

**UTAH STATE BOARD OF EDUCATION FINANCE COMMITTEE
MEETING MINUTES**

October 6, 2016

Members Present: Mark Huntsman, Barbara Corry, Jefferson Moss, Joel Wright (JW) and Jennifer Johnson (JJ) – present for most items.

Committee Staff: Scott Jones and Cammy Wilcox

Others Present: Natalie Grange, Deborah Jacobson, Jaime Barrett, Susan McRay, Diana Suddreth, Thalea Longhurst, Diane Sutton, Duke Mossman, Patsy Milligan, David Rodemack, Jacob Jorgensen, Lincoln Fillmore, Ben Leishman, Todd Hauber, Royce Van Tassell, Mary Kelly, Sandra Grant, Keith Rittel, Jenn Yates-Givens, Mike Thompson, Brady Carlson, Patsy Milligan, Curtis Buys, Debbie Davis, Susan Pulsipher, Bruce Northcott, Jay Blain, Ann White, Rebecca Donaldson, Murray Meszaros and Pam Christensen.

Committee Vice Chair Huntsman called the meeting to order at 5:52 p.m.

Approval of Previous Meeting Minutes

COMMITTEE MOTION: The Committee voted unanimously to approve the September 2016 Finance Committee minutes.

Acknowledgement of Improvements, Accomplishments, Progress

Brent Page, Jennifer Yates-Givens and Brady Carlson from the Utah State Board of Education IT section and Natalie Grange, Assistant Superintendent, provided an update of the Minimum School Program website to the Committee.

The plan this year is to run the manual process along with the MSP process as a double check against the system and have two sets of outputs to see how close they come. There are still several data sets that need to be put into the system before full conversion.

The Child Nutrition Program (CNP) section was recognized by the Under Secretary for the Department of Education for a cost comparison worksheet showing innovation and efficiency for small purchases.

Follow up: Staff will provide information about the CNP recognition to Emilie Wheeler to include on the USBE blog.

SFY 17 Section Budget Reviews

The Committee received budget reports and updates from the Teaching and Learning, Student Advocacy Services and Internal Audit section and had an opportunity to ask questions.

TEACHING AND LEARNING:

Diana Suddreth and Susan McRay reviewed the various section programs and budget.

Follow up: Staff will provide a time line for the transfer of supervisory responsibility for section accounting staff from Section Directors to Natalie Grange and/or Deborah Jacobson in Financial Operations.

STUDENT ADVOCACY SERVICES:

Ann White, Rebecca Donaldson and Marty Kelly reviewed the various section programs and budget.

Follow up: Superintendent Dickson will assign staff to work with the Intergenerational Poverty Commission on solutions for support of foster children that are transitioning out of the foster care system.

Follow up: Marty Kelly will send out a summary document of the ASCENT program to the Board.

Follow up: Staff will have the AAG and State Auditor's Office review the data sharing agreement between the USBE Adult Education, DWS, Vocational Rehabilitation and Higher Education. It was last reviewed one year ago by the AAG's.

COMMITTEE ACTION/FOLLOW UP: The Committee gave staff direction to work in collaboration with IT to develop an equipment life cycle replacement policy and bring it back to the Board for approval.

COMMITTEE ACTION/FOLLOW UP: Staff will provide a detail cost center for the flow through money for suicide prevention and bullying prevention.

SafeUT is a hotline program for students in crisis. Students can also download an application on their phone for reporting. Rep Eliason will be presenting at Education Excellence on the SafeUT program. The real cost behind the program is the support staff who are required to investigate every call.

Follow Up: Board Leadership will educate the full Board on the rollout and success of the SafeUT program and look at possible carryforward funds to help fund the program.

Follow Up: Ann White will determine if the \$60,000 comprehends the need to help with Utah Neuropsychiatric Institute (UNI) or if it is solely for the phone application.

COMMITTEE ACTION: The Committee unanimously voted to approve the use of carryforward restricted funds.

COMMITTEE MOTION: The Committee moves that the Board approve the use of the carryforward restricted portion of funds for all sections.

INTERNAL AUDIT:

Debbie Davis reviewed the various section responsibilities and budget.

Career and Technical Education Funding and Maintenance of Effort

Thalea Longhurst, Jaime Barrett and Natalie Grange reviewed the handouts regarding the Maintenance of Effort (MOE) with the Committee. The Maintenance of Effort is not a match but a level of effort.

- Perkins funds are meant to supplement not supplant.
- Federal funds are to be used to pay for something extra outside of the day-to-day CTE operating costs.
- Federal funds must be used to meet performance measures outlined in law.
- Federal funds are spent on equipment and cannot be used for consumable supplies.

The level of the local maintenance of effort was established by Board rule and the Board could choose to reduce that level of effort. The potential repercussion of the reduction is the federal maintenance of effort wouldn't be reached, which could result in a reduction of federal dollars, fines or penalties.

COMMITTEE ACTION: The Committee voted unanimously to work with Senator Hatch's Office regarding Maintenance of Effort options.

COMMITTEE MOTION: The Committee moves that the Board approve Board Leadership to work with Senator Hatch's Office to add a cap or to eliminate the CTE Maintenance of Effort.

COMMITTEE ACTION/FOLLOW UP: The presentation of additional Board questions regarding the CTE MOE was postponed until the November meeting.

Necessarily Existent Small Schools Report

Natalie Grange reviewed the Necessarily Existent Small Schools (NESS) Funding report with the Committee.

The NESS program assists school districts in operating schools in remote locations with low student populations. Schools must meet eligibility requirements established in statute and Board rule. The program provides add-on WPU in addition to the WPU generated through other programs in the Basic School Program.

NESS funding was discussed in the Equity Legislative Work Group and is part of many funding formulas being discussed. Superintendents want to be a part of the discussion on how NESS funding is determined. Getting a standard basis of information reporting through a new chart of accounts will be critical in determining how NESS funding is distributed in the future.

One of the core recommendations is to not change anything in the near future and to not change anything without consulting with LEAs and other individuals with a vested interest. An in-depth study is not possible until the end of FY 2018. School Finance will work with participating districts to make sure they are compliant with statute and rule.

COMMITTEE ACTION: The Committee received the report and reviewed the recommendations but forwards no motion to the Board on this item.

Interagency Agreements Update

Deputy Superintendent Jones reviewed the FY 2016 Department of Human Resource Management (DHRM) Service Level Agreement with the Committee and highlighted the change for making payments on a quarterly basis.

The fees for the DHRM agreement are set by the Internal Service Funds Committee, Which the State Board of Education does not have representation on. There are several agencies represented, but none that are constitutional agencies like the State Board of Education.

COMMITTEE ACTION: The Committee reviewed the agreement and voted unanimously to seek legislative change for all service agreements.

COMMITTEE MOTION: The Committee moves that the Board seek legislative change to have full flexibility to use private sources for all service agreements.

COMMITTEE ACTION: The Committee voted unanimously to seek an outside review of the DHRM agreement and to inform the DHRM of that decision.

COMMITTEE MOTION: The Committee moves that the Board will seek help in reviewing the DHRM agreement to see if the Board has objection. The Board will report this decision to the DHRM and the Board will pay for the consultation.

Deputy Superintendent Jones reviewed the operation and maintenance (O&M) agreement with the Division of Facility Construction Management (DFCM).

COMMITTEE ACTION: The Committee voted unanimously to authorize Deputy Superintendent Jones to sign the DFCM O&M agreement.

COMMITTEE MOTION: The Committee moves that the Board authorize Deputy Superintendent Jones to sign the DFCM Operation and Maintenance agreement. – JJ absent.

Deputy Superintendent Jones reviewed the Department of Administrative Services (DAS) service level agreement with the Committee. The DAS encompasses the Division of Finance, Division of Fleet Operations, Division of Purchasing and General Services and the Division of Risk Management.

COMMITTEE ACTION: The Committee reviewed the agreement and voted unanimously to authorize Deputy Superintendent Jones to sign the agreement.

COMMITTEE MOTION: The Committee moves that the Board authorize Deputy Superintendent Jones to sign the DAS service level agreement. – JJ Absent

District of Residence Validation Process Update

Natalie Grange reviewed the District of Residence Update with the Committee. In June 2016, the Board directed staff to validate student's district of residence (DOR) using address validation databases from the Utah Automated Geographic Reference Center (AGRC).

When the initial validation was done on September 22, there were 6,340 errors. As of today there are 664 errors.

COMMITTEE ACTION: The Committee received the report.

Recommendations Regarding Write Off of Uncollectible Charter Revolving Loan

COMMITTEE ACTION: The presentation was postponed until a later meeting.

Special Education Intensive Needs Fund Amendments

Senator Fillmore, Glenna Gallo and Jaime Barrett came to the table speak to this agenda item.

Glenna reported that during the 2016 General Session of the Legislature, Senate Bill 242 was passed which asks the State Board to reconsider the funding distribution formula for Special Education Intensive Services. The bill requests that the Board allocate these funds using the new formula beginning with school year 2017 – 18. The current Special Education Intensive Services appropriation does not meet the total statewide need to support eligible costs.

The Special Education Finance Committee, which includes representation from LEA special education directors, School Finance and Special Education staff, met with Senator Fillmore on several occasions to develop four possible courses of action. After the Special Education Finance Committee concluded their meetings, Senator Fillmore developed an additional course of action. Jaime Barrett reviewed the five courses of action with the Committee.

Senator Fillmore reminded the Committee that in considering the scenarios and the changes in distribution of funds, the money has been given out inappropriately up until now. He also suggested that one shouldn't assume that there won't be additional money put toward this fund and when the Board selects a new course of action, the funding changes will go to the students that have much greater and more expensive needs than other students.

The course of action selected would result in a Board rule where the LEAs and the public would have opportunity to provide input into that rule.

COMMITTEE ACTION: The Committee voted unanimously to approve course of action five.

- Utilizing Course of Action 2 with the exception of distributing the highest impacted LEA funds utilizing a step down approach. Ensuring that LEAs do not receive reimbursement in excess of their actual eligible expenditures.

COMMITTEE MOTION: The Committee moves that the Board approve course of action five for the distribution of Special Education Intensive Services and for staff to prepare a rule.

SFY 17 Discretionary Salary Adjustments

Deputy Superintendent Jones reviewed the draft discretionary salary increase policy with the Committee. He also provided comparison statistics of the number of staff evaluated from calendar year 15 to calendar year 16.

COMMITTEE ACTION: The Committee forwards no motion to the Board on this item. The policy will be reviewed by the full Board tomorrow.

SFY 16 Carry Forward Spend Plan Recommendations

Deputy Superintendent Jones reviewed the FY2016 Unrestricted Education Fund Carryover report with the Committee.

Follow Up: Deputy Superintendent Jones will provide additional information for the \$160,587.02 listed under the Deputy Superintendent of Operations section requesting reorganization/bonuses.

COMMITTEE ACTION: The Committee voted unanimously to approve the balance of the carry forward plan.

COMMITTEE MOTION: The Committee moves that the Board approve, as outlined, the carryforward and balance of funds to go to the Board's discretion. – JJ and JW absent.

Grants Management System

Deputy Superintendent Jones reviewed the timeline provided for the Grants Management System. We request an extension to the time line with State Finance to October 17.

COMMITTEE ACTION: The Committee forwards no motion to the Board but acknowledges that the time line may be extended to accommodate legislative session work load and potential RFP delays.

Consent Calendar Review

Jennifer Lambert provided an overview of a situation with the application process for the Early Intervention Grant for charters. The Early Intervention grant is a competitive grant with an allocation of \$800,000. Application requests totaled \$1.3 million. Staff in the charter school section reviewed and scored the applications and made announcements of the awards.

Following the announcement of the awarded schools, an application for Guadalupe was located that wasn't included in the review. After reviewing Guadalupe's application, using the same rubric as the other applications, Guadalupe scored below the level of the schools that were funded. Because Guadalupe was notified two months later than the other applicants, they had submitted their budgets to include the grant in their plan.

One recommendation going before the State Charter School Board next week is to give all of the schools that applied one-half of their request. This recommendation would benefit the students, and give credence to the process for those schools that did write a strong application.

COMMITTEE ACTION: The Committee reviewed the consent calendar.

Quit Claim Deed of Property to Utah College of Applied Technology-Uintah Basin Applied Technology Center

Aaron Weight, Uintah Basin Applied Technology Center (UBATC) President and Bryan Quesenberry, Assistant Attorney General for the Board joined the table to discuss the quit claim deed.

Aaron provided a brief history of the deed to the property. The property was titled, as it is now, back in 1968 when the Uintah Basin Area Vocational Center was formed. At that time, Uintah Basin Center was governed by the Board of Education up until 2001 when it was transferred to the Board of Regents. In 2009, it was transferred to the UCAT Board of Trustees. In 1997 the parcel was deeded to UBATC who was governed by the USBE. While

working with Duchesne County, they realized the deed was not transferred with the title changed in 2001.

The property was used as a CDL driving range between the two campuses. The UBATC wants to turn the property into a street.

COMMITTEE ACTION: The Committee unanimously voted to approve the Quit Claim deed.

COMMITTEE MOTION: The Committee moves that the Board approve the Quit Claim.

USBE Group Gathering Food Policy

COMMITTEE ACTION: The Committee forwards no motion to the Board on this item. It will be reviewed by the full Board tomorrow.

Request for Data/Information

- Staff will provide a time line for the transfer of supervisory responsibility for section accounting staff from Section Directors to Natalie Grange and/or Deborah Jacobson in Financial Operations.
- Staff will provide a comprehensive list of vendors, outside of the State of Utah, who provide education services. The list will identify who the vendors are, what purpose they serve, and the amount of money they are paid. It will also identify any services that can be provided in our own State, internally.

The meeting adjourned at 10:55 p.m.