- 7-8 = (38.00)
- 9-12 = (70.07)

Based on the increased 2018-2019 State funding, each FTE equates to \$10,000 in lost revenue for a total of \$2.25 million below budget. This triggers the need to ensure that expenditures are below budget as well. This can be done by verifying that staffing is based on actual student FTE, not projected FTE; not filling vacant positions unless they are essential; and considering additional reductions as necessary, e.g., carryovers and non-contractual allocations. One measure that was already taken—the District didn't staff kindergarten classrooms until they actually saw kindergartners come in over the summer. The budget reflects anticipated revenue and expenditures to support those students but the commitment to spend the funds for staff didn't take place until the students actually enrolled. Therefore, a good share of the reduction in revenues will automatically be offset by reduced expenditures.

Vacant positions will not be filled unless it is determined that they are driven by student FTE, e.g., there are some special education positions that need to be filled as triggered by student IEPs. There is approximately \$1.5 million in unanticipated funds from the 2017-2018 ending fund balance, which will help with staffing vacancies. There are also some large placeholders in the budget that most likely will not be fully utilized, such as \$650,000 set aside for scholarships for child care during early release Wednesdays. Additionally, there is well over \$1 million in 2017-2018 carryovers that could be used.

Superintendent Miner reiterated what Ms. Miller mentioned at the beginning of the presentation that the enrollment decline is being experienced all around King County. There is speculation about the current housing market but in truth, districts do not yet know what is causing the decline. Ms. Miller added that one district to the south of us lost 600 students, but another district immediately south of that one gained 800 students.

Ms. Miller reviewed the long-range enrollment forecast:

Shoreline's enrollment forecast

- Methodology automatically adjusts next year's projection based on this year's actual enrollment
- Our "6-year weighted average" forecast model will more heavily weight the 2018-2019 data than prior years
- Adjustment occurs grade level by grade level
- District can adjust model to be more conservative in coming year(s)

Demographer's updated forecast

- Completed in August 2018, prior to 4<sup>th</sup> day count
- Projects future enrollment between "Low" and "Middle" range forecasts compared to June 2015 analysis
- Presents a school-by-school forecast to assist with determining highest/best use of elementary classroom capacity beginning in 2019-2020

Ms. Miller reported that in talking with the demographer, Les Kendrick, earlier in the week, he shared that all of his clients in the Seattle area had contacted him and reported their enrollment was down and that they needed to re-evaluate enrollment in order to determine if they should update their forecasts.

- The second bullet under the "Demographer's updated forecast" above projects future enrollment between "Low" and "Middle" but Ms. Miller suspects that once September 2018 enrollment is factored in, it will be at the "Low" line or perhaps lower. Mr. Kendrick has been asked to provide an updated forecast.

As mentioned in the Shoreline Forecast Update by Mr. Kendrick that was provided to the Board, he went back to live births, building construction growth and Sound Transit Light Rail development, in order to update his projections based on those data points. Ms. Miller stated, "The phenomenon being seen here in Shoreline and in the districts around us is totally outside of that live birth data. People are moving out of the system that were here and would have predictably been in each of these school district attendance areas."

Ms. Miller stated that another component that will be considered in the very near future is the number of applications submitted by families for free and reduced price meals. In 2006, when there was a dramatic drop in enrollment in this area, this was an indicator. Lower income families, who are often renters, were more severely impacted than higher income families and were in a better position to move further out to obtain more affordable housing. This current enrollment decline is hitting all of King County with the exception of the Lake Washington School District, whose enrollment has grown as predicted, with the growth being primarily further out in the countryside to the east.

Director Nicholson asked if there was any chance that the District would need to dip into the "assigned reserve" to mitigate this shortfall. Ms. Miller responded "no, the resources mentioned earlier in the presentation don't tap into that at all. There is a value in taking some carryover back out of the system (to cover this shortfall) so if we don't maintain an appetite that is so much above our current resources that the drop next year is not only the new funding level but also the carryover that was spent the year before. Pulling the resource back out can help adjust our appetite this year."

Director Jacobs expressed concern about covering the budget shortfall without drastic measures, particularly since this comes immediately after relatively large salary increases.

Director Fralick asked if the state funding allocation comes with students that enter the District throughout the school year. Yes, and it is prorated.

Superintendent Miner stated that one option could be to reopen out-of-district enrollment at the elementary level. The challenge, however, is that we don't have capacity at any one building, nor do we anticipate that we would continue to have capacity/declining enrollment in future years. Once we commit to students for a boundary exception, we generally want to do that for 13 years if they enter our system in kindergarten. So at this time, given that we will scale back some expectations for this year and reallocate some resources, she is not recommending reopening the boundaries.

Director Fralick asked Ms. Miller about her previous experience (in 2006) with a region-wide drop in enrollment and whether or not at that time they studied private school enrollments to determine if they had experienced a decline due to students moving into public schools because of economic challenges. Ms. Miller responded that there were extensive studies before, during and after but they found that private school enrollment as a percentage of the total market (about 10%) remained steady.

Ms. Miller shared two documents with the Board that weren't included in their packets. The first was a document from 2015-2016, which outlined the elementary building capacity for each school, broken down by traditional classroom use stations and specialized classroom use stations. The second document, prepared earlier in the day, reflected 2018-2019 elementary enrollment impacts, which included classrooms required for this year as well as what will be required to receive State funding under the new State class size targets. The State's funded class size for K-3 is 17, which includes music and PE specialists and any others who provide direct instruction to students. If the District uses a 20:1 ratio, we will meet the State requirements once we add in the music and PE specialists who do not operate in the same classrooms, and we would qualify for the State funding. In order to implement the state-mandated class size based on current enrollment, 201 classrooms would be needed as opposed to the 175 classrooms currently required—a difference of 26 classrooms. Using the 2015-2016 definition of "teaching stations," there would be 226 available, including North City, and we would need 201.

The State's K-3 class size reduction funding becomes "use it or lose" in 2019-2020. For Shoreline, the projected revenue is \$29.6 million. The District began the kindergarten class size reduction process this year (2018-2019); plans to meet the K-2 targets in 2019-2020; and the K-3 targets in 2020-2021. Contributing factors for meeting the K-2 targets in 2019-2020 include the reopening of Parkwood Elementary and the complete availability of the North City campus. Then in 2020-2021, the new Einstein and Kellogg Middle Schools open with grades 6-8, thus freeing up the sixth grade classrooms in every elementary school.

Ms. Miller reviewed the options and asked for Board input on the use of the North City campus. Options include:

- 1) Neighborhood school?
  - Adjust boundaries to create new "neighborhood" boundary area
  - Consider which grade levels to include, in light of 6<sup>th</sup> grade move to middle schools in 2020-2021
  - Potential impacts on adjacent neighborhood schools
- 2) Location for "magnet" programs? (e.g. overflow kindergarten, Highly Capable programs)
  - No boundary adjustments
  - Can we ensure appropriate opportunities for peer interactions?
  - Are there operational considerations? (Administration, transportation/food service, support services)

- 3) Mixture of grade-level classrooms and magnet programs?
  - Assist with overcrowding at adjacent schools and provide some capacity for class size reduction
  - Use “Grow Slow” model for bringing grade levels to neighborhood school?
- 4) Are there other options the Board would like staff to consider, or additional data that would be helpful?

Director Nicholson inquired about whether there were any cost studies indicating what the minimum enrollment should be to make an individual school financially viable. Ms. Miller responded that we have had a model in the past but it needs to be updated. At the time when schools were being closed in 2007, it was about \$750,000. Now it is closer to \$1 million and needs an enrollment of about 425-450 to cover the administrative overhead.

In answer to Director Jacobs’ question regarding how many rooms at North City would need to be opened to achieve that goal, Ms. Miller responded 21, which wouldn’t be all of them. He followed up by asking if we could fill 21 rooms with magnet programs. Currently, there are 13 rooms dedicated to the Hi Cap program and 10 for the overflow kindergarten. Additionally, there are 12 self-contained special education classrooms scattered across the district. Director Fralick expressed concerns about ensuring equity if this option was chosen.

Director Jacobs also asked about an option where grades K-2 and magnet programs resided at North City, and if so, from what schools would the K-2 students transfer and would this be on a short-term basis until the middle schools were completed? Ms. Miller stated that Lake Forest Park and Ridgecrest have larger enrollments than normal; Ridgecrest currently is unable to house their kindergartners so most likely students could come from these two buildings. In terms of length of time, the District is looking for a long-term proposal. Superintendent Miner suggested that if option 3 above was chosen, there could be short and long-term aspects. For example, magnet programs and the Meridian Park overflow kindergarten could be housed at North City while the enrollment for that neighborhood school grew. There could be a change in boundaries; kindergartners and first graders could start at North City and grades 2 through 5 could be added over time as the magnet programs moved out. The shift of the kindergarten program from Meridian Park would save approximately \$1 million in overhead costs.

At this point, the Board’s attention was drawn again to Demographer Kendrick’s Shoreline Forecast Update of August 2018, specifically the “attendance area projections” for each school (based on where the students reside) as well as the “school projections” (based on where students attend) for the period of 2018 through 2027. In summary, the district is not growing equally in that there are areas that are growing more quickly with more children than other areas.

Director Wilson stated that for him, “the last thing on the chart is redistricting.”

Ms. Miller shared that as was stated in a recent principals meeting, the District has no plans to move Cascade K-8 from the Aldercrest campus.

Superintendent Miner reiterated that the District is in the fortunate position of having the space to implement the class size reductions and qualify for the significant amount of money offered by the State for doing so (\$29.6 million). In the past, some school districts were unable to take advantage of funds for all day kindergarten simply because they didn’t have the space. She wants to be sure that whatever option we choose, it includes fully benefiting from the K-3 class size reduction funds.

Study Session Minutes – September 20, 2018

The Board asked for a good flow of communication over the next year with regular reporting. In order to offer guidance and direction, the Board needs additional information in terms of a cost benefit analysis as well as an analysis of impact on education for each of the three options considered at this meeting. Ms. Miller added that extensive community conversations around the options would also need to take place.

Adjournment: 6:27 p.m.

---

David Wilson, School Board President

Attest: October 8, 2018

---

Rebecca L. Miner, Secretary to Board of Directors