

**SOUTHERN MINNESOTA EDUCATION CONSORTIUM #6083
CABINET**

Regular Meeting

Tuesday, November 17, 2020 9AM

SMEC Office, 21697 HWY 56, Austin, MN 55912

The regular meeting of the Cabinet of Southern Minnesota Education Consortium #6083 was called to order at 9:03AM by Dan Armagost on Tuesday, November 17, 2020. Due to COVID-19, the social distancing recommendations are being followed and the meeting was held virtually via Zoom video conferencing. The meeting opened with roll call to determine a quorum. Cabinet members in attendance were: Brian Shanks (AC & GE), Paul Besel (GM), Jamie Goebel (LY), Scott Hall (SO), Jennifer Backer-Johnson (LO) and Jim Hecimovich (KPS). Administration and staff in attendance were: Executive Director Dan Armagost, Director Denise Kennedy, Business Manager Nicole Fitzgerald and Administrative Assistant Elizabeth Rice.

A motion was made by Jamie Goebel to approve the agenda, seconded by Scott Hall with the following addition to new business: Substitute teacher rate of pay. Motion carried.

Public comments/recognition:

No items.

Approval of Agenda:

A motion was made by Paul Besel, seconded by Brian Shanks to approve the Consent Agenda with the removal of the Treasurer's Report/Financial Report. Motion carried. Items approved in the Consent Agenda were: Minutes from the October 20, 2020 Regular Meeting; the NEXT Step bank account statements; approval to hire Brooklyn Eastman, sub teacher on contract, BA1/1 (starting in January 2021) for remainder of school year; approval of resignation from Mira Deutsch, paraprofessional CARDS program, effective November 6, 2020.

Committee Reports:

Review of Target Goals

A. Marketing/Public Relations

- Steve Pittelko has created a video demo, Denise will share this with the team for review

B. Transportation

C. Riverland

- Next meeting is this afternoon

New Business Items:

A. Grand Canyon University

- Worked with GCU to come up with a sponsorship agreement; SMEC districts will receive \$1,000
- SMEC districts will promote GCU through e-newsletters and invite to share during Admin Retreat days
- Motion from Jennifer Backer-Johnson, seconded by Jim Hecimovich to approve the sponsorship and student teacher agreements with GCU. Motion carried.

B. Non-Member Access Fee

- Working with Paul Ferrin, MDE, to create the formula to be used for fee.
 - Once formula is set, will bring this to the cabinet for informational item

- Currently access fee can only be applied to Level IV program, working to see if can be added to Level III programs in the future.
- A motion was made by Brian Shanks with a second by Paul Besel to approve the non-member access fee. Motion carried.

C. Substitute Teacher Rate of Pay

- Current daily rate for SMEC teacher sub is \$110. Increase to \$120/day.
- Motion by Jennifer Backer-Johnson, seconded by Scott Hall to approve increase in daily rate. Motion carried.

Old Business Items: None

Administrative Reports:

Fernbrook Update (Casey Lind):

- Provided update of billable services for September & October
 - 65% reimbursable in September
 - 62% reimbursable in October
- 4-year trend shows significant increase; almost double from 2019 to current
- Provided breakdown of time based on staff type and service provided in School-based program (Level III and Level IV)

Business manager Updates (Nicole Fitzgerald):

- In final stages of FY20 audit, hoping to meet with auditors next week to review draft.
- Working on 2nd quarter billing to districts
- Building tie-out is complete and all funds have been disbursed.
 - Question asked if there was any additional interest accrued on account; not that Nicole was aware of, but will check to verify
- Request from Paul Besel to have a listing of expenditures/revenues available for the cabinet each month to review. This should include the vendor and the actual amounts, does not need to include payroll.

Director Updates (Denise Kennedy):

- COVID update:
 - As of today, Level III programs in Alden and Glenville continue with distance learning
 - If a district will be moving PK-12 to distance learning, SMEC will work with the district to determine if the Level III program will also move to distance learning or continue in-person hybrid learning plan
- Student teachers
 - If possible, consider offering positions for remainder of school year to student teachers
 - Student teachers finishing up in December:
 - Corey Bennett (Lyle) – *district looking to potentially offer position*
 - Abby Osmonson (Alden-Conger) – *offered long-term sub position*
 - Cameron (Grand Meadow) – *available, no current needs in district*
 - Jenna (Glenville-Emmons)- *long-term sub position offered*

Executive Director Updates (Dan Armagost):

- Building Updates: water filtration system – continues to be a high need; garden fencing complete; pavilion for outdoor learning space is going up starting this week
- Finance Update: met with business managers to go over 2nd draft of billing procedures, made updates and will present final draft at next meeting with business managers
 - Q & A regarding Billing Procedures as noted during November 17, 2020 cabinet meeting

- PB: Is billing cycle quarterly or bi-annually?
 - DA: The bond payment is twice per year and all other invoicing will be done quarterly
- SH: Was there a billing procedures document in place before? Will this help with accountability?
 - DA: Yes, but previous billing procedures documents lacked detail. Providing more detail will help with the accountability in that now all districts have the same information. The billing procedures will ensure that there is more than just one person 'in-the-know' about the schedule for invoicing and what can/should be invoiced. Questions can be brought up during the business manager meetings and the cabinet meeting. Accountability is also being established by having monthly business manager meetings as well as cabinet meetings; minutes from both meetings will be shared with each group.
- BS: Will you (Dan) attend district board meetings to explain these changes? Specifically, as to how the budget will now be impacted with now needing to cover a larger portion of the bond payment?
 - DA: Yes, I am willing to come to your meetings to explain why these changes are being implemented. I understand that this is not what was expected, but as George Holt explained the revenue anticipated from the Level III programs is not general education revenue, nor is it enough to cover operational costs and a bond payment. All districts were made aware of the fact that 'if revenue from Level III programs was insufficient, districts would be billed for entire bond cost' during the presentations prior to the start of this project.
- BS: How did the decline in revenue go unnoticed until 2020?
 - DA: All of the reserve funds that SMEC had have been used to cover these expenses. Without the reserve fund to cover, it now will unfortunately fall to the member districts to help with these expenses.
- JG: Who should have known that the law impacting general education/special education funding changed? Shouldn't it have been the responsibility of the superintendent (Dan)?
 - DA: Yes, it should have been my responsibility to know. Two years ago, when we started this project, we presented information based on what we knew at the time, formulas are constantly changing with special education; even if a change was made prior to the start of this project it doesn't mean that the formula went into effect immediately-some formula changes take years to fully implement.
- PB: What is the financial incentive to continue to host a SMEC program in our buildings? What if the district determines it has no additional space and is unable to levy for a bond payment?
 - DA: The financial incentive, is the cost of sending a single student out of the coop for services is much more expensive; keeping our students within the coop reduces costs for not just the individual district but for all the member districts. The longer our programs are in place the higher SMEC's instructional percent rate will be, this will help to generate more revenue per student. If the revenue generated by students exceeds the amount necessary for operations, then a percentage will be applied to districts hosting a program to help off-set their bond or membership cost. If you are not looking at the cost savings of keeping students within the coop, at this point in time, there is not a financial benefit; the foundational benefit of

creating the coop was to reduce the cost of sending students outside of our districts for higher needs services. If, a district determines they no longer have room for a program, we are going against what was set up in the joint powers, which will unravel our coop.

- SH: Southland has done a lease levy to cover its portion of the bond payment. Why were reserve funds used to cover a portion or all of other district's bond payments, should this not have been applied equally to all member districts?
 - DA: This is why it is important to have the billing procedures in place and to have all business managers/superintendents understand the procedure. We are currently digging into which districts have been billed for the bond payments, how much was paid, and what type of 'credit' was given to others. The option to lease levy is up to each district, if they do not or can not levy then the bond payment will come from their general funds.
- SH: Where do we go from here and how do we move forward with more transparency?
 - DA: We need to ensure that SMEC has a better plan in place for billing, a better plan will provide for adequate cash flow and cash-on-hand. We need to revisit the reserve fund policy; it needs to be greater than the current 10% or we will continue with the rapid decline of funds resulting in larger bills for the districts. We need to get this right now so that future superintendents/business managers have solid information to work from. We will continue to have monthly meetings with business managers and the superintendents; minutes from both meetings will be shared with each group to allow for better discussion and transparency.

Cabinet Comments:

Current learning models for each district:

- Alden-Conger: K-12 distance learning through Nov. 30; board meeting tonight will most likely extend distance learning until January 15, 2021
- Glenville-Emmons: K-12 distance learning until January 15, 2021
- Grand Meadow: PK-6 are in-person; 7-12 distance learning with return to school on November 30, 2020
- Kingsland: PK-6 hybrid; looking to have 7-12 return to hybrid on November 30, 2020
- LeRoy-Ostrander: PK-2 hybrid; distance learning grades 3-12 November 23-January 4
- Lyle: PK-12 distance learning through December 7, looking to change to DL until January
- Southland: PK-6 still in-person; 7-12 return from DL on November 30
- SMEC: continue to run programs in-person if possible; will shut down programs if necessary

All learning models at districts are subject to change daily at this point in time.

Next Meeting Date/Time:

The next regular meeting will be on Tuesday, December 15, 2020 at 9AM at the SMEC office.

Adjourn:

A motion to adjourn was made by Jim Hecimovich, seconded by Jamie Goebel. Motion carried. Meeting adjourned at 11:21 AM.

Unofficial minutes submitted by Elizabeth Rice, Admin Assistant for SMEC on November 17, 2020