

A question was posed as to how the decision was made on how much should go into each building for the levy 2002. Ms. Rockney stated this was a formula devised at the time the 2002 Referendum was passed. This formula has been continued with approximately 75% of the money going, on a per student basis, directly to schools, special ed and ELL. Sites will continue to receive the funds from the 2000 referendum which have been rolled into the general fund allocation.

MOTION: Mr. Brodrick moved, seconded by Ms. Carroll that the Committee of the Board recommend that the Board of Education move approval of the Budget Guidelines for preparation of the 2006-07 Preliminary Budget and the 2006-07 Adopted Budget.

Motion passed.

Ms. Rockney then moved on to Exhibit D, The Superintendent's Recommendation for the 2006-07 Budget Framework which identified four critical issues:

1. The Four Year Old Kindergarten Program
2. Funding for the Time, Technology and Early Childhood Initiatives first identified in the 2000 referendum
3. Building Capacity/Consolidation/Repurpose
4. Per Pupil Funding Formula Adjustment

Ms. Rockney noted the Board had previously approved the Four Year Old Kindergarten recommendation. Under funding for time, technology and early childhood, she stated the Board had requested the language related to the recommendation be revisited. She reviewed the revisions which had been made noting:

1. The referendum funding which is shown separately on the school budget document will be the 2002 referendum. This will allow schools to more easily answer the question of how much revenue they will lose if the 2002 referendum is not renewed in 2006. Schools will not be asked to budget for anything specific as that referendum was not detailed for anything specific but was to make up for the shortfall that existed that year.
2. The time, technology and early childhood initiatives are still supported by the District but they are not linked to any specific funding. The Board and administration should seek community input as to whether these initiatives should be continued as part of a renewal of the 2002 referendum in 2006.

Under the per pupil funding formula the Board had requested clarification. Ms. Rockney reviewed the revised recommendation as follows:

1. A more in-depth study is needed before a complete reworking of the existing Pupil Funding Formula is proposed.
2. There are two funding streams to schools which should be revised effective with the 2006-07 school year:
 - Magnet base revenue should be distributed to all city-wide attendance area schools on a per pupil basis.
 - Compensatory education revenue should be distributed based on the changes made by the 2003 Legislature. This will reduce each school's compensatory revenue by \$415 per compensatory education pupil unit. These funds would then be redistributed to address some of the inequity issues among schools.
3. The Pupil Funding Team should be reconvened to establish the criteria for a viable educational program in St. Paul and revise the formula based on those criteria.

Ms. Rockney distributed a worksheet showing the impact of changes in the pupil based allocation for all schools/programs. The worksheet reflected the projected 06-07 enrollment in the school, the projected change in the comp ed allocation, the change in the magnet base and the net effect of the two combined and the per pupil effect. She noted there is approximately \$5.5 million freed up (when the \$415/pupil unit is taken away) for redistribution to address some of the inequities that have been brought to the attention of the Board. She cautioned the board the worksheet looks at only the two identified pieces of funding, noting there is additional revenue that came from the State this year which is additional money to go to the schools and it

does not take into consideration the increase or decrease in actual enrollment at each school. The \$5.5 million freed up in this process is projected to be enough to soften the blow to schools who receive substantial decreases and at the same time provide some dollars to bring some equity to schools who have very low allocations on a per pupil basis.

Ms. Rockney indicated the recommendation that came forward from the budget team was that the magnet based distribution needs to be looked at as there are some schools who are magnet or city-wide based but have not received magnet based funding because they were not in existence at the time the plan was submitted to the State. She stated the legislative audit was very supportive of the integration funds going to support magnet programs, that there really was a legitimate focus for those integration dollars to magnet schools and city-wide attendance schools.

The question was raised as to the basis on which inequities would be addressed. Ms. Rockney stated the plan was to lay out the entire formula to see what is the per pupil allocation to each and every school in the District. There will probably be a base established as a minimum for funding. The per pupil allocation would then be compared to the base allocation, she noted there will never be an equal distribution because of varying factors among schools. If any funds remain they will be used initially to soften the blow to schools who suffered substantially from the lack of magnet base, after that it would be distributed equally.

The question was raised as to how the Board would continue to engage in a conversation on this matter, can it be laid out into a monitoring process over the next year. Close attention must be paid to know how things are shifting and if they are shifting in an unanticipated ways and the Board needs to be aware of these.

A request was made that the student weight formula be revisited to refresh the Board's understanding. Ms. Rockney indicated they could notify the Board of what the formula would look like for each school and a time could be set to review this in-depth with the Board.

Clarification was requested on the 2003 legislative comp ed change. Ms. Rockey stated it reflects back to the \$415 referendum passed in 2000. In 2002 the Legislature changed the \$415 to be part of general ed funding. In 2003 the Legislature delinked the comp ed formula from the general ed funding and took away the \$415 but gave it back as transition revenue (levy). The District chose to leave the \$415 in the comp ed formula given to schools as there was uncertainty as to what the Legislature was going to do in the future. It has now become clear that the \$415 has definitely been taken way as no change has been made over the past 2-3 years. The \$415 is the only money the District has any flexibility with as it is transition revenue based on comp ed student units.

The last item covered in Exhibit D was the framework for taking care of the budget reduction for next year. Ms. Rockney reviewed the Board's request to look again at the \$8 million deficit to be sure the projections made were accurate. In the review an additional revenue amount of \$2.4 million was identified (interest earnings, income from third party billing revenue coming due and revised pupil units as well as using about \$800,000 in the reserved capital fund balance [not part of the unreserved balance that 5% must be maintain on]). Expenditure review came up with a reduction in projected utilities costs and no borrowing will occur. These changes leave a deficit of just over \$5 million. A careful look was taken at expansion, reallocations and reductions between schools and central fund to note where reductions might occur in order to balance the budget.

Ms. Rockney noted each budget administrator will be asked to look at their budget and bring forward an analysis of where their money will be spent and why, how it is tied to the ends and means and determine what will no longer be funded because it does not meet criteria of the ends and means. The Superintendent will be establishing a task force to review the budget administrator's work and make budget recommendations which will be brought to the Board.

MOTION: Ms. Carroll moved, seconded by Ms. Street-Stewart that the Committee of the Board recommends that the Board of Education approve the recommendations for the budget framework for addressing the budget reductions and the budget allocations to schools and programs for the 2006-07 budget.

Motion passed.

Ms. Rockney then reviewed her recommendation to the Board for the establishment of the Citizen's Budget and Finance Advisory Committee (CBFAC) for 2005-06 so the group could begin work immediately on the budget in order to have their recommendations on the general and non-general funds ready for the Board in May.

MOTION: Ms. Carroll moved, seconded by Ms. Street-Stewart, that the Committee of the Board recommends that the Board of Education approve the charge and membership for CBFAC for 2005-06.

Motion passed.

MOTION: Mr. Oertwig moved, seconded by Mr. Brodrick, that the Committee of the Board recommends that the Board of Education identify a topic for CBFAC for fiscal year 2006-07 and seek applications to CBFAC before the end of May, 2006. Further that the CBFAC committee be named by the end of September, 2006.

Motion passed.

III. ADJOURNMENT

Ms. Carroll moved adjournment, seconded by Mr. Brodrick. Motion passed.
The meeting adjourned at 5:25 p.m.

Respectfully submitted by
Marilyn Polsfuss
Assistant Clerk
Saint Paul Board of Education