

**DCSD School Board Meeting
3-2-10**

Present: John Carson, Douglas Benevento, Clifton Stahl, Justin Williams, and Meghann Silverthorn

5:03 p.m.: Call to Order, Roll Call, Pledge

- Roll Call: Carson, Benevento, Stahl, Silverthorn and Williams.
- Pledge of Allegiance
- Motion to accept agenda. Approved by voice vote.
- Motion made, second, voice vote taken to approve a move into a closed Executive Session.
- 5:55 p.m. conclusion of closed session. Vote taken on the closed executive session when Board returned.

5:55: Work Session I (present: Stahl, Gerken, Benevento, Carson, Silverthorn)

- **David Hart, RBC (acted since 1997 as bond underwriter and financial advisor)**
Terry Casey and Dan O'Connell: Hart: (want to) focus on matters related to state of the state and what is happening to "assessed valuation" (AV) and thoughts on a Mill Levy Override/Bond. (PowerPoint presentation) Casey (RBC): David has made it clear to you that you represent 8% of K-12 funding...the district will find itself with \$59.5 million in reduced revenues. This is a three-year picture of the revenue challenges. If we are going to get relief in terms of capacity what is going to have to provide that is AV growth...which is unlikely...you now have the highest bond rating for a school district (AA Rated). Casey: The history of the cuts you have made and the general income wealth of Douglas county...O'Connell: Assessed Value growth...there has been a perception of a break out of non residential sharing a larger number, which is not really the case. Not much of a shift from 2004-2009. Not likely to change because of Gallagher...essentially fixed that and if Tabor were not in existence would be higher. Hart: Douglas County has had strong growth in both sectors...where there used to be fields now you find residential and 7-11s and gas stations and other commercial properties. In terms of the wealth of the county, it has the benefit of the marketing of a "bedroom" community but has a large (commercial) base. O'Connell: building permit history shown (PowerPoint)...points to when reassessing...likely to see a drop in AV. When looking at growth model it is a key takeaway. Hart: when we look at the funding drivers of the state finance act...we get funded for growth. Back to 2000 we didn't go below 2000 students and in some years closer to 3000. Going forward we see a breakdown in student growth. Note the correlation between (building) permits and the school finance act. Casey: ...alternative shows (AV) going down by 5% and another by 10%. Homes are worth substantially less than assessed value. This current assessed cycle will impact taxes in 2012...state looking at 5% decrease...(but) CDE has not put that into their calculations. Some may argue these are too high, so what we have tried to do is show...46.5 mills fixed...if you do nothing, don't ask voters for bond or override what is going to happen...right now we have a positive bond fund. That in effect is the last bucket...we think it is important that on June 30th ...to have enough in the bond fund to pay...when looking at 5 or 10% negative growth...you will have to change the compensation of your levy and pay the bond fund. You won't be able to levy. I want to caution you, this version is one of many that we have run...this

assumes you go for a mill levy and bond ...and get mill levy get right away. No one asked me to use these numbers, just to show you the impact on both taxes and declining assessed value...you are negative if a 5% drop, if negative 10%...30 million June shortage. These are deficiencies that are too high...assumes a 4 mil increase. (Chart shown about the average tax bill on a typical home) on a nominal basis you see a trend that is steadily up. Alternative 29, with no increase in override or bond...total amount \$1,388/\$375,000 house; 2011 amount is \$1,388; 2012 amount is \$1,319...with anemic building numbers the average home value goes down by 5% respectively. The tax bill will go down by \$69, if you don't do anything you will face a situation that you need to reallocate or need to increase the levy...it takes an increase of \$69.00 to match it back up. The district will be neutral because it is a mill increase without a tax increase. We are using averages...not everyone will be a 5% decrease. On second version... Carson: the mill levy freeze only effects the state portion? Yes. Carson: That essentially means any benefit we would have we don't get to keep that difference any more it goes directly to state. Hart: the opposite is also true. In this instance if there is a 5% reduction that revenue would drop by 5%...none of the forecasts from the state show what that would mean to them. I want to point out that their (state) models assume there is no change in pupil count. In our case our pupil count will go up and the AV will go down. Carson: when you say we would need 49.6 mills to maintain our current level? Would need to be approved by voters? Casey: no, you have an affirmative responsibility to levy what is paid the debt service. Since 1997 you have been well below the voter-approved cap. Assuming it is only 5% one would have the choice to increase the levy a little on the bond and mill side...you would have the ability to do that because (you are still) under the cap. However, 50.500 mills would be a tax increase...to be revenue neutral...however, in 1997 the district was on the ballot for 117 mill in bonds and a mill levy override...that was really the district's first election since Tabor after lawsuits...candidly the (district) policy makers at that time...there was a concern that the voters would say no so they put a cap on the mill levy that didn't include abatements...that is a voter imposed cap, however with rapid AV growth...I want it to be very clear I am not advocating an election...I want to be very clear we are just showing it. Voters can be asked to approve a new cap...I would not be comfortable advising you to put this into a cap Hart: in the event that the district would not increase the mills you would forego roughly 14 million dollars...at that point you are back to where the mill levy is only generating 40 million. The only place we will be able to balance on the total cap, by not increasing the mill in the face of AV. Casey: three proposals on (November state) ballot. Prop 101: reduce specific ownership tax...has a direct impact on Douglas County. Amendment 60: any DCSD citizen can petition to lower taxes. By 2020 DCSD must phase out 1/2 of 2011 property tax rates down to 20. (Requires) 2 election questions for debt approval. Amendment 61: no BEST program at state. No interest free loan program...means the state wouldn't be able to run the program it offers to school districts...(now) you pay it back through property taxes...would be prevented. On ballot in Nov. you may need to put to voters a question this November, (if this passes) you can't borrow which would mean you can't make payroll. No COP's (Certificates of Participation), would go away...no refunding for savings without a vote. (Impose a) 10% debt limit, you are

already over that. All new debt would need to be repaid within 10 years. If we went in 2010 and issued in 2011 need to pay back in 10 years and would impact the mill.

Hart: we would like Terry to come back to the meeting on the 16th. Carson: what is the current thinking of the viability of elections this fall? Casey: in our judgment it is an extremely difficult environment for tax increases and without specifics on a mill or bond? It is generally safe to say...with a significant and unified local campaign to pass it...would be difficult to pass. We do have clients that are going to be on the ballot...some are members of BEST. Dan: we haven't lost a BEST election yet, over the last two years the local districts who are participating...no failures yet. Frankly the district could employ that here. Casey: to clarify none of our clients that have one, but one have failed. On the mill levy side...if you need to prioritize... it is not bonds but an override. Some major districts, for example Poudre (School District), is seeking a sizable increase...no definitive polling. In process of making up their minds. Gerken: you have given us all of the good news...what is the bad news? Casey: there actually is more bad news...whatever you decide to do, if you go and if you do and fail...the story of AV state wide...that is 8% of state deficit...that doesn't include any reductions in AV. That is a 600 million number without reduction in AV. That 59 million in all likelihood will be worse. Gerken: on page 11, your shortfall is based on...Casey: yes, that assumes that the state 24.5 mills will stay the same. The only thing you have discretion over is raising the override. You have to levy what is necessary to...pay bonds. Under a dooms day...2012, 13% whether or not you wanted to collect you wouldn't be able to under current 1997 vote exclusive of abatements. Gerken: maybe I have a misperception...what I am saying is if we have a 5% drop in AV we would clearly...that revenue would go down 5%...we send that up to the state, does that really effect what we get back...Hart: in a world where we have money Amendment 23 (would be funded). Now it will not be held up, it makes that number larger. Gerken: going forward...hopefully not in a state decline forever. Casey: we are assuming AV growth of 1 and 3% respectively past 2012. We thought in the interest of prudence to run the models this way. Gerken: when we look at Amendment 61...Casey: when we look at assessed value, 10% of that...you couldn't issue any new bonds...for at least a decade. Gerken: David, we have some bonds maturing? Casey: we are retiring 27-30 million in bonds through this first period, we will get there but not as quickly as the district needs. Hart: want to be real clear the tax rates change in 2012...depending on where you sit, we want to be clear changing the tax rate to hold that to be constant. The 33.7 million...we are taking an additional 12 mill hit...we are assuming that in that moment increase tax rate to keep tax constant. Casey: subject...Carson: the only alternative would be to use the entire override amount? Yes. Hart: if that were to occur in 2017-2019 we could deal with loss in AV...Gerken: what were the concerns again...what are the concerns going out? Casey: two, we assumed we wouldn't issue it right away but at end of 1212 to delay new debt service. You wouldn't really be able to do that if Amendment 61 passes...violate debt limit and only one question. Gerken: that is really the big concern around sooner rather than later? Hart: we will go into this on the 16th, certain programs time out...we want to come back to that. Gerken: the other point I would make...you would think that interest rates...Carson: we will need to change the date for the 16th because of the precinct caucuses. Stahl: (polling question). Casey:

district-specific polling (as we have done in the past)...I would suggest in order to be successful we need to make up our mind. It will be a pretty significant campaign effort but legally don't need to set question until (August). Carson: questions? No. We will have you at the... Benevento: does a poll (results) have to be public or can it be confidential? Casey: that is up to you, if private or public, up to you. Carson: Break for audience for 20 minutes (7:00 p.m.)...need to discuss negotiations in executive session...to receive update on status of negotiations.

7:50 p.m. presentation: budget reduction plan (Steve Herzog and David Hart):

- (To find a copy of this power point presentation visit the [DCSD Website Homepage >"BoE Finds Budget Reduction Plan Reasonable"](#) > click on "here" in the sentence below the title) Herzog: 76 million shortfall through 2012 with...12 mill possible revision this year. Proposing 40 million with 24 mill to be addressed in 12. Mid-year cut of 9.2-12 million. Warned by CDE after March tax collections could grow to 12 million. Asked sites for 1 and ¼ reduction...if 12 million take 600,000 from contingency. Central office/Services Reduction shown... approximately 35 FTE; 2 million in reductions majority from AP (Assistant Principal) reductions. Transportation reduction reflections...going from tract to conventional calendar...decrease from 12 months to 9 months for drivers and TEAs. Adding up to 400 more stops (for next year). Cut Schedule A, fee increase to restore part of reduction. ETIL supplement for 10 schools eliminated. Innovation and Dev. Reduction by 500,000 still putting 10 mill into schools and feeders. eDCSD becomes fully self-funded, becomes cost neutral. SBB reduction of \$250 decrease per site...12.5 million. \$100 SBB reduction from 2-year plan and additional SBB reduction of \$150 because of state revenue shortfall. 229 positions if all from teachers, most from OYO (over 190), special education ratio changes in teachers and EAs... 1.5 million. If \$43-45 million not needed would restore some of these revisions. (Possible total) 220-300 teachers/classified. Compensation reductions (negotiated items) compensation freeze across the board, 3 mill. Inflation projected at -.6%. Furlough days for all employees up to 3 total, 1.1 million per day. With the assumption that some employees will be lower costing. Reduction of substitute pay for retired teachers \$150 now to \$115/day...Pay for Performance (PFP) for employees, \$4.2 million suspended for 1 year while program under revision to move to "benefits incentive plan." Fees for service: ITS fee of \$25/student= 1.3 million; transportation fee of \$1/day/rider= 2 million...if calculating less riders and those with inability to pay. \$3.3 mill in total fees. Increase athletics and activities fees of \$500,000. Central offices= 7.8 mill; program reductions= 5.3 mill; SBB= 15.5; compensation= 6.8 mil; PFP= 4.2 mill; fees= 3.3 million. Ask you to approve this as reasonable. We know right now from state \$31 million, balance of 7,825,000. Other factors, 1.5 million from general fund to equalize charter sharing. Won't know final state budget until May. Need plan in place now. Key considerations: multi-year state revenue at last 71 million; PERA annual increase through 2018; assessed valuation decreasing; need to address equity issues across the system, smaller schools won't be able to absorb (impact of cuts). Kept security from being reduced at your request. MS was slated for a decrease. Transportation stops; elementary planning time. Timeline: March 22nd state economic update expected; May legislation; DCSD budget shared with BoE. Questions? Stahl: athletic fees, cut of 1 million and

fees of .5 million to go back in. Herzog: kept fee at where (level/amount) we went out to community. .5 million back in. Slight reductions in coaching positions, sites and boosters can put money back in. Stahl: only if you put fees back in they can survive? I would like to see that ½ million dollars get back into the classroom. Herzog: we see sports and activities as a learning environment. Talked to leaders...maintaining that was a priority. We put the tolerance for the fees where we did knowing there would be other fees. Gerken: (think it is) good to point out...I know the answer...what does this do to class size? Herzog: primary grades at mid-20s, intermediate approaching 30; secondary, averages in low 30's until we see how principals deal with SBB...(we are) hearing they are making reductions in support areas. Not every school is the same. Prioritizing is important...math and reading (restrict growth) and let other classes grow. High school students pick their classes. Projection based on averages. Until we see plans...there are some inefficiencies in smaller schools and high schools that are downsizing and may need help. Carson: no further questions...suggest we move along to next item on the agenda to how (funding) is apportioned among schools.

- **Discussion: Charter School Funding.** (two attachments were provided for this discussion, they are on the DCSD Website under the agenda date or on the DCFT.net website under "school board notes") Hart: history of Mil Levy override elections. Is there any constraints on how allocated? That is a nature of each individual ballot question. Not a limitation...actual ballot stopped short of prescribing how spent. In 1989 there were no charters in existence, so no money shared. 1997, 1 charter, no conversation. 2003, 5 charters \$251/student. 2006, \$60/student for all schools system-wide (not on-line schools), applied to the 7 existing (charter) schools. Additional dollars on an annual basis split between World Lang. and Lit. as pupil size increases, \$60 fixed and amount goes down. In past there has been conversation between pro charter and these are the points. From a charter's perspective, only one revenue source (which is) PPR, (out of that they) need to pay lease, etc. These are the points where we have had the back and forth. Questions? None. Proposal (Hart): all revenues derived from mill levy overrides on an equal per pupil basis for all students. Would introduce new methodology. 2008 election would have been shared. Divide by total number of students, excluding on-line, \$620/student for next year. As part of the budget process...bring forth the math behind this and beginning with 2011...only viable would be the number of pupils. However in light of the fiscal restraints we have worked borrowing from 2008 phrasing, 1/3 each year (for three years). If done with exact math, 5 schools would get less money because already funded (ask to "hold harmless" these schools) 9/10 would continue to get that, new schools getting \$100 would get \$212 and the one new charter, Sky View, (go from) \$0 to \$212; \$400,000 in first year and the balance\$ 550,000. In conversations with Gary Stueven (Platte River Academy), asked to modify (that) we not actually prescribe (money, but) that they instead propose back to us. Instead of saying \$351 for 5 and \$212 for...they would say out of this pot we propose the distributions occur this way. In the event there is a successful mil levy override the balance would immediately be made available because we could absorb that. In the event of a future one and all future...shared equal per pupil basis. That is the sum of the proposal, ask your questions. Carson: we have an item on the agenda which is a resolution of mill levy

override funds, if folks have questions now ask them. Herzog: you need a public comment before you can vote. Carson: we have public comment at 9:00. Any other questions? Stahl: I will wait for discussion. Carson: I will wait as well. Lets have our "policy governance" model.

- **Policy Governance: Jim Weigel** Carson: they asked me about the end statements, as far as I knew they were to stay in place and continue to function pretty well with superintendent setting benchmarks. On a day-to-day meeting we have not followed policy governance as much. Weigel: I like to help BoE's govern well. Policy Governance (PG) is a tool towards doing this. It is based on my experience, my being a founding board member of the International Policy Governance Organization. I don't want to talk a lot about PG, all it is is a set of principals that help boards be accountable to themselves and the people they represent. They allow you to be strategic leaders, it is a set of principles. What is the purpose or value of a board. The environment in which you operate and some of the common ways some boards govern. Why is it bad and why don't they use it (PG)? You now are accountable for all that goes on when you raised your hand (to be sworn in)...you are accountable for everything that is happening in the district. You personally can fix everything and the problem is that people who have been around know you really don't know what is going on and you really can't fix anything. You have some power and people will pay attention to you but you really don't have anything until you do something here. People ask as many questions as they can, some are nastier than that, you are in a fun environment where you have to cut back. 20% of your budget is going to be disappearing. What values do you want preserved? 80-85% is personal, you can have fewer people, pay less, fewer benefits or work them less...furloughs, freezes and layoffs...the challenge is figuring out which of those are more or less important to you. Challenge that you have is to figure out if you are going to have 71 million less...another principle is to have that discussion among yourselves and everyone in your community. Consumer, producer, staff and an owner. Consumers want what I want, staff can be the same...what I am asking you to do is to talk to people...what are the priorities for students are you willing to give up? Each of those line items... what are the impacts on students/staff/etc. Talk to those people who are gong to say things you hate to hear. If you do that, you will be really good at governing. Why people don't do it? They really don't want to talk to their community. They want to make the decision themselves. Another (reason), they don't want to talk about the results for students. What are the results we want for them. They don't want to talk about it, they want to talk about the programs and people. The Board's role in PFP is deciding what kind of performance you think is good. Not designing the program, but what does good performance mean? How do you know the district has preformed well or not. That is your role in as much specificity as you possibly can. I will give you an example why...when during your life should you know the most? When you need to know? I heard the answer from back here (audience)...see people will even tell you the things you need to know to do your job. What do you need to know? That is a perennial answer, you will never know. The issue is you don't have all of the answers, but you can go ask the people who know. Also, now a days you have built in community engagement of people to ask, they may be here because they are scared as hell about what you are going to do to them. People don't come to board

meetings...this is a little different than a few years ago. I am going to guess that quite a few of these people are employees and belong to a union or professional organization. They are here for their members, but also a professional organization and around what is best for students. Ask them what are the results for students...I am going to pretend to be a board member...what are you willing to give up for students? Does anyone have a real helpful answer to that (asking the crowd)? (Audience shout out of: buses...transportation) Weigel: does our school district exist so kids can be transported? To make a responsible citizen what are we willing not to do? What result for kids are we willing to not get? Get the answers to those questions. What can't we give up (asking audience)? Special Education (shouted out)...those are all programs folks. Weigel: safety? Do we pay taxes merely so they are safe? All I am asking you to do is have these conversations with your staff, the professionals. What are we going to not ask your staff to do anymore, you can not ask them to do more with less...you have to take things away before you can focus on the few key criticals. What priorities do we have to keep and why? What are we not willing to give up and why? For which kids are we going to do (less) for? Guess what, you need to ask them (pointing to the audience)? You are experiencing 1,000s showing up and they come up to yell at you, they don't come up to tell you what you are doing right. They (referring to the BoE) do this for free? Can you believe that? Tell people I am the stupid idiot that you elected. I would suggest to you John, if you want to do PG or not it doesn't matter. Figure out how you want to govern. This is how we are going to govern and what we expect the school district to do. The key is to talk about the results and what you want for students. Talk to as many people as possible especially those people whose views are off the wall from where you are. I leave you with one thing...that you guys want to be excellent? The first way is to not start with screwing things up. That applies to you. If you can just be average you can do better than 70-90% of boards, if you can just not screw things up. If you can have those strong value discussions...what do you disagree with and why in the budget. There is a value to freeze compensation and it won't go up or down, do you agree? Lay offs, do you agree and why, that is class size changes. Value discussions about AP's, what are we willing not to get? Maybe you have already had those discussions, have you? Keep having those conversations...it is a piece of cake to come up and say don't do this or cut this, the hard part is saying what are you willing to give up and why? Let them (referring to the audience) understand your role, let them help you and understand you. John, I am going to suggest you are going to learn the guts of policy govern because you have to make decisions. They will tell you the choices they don't want you to make, push back and ask why this over that. Talk about any value that is important to you and have a thorough discussion. I can help you with that. Questions? Carson: I think that is a good overview, what the new board needs to think of...I will ask Herzog...we have a manual that is 6 years of board work and your decisions are based on that. We have a framework in place and the administration is governing based on that framework. It will be an important decision as we go forward to hire a super, are we going to have them governing under this model or another. I know it sounds like a broad philosophical discussion...we have had many hours of work putting this together and the question now is how to proceed. These are really the directions for our principals, teachers and super.

Weigel: if the board is not going to take their own words serious then soon everyone else won't either. If you don't agree with them change the words. A way you are willing to live with and govern the district. Scrape the whole thing, but now you have to decide how you want to govern. Don't do two things...don't do something else when you have this in place. If you have enough board members to work well together, if you can do that an elected board can do that...together. Stahl: obviously I have been a fan of this model in the past. It seems when our new board was seated we had a lot of hot issues. Until we tell them to do something different it may be worth some time for us to have a discussion how this can lead to a hands off and turn over to Steve and staff. I appreciate that we have moved away from that, but it is worth to review what we are dealing with, budget cuts...validity of end statements and we can't do it...not fair to staff. What are we not going to let go of and what can we let go of? Weigel: you can guide the district operation to ask as much hands on as you want to. Stahl: one of the questions we will ask a new super is how do you value this...Carson: all we have time for tonight, we will be back in touch. Carson: we have some public comment?

▪ **9:07: Public Comment**

Nancy Clark: I received an email sent out from Senator Ted Harvey which states “Dear Douglas County Friends...the Douglas County School Board is meeting at 7:00 PM tonight at 620 Wilcox Street in Castle Rock. The fiscally conservative school board members are under intense pressure from the teachers union to raise taxes during a recession. Many people in Douglas County are struggling to make ends meet, the last thing they need is for the County to increase their taxes. Please attend tonight at 7:00 and encourage our school board members to not...” (if you would like to see a copy of the entire email please visit DCFT.net, it will be posted under “school board notes”)

I don't know Senator Harvey, but I am here because I am a member of the community, I have not kids in the schools...I see the lines at Starbucks and Chick-fil-A and I think the students are worth giving up a Starbucks...we need safe busing, we need young families to move here, I have worked 20 years as a realtor and the first thing they ask is about the (quality of the) schools, teacher/student ratios...It increases the quality of tomorrow, lets not let them down so they will not let us down. I hope Harvey is underestimating what we are willing to do for our children, let's not assume everyone in the community is not willing to pay for an additional mill levy.

Victoria Roberts: I have really...I am very nervous...it was my impression there was going to be some sort of panel here with neighborhood and charters to give you feedback. I emailed several board members and the super...I have two kids here (DCSD), one with special needs. I like having options, however during these economic times...at this time why is it the time to consider funding schools the same when they are not the same. I moved here from Denver, found the school and bought the house right by the school. I know he (her son) is protected by one on one care, I am here for the other students that need to have services...I love that there are charter school options, but it is not the right time to say they get equal funding. I know...Dan you had a great idea to have a panel here and why is that not here? And now you are going to vote with two board members not here. I have two small children that don't sleep very well and I need to get home and I am tired but I needed to voice this.

Luke Wessler: I am part of the 70%, not a teacher or student, but a community member. I wanted to say a few things, I think there is a big issue coming up and it is a mill levy and it is a big issue, the budget shortfalls are not created by the BoE...part of issues is the fact that we are such a high performing district. President Obama (doubled) money (to at risk populations), for us 0x0 equals nothing. We need to do something at the local level and I know increasing taxes is not a good thing, however losing the small town feel in DC would directly result in a decrease in AV. To prevent 10% (decrease in AV), keep teachers....PFP? PFP right now is an ok idea... but if it is a guise for a permanent pay cut you are going to lose high quality teachers. I support PFP unless it is a permanent pay decrease. Right now they are looking at a pay cut, look at it like in the business world as bonuses. If we pass a mill levy we can minimize a reduction in student performance and maintaining the small town feel...I graduated from DCSD, I would have dropped out without Mr. Morgan...I know his impact was very important...unfortunately he is back in the classroom and I feel great for those 24...more like 33 kids that he has, but his impact would be greater if he were still working with other teachers. We need to look forward and need to mitigate the damage, that is no fault of yours, with a Mill Levy.

9:20 p.m.: Adoption of Consent Agenda: moved

9:22 p.m.: Board Decisions

- Fiscal Oversight Committee Membership: Gerken and Silverthorn. Carson: comments on members of the committee? Silverthorn: they are, Kevin Larson (DAC) Stephanie Stanely, Ken Buckius, Jack Christiansen, Melanie Whorley, Chris Stutler, Nancy Jane McCullen, Kevin Williams. Motion? Moved and seconded, accepted by voice vote. Hart: for the record we anticipate having an odd number and the committee will be assisting us in finding a couple more members. Carson: next, budget plan? Herzog: you are actually jumping out of order...it is the mill. Carson: discussion? Stahl: I have long held to the premise when it comes to charter and neighborhood schools... by the fiscal responsibility that we have, what I have gathered from the charter movement is it is driven by two things; results and the ability to do it in a cost effective manner. My concern is with the later...with DC schools my issue falls to a performance stand point I don't think you can say that unequivocally that sometime they are public, private or charter. I don't see they clearly far out pace the public schools. It should be the other way around. We in the public system should be looking at what they are doing so we can do what they are doing with less money. It flies in the face of what I like about charters. They can look outside of the system...I will stop there, I have more...Carson: well I have long believed that the distribution should be equitable...I have never understood why not apportioned equitably. With 7.5 % now in charters with the introduction of the new one. I don't think we can move forward with an election when not funding them...my inclination in bringing this is to do it all this year. But a number of people have said they would like to see options on the table. The superintendent submitted a proposal, charters submitted a proposal. Charter schools do not get any capitol money, they still operate on less, I will give you the % of the budgets: American Academy, 27% on servicing their building; Challenge to Excellence, 16.2% ; 27% DC Montessori; 25% north star... the average is about 20%. All we are talking about here is making the operating side equitable. In terms of discussing it further I am happy to have a panel and tonight I don't see directing a certain dollar

amount. My view has been all along to take that step in this budget but I am open...

Gerken: here is my analysis, it seems to me what you have going here is that the charters get no money for their facilities, on the other hand they don't pay for sports. They are still paying a fee for special education. And on the ownership tax...what is the PPF...neighborhood...specific ownership tax to neighborhood (referring to numbers given to him by Gary Stueven) David? Hart: this is a challenge in that I don't agree with Gary's numbers...the amount is \$7,000 rounded, 1/3 from local 2/3 from state. Of 1/3 property and specific not a distinction between...uniform. No distinction in PPR. Gerken: am I being overly simplistic that charters don't pay for sports? Herzog: some Sped. Some transportation, the differences that we have some cost centers they may not have, they have building costs. Gerken: I am somewhat reiterating what John is saying, it is not an equal... Hart: we are intentionally moving towards an equal share of tax revenue over three years...the amount not to be prescribed as an actual dollar amount/school...looking to mirror a 2008 directive. We want to incorporate and move forward so we know how to proceed on these options. Stahl: I don't get a chance to sit and talk to Gary very much, all indications are that he produces an excellent product. Not a district building, when I see fiscal problems like now we should be looking at how you do it. Regardless of how he uses his money, for debt, pays his teachers, uniforms, etc. I am so proud of that school when I am there and when I come to our side of the fence, instead of funding them at a higher level why are we not looking at some of the efficiencies there. Maybe we can't afford 17 million dollar elementary schools anymore (Cliff was later corrected that DC elementary schools are built for less than 17 million...I think I caught 13 million). I see it as an injustice to the charter school...I am a big fan but it is...to just say we are going to fund everyone equally? What is the distinguishing difference, parents have more choice, if a community (neighborhood school) wants to have uniforms they can do that. I would rather save the 1.5 million dollars for the Sped funding cuts. Carson: I ask that you vote on the consent agenda? ...Carson: I don't think the debate tonight is about money. When this district was flush with cash there was not interest...some people do not believe that all public school students should receive equal money. I have never heard why...you (Stahl) made one...Stahl: you just don't agree...aren't they doing more with less? Carson: (collectively) we have (number given, I think it was 12) kids in public schools, raise our (BoE Members) hand if you have a kid in a charter school...none. I cannot understand why they are funded less per pupil. If we are going to go to the voters as a community and ask them I think everyone needs to be included. I have said it before I think the reason for the loss in 2008 was the charters were not included. You cannot look at 7.5% of kids and say you do not get equal money. Now or in two years. Stahl: if they had more or equal they would have improved their performance. How? I would love to hear from charter school admin and parents...do more dollars, do we have the basis that if we have more dollars to improve performance. Carson: is there anyone in the audience, raise your hands, who think performance will be improved with more money? Stahl: why not looking inward to ourselves and learning from Gary and American Academy, North Star, that is why when I go to my neighbors...the argument is backwards. You are doing it for this amount of dollars and you are ...maybe we have a solution to part of our budget crisis. Silverthorn: I agree with

Cliff in principle, I really love what our charter schools have done, things if we flipped it around, and we wanted to take neighborhood schools down to the funding of charter schools there would be a public outcry. No one seems to understand, to help people understand how they are funded and what they pay for...a lot of people are scared and upset and see it as being unfair. We need some kind of open conversation to help the public understand what is going on there. Stahl: maybe the uproar is we haven't been spending the taxpayer's dollars well. Maybe we can no longer afford anymore...Hart: the charter and neighborhood schools will receive the same type of drop in revenues. In a short amount of time they will no longer be able to afford it. As your CFO I worry about their ability to impact our ability to (bond rating issues) ...I remind to this board that we took a lot of steps over the last two years. We would not be talking about the new Sky View....if we hadn't taken out the only charter COP. There are some charters who will not have the ability to address some obligations. Meghann, having a debate will not change those numbers. The numbers is what I hear, this is unprecedented...I would not have approved the two schools that I did if I had known about the (future) decrease, this is a step we brought forward to you and I am overstepping my bounds and now we are belaboring this...Stahl: it is up to us to belabor this. Silverthorn: my thought was not to have a debate before we decide, but to help the community understand it. I want to help people understand, there is a giant wall that prevents them from understanding. I want people to understand why we would do something like that. Carson: any further discussion? None. Carson: my recommendation is to direct the admin to work with parties to address 50% now and balance in 10-11... Stahl: David, in terms of clarity, you are concerned about the fiscal viability of some of our charters going forward. From a budget stand point...if a charter ceases to operate 500 students return to a different school. Hart: depends on location, could go private or back to Littleton. Historically, charters have worked as overflow for us. There are pros and cons on both sides, if under a lease transaction the facility would revert back to the original entity. I also think, and I know everyone wants to claim why we lost an election in 2008...if local solution not part our cuts get deeper. Cliff you were one of the board members who voted to equalize it in 2008...we are going on three years of addressing this. Carson: lets just cut to the chase, 1/3, 1/3, 1/3, or 1/2, 1/2, Stahl: isn't it a resolution, I would prefer to see something in writing. Carson: proposal from the superintendent, can change it. It is not an action item, we can make it one. Stahl: would like to have some more comment. (Public comment) Amanda Sheets: I think charters are great. I run by Platte River each day and see a lot of parents drop their kids off...we are here for academics and not transportation. I understand financial challenges. But our schools are challenged also, our classes could be capped at 36 with an EA, but their class sizes are at 26, can that be addressed? I just learned of two of my students that are newly homeless and are taking CSAPs. To equalize 6-7% of population. This could take teachers out of the neighborhood schools. Involved parents get their kids into charter schools. Mr. Stahl: I liked what you said about 1.7 into Sped. Stahl: I don't see it as taking away money. Sky View Leadership: if you were to invest some of your money would you get 10% return or losing money. Stahl: is there from the charter perspective, how do you quantify class size? We look at this issue and I am curious about class size...if we are asking our schools to look at

class size how does that look at charters. Gary Stueven: dictated by school and class size. We run at 26 per class. Raised once, don't see doing it again. David has talked about future funding, we need to remember that all of our parents are taxpayers as well. 69 million for bond redemption fund over years, when you look at 69 million we get none. 20% from PPR (to fund building). 15-20% to 65% mill levy override. We are talking about 30 million dollar deficient and a lot of debate. There are a lot of other things that deserve a lot more debate. In terms of making that kind of debate...it is hard to debate equity. MS vs. HS English vs. Math, etc. Stahl: we are talking about equalizing something...do you see efficiencies in how charter schools operate. There are always choices. I don't want your school...I would never want one of our schools to fail. What is best for us, we have waiting lists...lets go four track...how do you look outside the box. Stueven: we don't need to pursue that right now, next year we may. Our general community doesn't want four track. Stahl: it sounds like in the dire future we should be looking at all things. Sky View: we have looked at opening up more grades, it is a balance and we need to evaluate that. Another thing you have to look at. Who gets hurt, is the kids. You don't take it away because you think they are doing better. Stahl: what do I say to my community? Heritage has 35 kids in a class and you all choose not to do that. Sky View: we use our funds better. We can educate on a 1-25 ratio instead of 1-35. Stueven: employee compensation is a factor, they like working there. Administration is the same, I would make more than I do in a neighborhood school. It is a choice. Not the right thing to do all at once, but to look at over years. We can move forward collaboratively. Gerken: speaking for yourself, and other charter principals, 2=3 year phase? Stueven: as a district go so go we. I am in the business of moving towards equity...2,3 years? That is a board decision. Gerken: you look at the drops in PPR, how are you going to handle that? We look at 85% in compensation and benefits. Gary: we will move forward with freezes, we need a larger fund balance because of liabilities (ownership of own building). In a course of a year or two we will need to make the same decisions. Gerken: if not raising class sizes, do you look at your employees' compensation? Stueven: we will go by not promising in the future what we don't have now. Benevento: modified motion to amend 40% 30% 30%. Gerken: super proposed 1/3, 1/3, 1/3. Hart: if you do 40% in the first year you will actually cut the amount per student in the first year. I would push you to do the proposal to hold them (ones mentioned in previous proposal) harmless. Benevento: not amending that. Gerken: redo and not change. Benevento: amend only 40%, 30% 30%, seconded by Carson. Carson: public comment. Todd Warneke: background in philosophy, on board of Academy Charter. We held meeting to discuss budget and had more parents show up than you have today. What are we going to do about class size? We are increasing them. You are saying we take more from you because you are doing well. Do you look at a successful baseball player and cut his salary? Give ours to schools not performing as well? As far as 40,30,30 that is a minor matter...equity is a good thing, but we are looking to stay alive, (we pay) 19% for building. When we increase our class size, it is a cheaper way to educate students with same outcome. Stahl: I will vote for 40,30,30 under duress only because I think of kids first and we are looking a some charters taking options away from kids. Carson: motion from Benevento, second from Silverthorn...you can now vote. All

voted for it. Stahl: there are not right answers on what we are voting on. I go back to the end statements. I don't know what 500,000 (fees) does to protect teachers and Sped...I am a product of athletics, but when you are making value judgments...when looking at giving the money back to athletics I would like to find a way to give that back closer to the classroom. I am fine with everything else, we need to find a way to be true to our values in the classrooms, it is a small thing but it says it all. Herzog: we go back to our DAC, and SAC and this is what we heard. Audience member: Kevin Larsen: we got the feedback, my concern is they would have supported a higher fee and then to redirect it to somewhere else? Stahl: CU Boosters money (goes to the classroom). Larsen: if you take it from there and put it somewhere else you are not being honest. Gerken: propose to accept it as is but come back to it. Carson: 43 million, don't know final numbers. Herzog: confident on 35 million. Carson: go on that, anyone want to offer an amendment? Benevento: move to accept the budget reduction plan brought forth by the super. Seconded. Carson: Board of education finds the budget reduction plan reasonable. All voted for acceptance of the budget reduction plan.

Carson: meeting on March 16th will be cancelled due to precinct caucuses, I will notify public if rescheduled. Graduations...all covered? DCHS needs someone, take a look at that one. I want to thank the communications staff and all staff, Susan Meek, Steve, Bill Moffitt the extraordinary work done communicating with the media over the last week. We are now transparent... and I am proud of it. There is a lot more to the story than (money spent on) Starbucks. I want to mention in your packet is a "School Leaders for America" plan to come to us at no cost. Give me some feedback in the next few weeks. State Legislative Delegation for Douglas County has asked to have a dinner meeting with us and we will structure that properly. Probably for the next meeting. Gerken: update on super search...meeting with several candidates...hoping to narrow down to two candidates. Going into exec. session on negotiations at 10:50 p.m.

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*Notes taken by Courtney Smith, DCF Office: Courtney.smith@dcsdk12.org. If you have any questions on the content of the notes feel free to contact her.