

BOARD MEETING MINUTES--REVISED

June 29, 2020

Call to Order

President Fralick called the Study Session of the Shoreline Board of Directors to order via Zoom at 5:40 p.m. on June 29, 2020. Rebecca Miner, Superintendent; Curtis Campbell, Public Information Officer; and Di Mikesell, Executive Assistant, attended this meeting at the Administrative Offices at the Shoreline Center.

Roll Call

Present: Heather Fralick, President; David Wilson, Vice President; Sara Betnel, Member; Meghan Jernigan, Member; and Rebeca Rivera, Member. *(Since this meeting was being conducted via Zoom, President Fralick had a visual that all board members were in attendance.)*

Opening Comments

President Fralick clarified an issue that came up at the Board's last regular meeting on June 15 regarding comments made on the RIF (reduction in force) process. The RIF process is mandated by state statute and requires school boards to authorize the district superintendent to notify certificated staff members by May 15 of any given year if they will no longer have a position in the district. That date is well before the final budget is adopted (also required by state statute and must occur by August 31) and well before the availability of any state budget projections. The Board authorized the Superintendent to reduce up to 25 FTE certificated staff on May 4 as well as 3 FTE administrative certificated positions. Once authorized by the Board, the implementation of RIF is at the discretion of the Superintendent. Ms. Miner and her staff were able to keep all certificated teachers employed and no RIFs were issued to teachers (however, there was a cut in administrators). The Board will not be revisiting that authorization of May 4 nor will it be changing the decisions made by Ms. Miner, which would be stepping outside of the board governance role in day-to-day operations. The Board supports Superintendent Miner in making these challenging day-to-day operational decisions and appreciates her work.

In regard to the comments above, Director Betnel stated that during the board requested discussion portion of the last meeting (June 15), she received feedback that her comments were received by some as a request to reverse Superintendent Miner's decision to reassign our elementary and high school instructional coaches as part of the RIF. She stated that was not the intent of her request. Following the announcement regarding a resolution for ethnic studies as a part of the curriculum, she was looking to request a discussion about how we will align staff and budget resources to effectively support ethnic studies. "Recognizing the role that our instructional coaches have had in supporting and implementing new curriculum and staff professional development, I spoke to a desire to discuss what opportunities we have to revisit restoring these positions in the future but I fully understand that's part of that 'how' decision and operational work that we entrust to the Superintendent and the staff. I was not asking to overturn the Superintendent's decision following the authorization we granted with the RIF."

This Study Session was held for the purpose of discussing the following topics:

- 1) 2020-2021 Budget Updates
- 2) Reopening of Schools Processes Overview

2020-2021 Budget Updates

Ms. Miller began by stating that the information being presented was not yet complete as they are still gathering information from the state as well as a variety of other sources. However, they wanted to provide an update so board members could see the current status of thinking and data

gathering. This presentation would center on questions the Board has asked, estimates and discussion. The questions include:

- 1) How has the COVID-19 pandemic impacted our financial status thus far for 2019-2020?
- 2) Should we revise assumptions based on COVID-19 impacts for developing our 2020-2021 budget?
- 3) Are there priorities the Board would like built into the 2020-2021 budget plan? In preparation for FY2021-2022 or longer-term budget plans?

Ms. Miller presented a spreadsheet outlining COVID-19 impacts as of May 31, 2020. This data will continue to be updated but this was the most complete information currently available.

2019-2020 Budget Update & COVID-19 Impacts
Most data as of 5/31/2020

COVID-19 IMPACTS	REVENUES	EXPENDITURES	NET IMPACTS	
Instructional supplies for home learning	\$ -	\$ 31,802	\$ (31,802)	
Shoreline Children's Center	\$ (1,240,652)	\$ (314,367)	\$ (926,285)	
Food Service School Meals Program	\$ (792,066)	\$ (928,396)	\$ 136,330	
Food Service Community Meals Program	\$ 361,692	\$ 746,444	\$ (384,752)	
Facility Rentals (Fields, Theaters, Rooms)	\$ (313,115)	\$ (17,177)	\$ (295,938)	
Facility COVID Support (custodial, maintenance)	\$ -	\$ 72,085	\$ (72,085)	
Technology Support for Home Learning	\$ -	\$ 1,707	\$ (1,707)	General Fund costs only
Child Care for Essential Workers (YMCA)	\$ -	\$ 60,000	\$ (60,000)	
ESSER Potential Reimbursement Eligible Costs	\$ 814,561	\$ -	\$ 814,561	Reflects mandatory reduction for private schools
			\$ (821,678)	Net negative impact requires use of reserves

OTHER 2019-2020 BUDGET Updates	BUDGETED	PROJECTED	NET IMPACT	
Safety Net (Preliminary Award Notice)	\$ 419,000	\$ 1,440,000	\$ 1,021,000	More revenue adds to ending reserves
Special Ed Levy Subsidy	\$ 9,272,327	\$ 8,370,967	\$ 901,360	Reduced use of levy subsidy adds to ending reserves
Transportation Levy Subsidy	\$ 488,133	\$ -	\$ 488,133	Reduced use of levy subsidy adds to ending reserves
Utility costs (may change before 8/31/20)	\$ 2,557,972	\$ 2,207,635	\$ 350,337	Reduced cost adds to ending reserves
			\$ 2,760,830	Net positive impact available to offset costs above

\$ 1,939,152 Potential net addition to ending reserves

The top part of the chart relates to COVID-19 impacts and specifically what happened when schools were closed beginning on March 12. This report only reflects General Fund costs; however, there were Capital Projects Fund expenditures as well. Ms. Miller reviewed the chart, line by line. The potential reimbursement for eligible costs according to OSPI's listing on its website for Shoreline is \$814,561, but this does not include the offset that needs to be taken out to provide for private schools within our area (required with federal funding). The net negative impact, at this point, totals (\$821,678), which would need to come from reserves. In response to Director Rivera's question about the probability of receiving the reimbursement, Ms. Miller stated that it is felt that these costs are indeed eligible and she hopes to see them realized in June and August (as noted by OSPI). This is a one-time only reimbursement and it is strongly recommended that it not go to any continuing costs. President Fralick asked if custodial supplies fall into the category above (\$72,085) or is that a capital expense. Yes, that cost above is mostly supplies; salaries of custodians would not be included because those are ongoing costs. According to the OSPI rules, only salary costs associated with extra people or overtime are eligible for reimbursement.

In regard to the line item, Facility Rentals (Fields, Theaters, Rooms), Director Jernigan asked if there was a facilities rental agreement with King County to create the field hospital on district property. Ms. Miller explained that the District has a Joint Use Agreement with the City of Shoreline for a number of district properties. The City of Shoreline controls the use of the Shoreline Soccer Fields A and B, so the City is actually collecting rent from King County for the use of those fields for the medical tents. The District is not receiving anything because the fields were already assigned to the City. Typically, throughout the year, the District collects a significant amount of revenue from the vigorous community use of our facilities, theaters and fields. But all that came to a halt in March.

In response to Director Jernigan’s question about whether or not the costs associated with special cleaning prior to the shutdown were included above in the list for reimbursement, Ms. Miller stated that they were not because they occurred prior to the Governor shutting down schools.

On the upside, the District anticipates receiving \$1,440,000 in this year’s Safety Net Award (to assist with higher cost special education students), which is over a million dollars above what was budgeted. Ms. Miner added that there is an incredible amount of work that goes into this rigorous process every year and all credit goes to the Student Services team as well as the staff in the buildings. They do an amazing job of securing these funds.

The net positive impact on the revenue side to offset the additional costs is \$2,760,830. This minus the negative impact listed on the chart (\$821,678) equates to a potential net addition to the ending reserves of \$1,939,152. Ms. Miller cautioned that these were preliminary numbers.

Director Betnel asked for an explanation of the intent of the Safety Net funds. These funds are intended to cover costs already incurred during this past school year (not future). In order to get an award from the state, the District must provide extensive documentation in order to prove the services have been delivered. The state keeps a pool of funds available so they can make a later decision about whether or not to add support for special education; it is not a part of the up-front allocation. There have been years where the state has reduced or removed the funds available for Safety Net Awards. Mr. Spangenberg added that due to the uncertainty, only a fraction of a three-year average is budgeted annually.

Another component of the COVID-19 impacts that is still unraveling is enrollment. The enrollment projections presented to the Board in February became the basis for the preliminary work on the 2020-2021 budget development. Staff used a 1.2% overall increase factor when projecting enrollment for 2020-2021. However, the demographer that works with many districts in the Puget Sound region recommended, as an impact of the pandemic, that districts use a 2% reduction factor to account for a recession, families moving out of the area, unemployment, etc. Schools in Shoreline were asked to process all enrollments—positive and negative, for next year. The first set of numbers came in on June 5 and the second set of numbers came in on June 25. A summary of those school registration numbers is found below:

Grade Levels	June 5, 2020 School Registrations (Difference vs. Budget)	June 25, 2020 School Registrations (Difference vs. Budget)
K-3	-4.3%	-4.6%
4-5	-3.3%	-3.0%
6-8	-1.6%	-1.5%
9-12	+11.0%	+11.3%

Many students will be signing up for Running Start and those numbers will be backed out. Other school districts are reporting a deeper decline in numbers than those listed above. Caution is needed in order to not over-react or under-react to this information. When we come up short in enrollment, we immediately lose revenue. State funding formulas are based on enrollment. There is concern that the depth of the pandemic impact is very significant. Staff will be recommending a reduction in the projected enrollment for further development of the 2020-2021 budget. Typically at this time of year, the District experiences growth in the number of registrations. However, this is not a normal year. Changes will continue to occur over the summer months.

Director Rivera asked the following questions:

- 1) What is the anticipated percentage of reduction overall in high school students? *Answer:* Approximately 3%.
- 2) Has there been any thought as to how the completion of current construction on apartment complexes in the area might impact the schools? *Answer:* Yes and in general, the enrollment that may come from new multi-family housing is factored into the projections received from the demographer. It can also be fairly mobile and in the midst of the current situation, it may be more of an overall out-migration rather than an in-migration.

In answer to President Fralick’s question about when we generally know the enrollment numbers for Running Start, Ms. Miller responded that we don’t know those numbers until September and the first official count for Running Start is in October.

Ms. Miller reviewed a slide entitled 2020-2021 Preliminary Budget Planning, with the caveat that it is truly preliminary and not yet balanced. Highlights include:

- 9,412.55 FTE - Enrollment (with Running Start) – reflects a 3% decline over January 2020 projection
- \$23,916,351 - Revenue – local taxes – reflects reduced enrollment on levy authorization
- \$94,416,893 - Revenue – state general – reflects \$2,816,000 revenue drop due to 3% enrollment drop
- \$1,320,519 - Other – no projected state or federal COVID funding support
- \$72,596,115 - Expenditures – certificated wages – reflects reduction of RIF positions
- \$28,914,697 - Expenditures – classified wages – reflects reduction of RIF positions
- \$37,541,512 - Expenditures – insurance and payroll taxes – includes “catch up” of 12th month due to SEBB (School Employees Benefits Board) implementation
- \$158,157,105 – Total Expenditures – (\$5,741,304) revenue shortfall compared to expenditures
- (\$500,000) – Committed (curriculum adoptions) - \$500,000 is designated every year out of the levy dollars to pay for curriculum; there has been an important need to buy curriculum so current spending is ahead of the normal plan but it is anticipated that will not occur in 2020-2021
- Total ending reserves - \$1,902,831 - amount still needed to offset revenue-expenditure shortfall

Director Rivera asked if there was an estimated cost for the PPE (personal protection equipment) needed for the coming year. Ms. Miller responded that they were getting close to finalizing that amount. The District is required to provide masks for staff if they don’t have them; however, the District is not required to provide masks for students. Undoubtedly, there will be students coming to school without masks. Multiple rounds of separate inquiries (buildings, custodians, nurses, special education staff) have taken place in gathering data to determine how much will be needed. The cost will undoubtedly be in the hundreds of thousands.

Director Rivera also asked if the travel expenditures for 2019-2020 dropped from what was expected. Those numbers haven’t yet been determined but yes, there will be a reduction. Ms. Miller noted that in her years of experience, travel has literally been less than .2% of every budget.

Factors to consider: Fund Balance

- Board Policy 7130 sets a target for an unreserved fund balance between 4 and 5% of total expenditures. The 2019-2020 budgeted unreserved balance is at 5%.
- OSPI’s financial health indicators published for each school district (annual calculation) – implemented partly because of the issuance of municipal bonds
 - ❖ Fund balance maximum score when reserves are greater than 12.5% (ability to cover expenditures in the face of a catastrophic loss)
 - ❖ Days cash on hand maximum score greater than 90 days

- ❖ Shoreline’s financial health score for 2018-2019 was 3.15 out of a possible 4.0 (anticipate being below 3.0 but above 2.5 range for 2019-2020); District still has \$25 million of 2006 bonds to sell so this needs to be monitored so as not to pay higher insurance costs and higher yields on interest rates for those bonds (In answer to Director Jernigan’s question, the financial health score is totally different from the annual audit from the State Auditor’s Office)
- Expenditure units of measure
 - One month’s payroll = \$12 million (2019-2020)
 - One “day” = \$625,000 (2019-2020)

Regarding the financial health score, Director Rivera asked if there was a specific score that triggered increased costs for a school district. There isn’t a fixed answer to that question. The largest issue that may come up when selling bonds in the bond market is fund balance and how it is doing compared to predictions. If a district says they know the fund balance is going to decline for specific reasons but there is a plan to build it back up, the bond companies take that into consideration. From an audit perspective, districts are audited to their policies rather than just overall health. So if Shoreline has a policy that states fund balance should be at 4-5% and it comes in at 4%, from an audit standpoint, the policy has been met. Dropping below 4% becomes an audit issue. From a bond market perspective, 4-5% is considered very low.

Factors to consider: Revenues

Revenues are directly impacted by:

- Enrollment
- State and federal funding decisions
- Tax collections
- Participation in enterprise programs – Food Service, Children’s Center

Factors to consider: Expenditures

Assumptions for 2020-2021

- Enrollment monitoring
- Loss of revenues
- Impact of COVID-19 on opening of schools
 - ❖ Restricted classroom capacity – will we try to open another school facility?
 - ❖ Need for personal protective equipment for staff (PPE)
 - ❖ Need for additional technology
 - ❖ Cleaning and disinfecting requirements (labor and supplies)
 - ❖ Additional COVID-related costs to be identified in recommended plan
- Board priorities to build into expenditure plan – for 2020-2021 or in preparation for 2021-2022

Next steps in the budget development process include the following at upcoming board meetings:

- Status report: plan for reopening schools in September
- Preliminary 2020-2021 Budget
- Recommendation to adopt plan for reopening schools
- 2020-2021 Budget Hearing and Final Adoption (August 17)

There was consensus among the board members to proceed with a conservative enrollment projection. There was also a brief discussion regarding opening another school facility to reduce class sizes for social distancing.

Reopening of Schools Processes Overview

Rebecca L. Miner, Superintendent, presented.

The goals for this meeting included the following:

- Share process for the work
- Share timelines
- Share communication plans
- Share feedback gathering plans
- Gather Board input

The District has been following the guidance from Washington State School Directors' Association (WSSDA) for school boards. Questions for boards to consider include:

1. *How is our district seeking information from staff, parents and students on what did and did not work well for them this spring and what they hope for with fall reopening?*
2. *What is the process and schedule for staff working on the reopening plan over the summer? What are some of the important milestones and dates along the way?*
3. *At what point should the board be prepared for updates on the plan and opportunities to ask questions and provide input?*
4. *How can the board support the process and help our community feel confident about our efforts to provide meaningful education for students next year?*
5. *How will the information be shared with the board to enable them to approve the plan at least two weeks before the 2020-21 school year begins? (At this point, OSPI has not published the requirements of this plan; however, superintendents are encouraging them to provide the guidance as soon as possible.)*

Ms. Miner reviewed the tools that are being used to guide the work of reopening schools:

- Budget
- Equity Policy and Decision-Making Tool
- Reopening Washington Schools 2020: District Planning Guide (OSPI – June 11, 2020)
- Reopening Washington Schools: Questions and Answers for School Districts (OSPI – June 24, 2020)
- Template for reviewing models (copy provided in board packet)
- Applicable laws and guidelines
- Waiting for OSPI workgroup guidance (timeline not yet known)

Shoreline has formed three primary groups to engage in the reopening work. Weekly updates will be going out to families regarding the guidance being received and the work being accomplished.

The committees are:

- Terrific Operations Planning for Shoreline Schools (TOPSS), chaired by Marla Miller
- Reopening Instruction Planning Team (RIPT), chaired by Maria Stevens and Dan Gallagher
- Family and Community Engagement (FACE), chaired by Dr. Tanisha Brandon-Felder
- Chairs from these groups, along with Curtis Campbell, are meeting with the superintendent weekly through the summer

The Board can provide support for this process by:

- Staying engaged with communication from the District
- Attending WSSDA calls as possible
- Encouraging involvement of our stakeholders
- Asking questions
- Advocating

Ms. Miner stated that in the last meeting of the school year with all administrators (Management Council), it was the fervent hope of all to have students in our buildings and to serve them in person

in a model that is healthy for kids. She then reviewed the current timeline with the Board **[subject to change]:**

- June 17 – July 10: Proposals prepared and plans for stakeholder (staff, students and families) input on proposals
- July 2: Center for Educational Effectiveness (CEE) provides us with survey data (survey closed June 24—participants included 4,850 parents/guardians; 1,729 students in grades 4-12; 737 school-based staff; 129 district-level staff)
- July 13 – July 17: Stakeholder input collection (included in board packet as Attachment B)
- July 20: Update to Board with proposal concepts included
- July 24: Final recommendations to Superintendent from workgroups
- July 31: Superintendent finalizes proposals
- August 3: Bargaining of impacts of proposals begins
- August 14: Resolution to Board to include final reopening plan required by OSPI
- August 17: Adoption of resolution by Board

Ms. Miner reviewed Attachment B, Reopening Roadmap Stakeholder Input Plan, which also outlined a number of activities to occur primarily during the week of July 13-17. Activities included: a reopening options survey, virtual staff and family town halls, and virtual staff, family and student focus groups. Regarding the survey, translating into different languages often slows down the process. So instead, a dedicated hot line with assigned staff will be set up in order to assist families in taking the survey, through the use of the Language Line services. Town halls will be recorded and will include a separate Spanish town hall with a Spanish interpreter as a panelist.

In response to Director Rivera's question regarding sharing the complexities of reopening with families during the virtual town halls, Ms. Miner replied yes, that was the plan to share budget limitations, safety regulations and guidelines within which our staff are planning for the fall. Some school districts have prepared videos of how a classroom looks with social distancing. Our district's teams are also reviewing various ways of creating additional space. Director Rivera also asked about whether or not planning included how to handle issues with students who refuse to wear masks. Yes, that is part of the planning and the guidance is very clear, that students, if they are able, will need to wear masks.

Regarding the focus groups that are to be created by plan area, Director Betnel asked if the plan areas were the TOPSS, RIPT and FACE areas that were mentioned earlier in the presentation. Ms. Miner said yes, they are loosely in those same areas but would also include others, e.g. social-emotional learning and attentiveness to special education students, etc. The plans for these have not completely been firmed up. Director Betnel was pleased to hear that our most impacted families would also be heard.

Director Betnel indicated she understood that students would be welcome at the family town hall but she wondered if there was an opportunity to have a conversation where students are the intended audience.

Director Betnel inquired about the feasibility of ongoing focus groups throughout the year in order to obtain feedback as to how things are going. Ms. Miner responded that once school gets going in the chosen model, staff could make decisions as to how best to gather additional feedback about implementation.

Additional updates will be provided at the Board's regular meeting on July 20. At this time, we cannot say with absolute certainty what the chosen model for reopening will be in September.

Study Session Minutes – June 29, 2020

Director Betnel asked Ms. Miner if she was aware of any policies that might need to be changed/updated as a result of these changed circumstances. Ms. Miner reported that she had been watching WSSDA's guidelines and thus far, had not seen anything in need of revision. If it does become necessary, we do have the ability to suspend a first reading and bring something to the Board on July 20.

The board members all extended gratitude for the tremendous amount of work and time that continues to be put in by staff on this process. Ms. Miner took a moment to acknowledge the amazing people with whom she works. She spoke about the time they are putting in and the vacations they are giving up to continue working. "They are dedicated to delivering the very best result for our families and their work is inspirational to me. I'm drawing energy and strength from their commitment to this work." She also commended the Board for their commitment to our students and the time and energy they are spending as well. "It's tough to become a board member during a pandemic."

Adjournment: 7:36 p.m.

Heather Fralick, School Board President

Attest: August 17, 2020

Rebecca L. Miner, Secretary to Board of Directors