

METROPOLITAN EDUCATION DISTRICT

Special Joint Governing Board & JPA Executive Council Workshop Minutes
April 21, 2008

I. CALL TO ORDER/ROLL CALL

The open session of the Special Joint Governing Board & JPA Executive Council Workshop of the Metropolitan Education District was called to order by President Diane Gordon at 3:10 p.m., Room 337 at San Jose Unified School District offices, 855 Lenzen Avenue, San Jose, California.

All Governing Board Members present, except when noted "absent":

Frank Biehl	East Side Union High School District
Cynthia Chang	Los Gatos-Saratoga Union High School District (3:15 pm)
Ernie Dossa	Santa Clara Unified School District
Richard Garcia	San Jose Unified School District
Diane Gordon	Campbell Union High School District
Marsha Grilli	Milpitas Unified School District

All JPA Executive Council Superintendents and CBOs present, except when noted "absent"

Rhonda Farber	Superintendent Campbell Union High School District
Pat Gaffney	CBO Campbell Union High School District
Bob Nunez	Superintendent East Side Union High School District
Jerry Kurr	CBO East Side Union High School District
Cary Matsuoka	Superintendent Los Gatos-Saratoga Union High School District
Bob Peterson	CBO Los Gatos-Saratoga Union High School District
Paul Hay	Superintendent MetroED
Wendy Zhang	Director of Fiscal Services MetroED
Karl Black	Superintendent Milpitas Unified School District (Absent)
Phuong Le	CBO Milpitas Unified School District
Don Iglesias	Superintendent San Jose Unified School District
Ann Jones	CBO San Jose Unified School District
Rod Adams	Superintendent Santa Clara Unified School District
Jim Luyau	CBO Santa Clara Unified School District

Guests

Pam Parker	President Campbell Union High School District Board of Education
John Fox	CCOC Director, MetroED
Dan Gilbertson	Director of Human Resources, MetroED

II. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Vice President Dossa.

III. ADOPT AGENDA

MOTION: It was moved to adopt the agenda as submitted.
M/Grilli, S/Biehl, Vote: 5 Ayes, 1 Absent

IV. PUBLIC COMMENTS

None

V. JOINT PRESENTATION TO GOVERNING BOARD & JPA EXECUTIVE COUNCIL

A. Presentation of the School Services Study on An Evaluation of the Effectiveness and Efficiency of MetroED's Support Functions

Superintendent Hay introduced the presenters from School Services of California, Inc., Ron Bennett, President & CEO; John Gray, Vice President; and Lewis Wiley, Director Management Consulting Services.

John Gray shared School Services was contracted to do a follow-up to the study done in 2002, plus a review of the management of CCOC and MAEP regarding the effectiveness and efficiency of MetroED's support functions in these areas. The review was to see how MetroED is doing and what improvements have been made since the initial study. Ron Bennett gave a brief review of the process and recommendations from the 2002 review. Mr. Bennett commented that MetroED, unlike other ROPs, uses a salary schedule to help to retain and hire the instructional staff. In 2002, there were 25 areas where significant improvement needed to occur and the areas of concern were in communications, systems, relationships, negotiations, and operations. Mr. Bennett congratulated MetroED for doing a superb job in working through the recommendations and adopting the changes and commented that Superintendent Hay and his staff were doing a remarkable job. Mr. Bennett took a few minutes to provide information on the current status of the Governor's budget negotiations in Sacramento and the current economy in California. Both Democrats and Republicans have said they will not decrease education spending below the current year levels. It will be a difficult year for education and Proposition 98 may still be suspended.

John Gray presented the findings of the new report and commented that in 2002, MetroED was not a happy place for employees or those who participated in the initial study. In 2007, however, with fewer personnel, MetroED has a much friendlier environment. Employees and administration are going in the same direction and understand their strategic plan. There are increases in the level of services in every area reviewed. Decisions are being made to cut costs, while maintaining the level of service required.

The biggest area of improvement has been with the bargaining units. Even though there is not always agreement, the bargaining units feel they are being kept informed and part of the process. The strategic plan was well done in 2002; however, most people did not know what it was. The plan is now being updated regularly and is part of the budget planning. It was noted that moving to the Santa Clara County Office of Education (SCCOE) accounting system and bringing in an updated student attendance system has provided greater efficiency for MetroED. These changes have reduced the need for a full-time purchasing person and personnel in the IT Department that were needed to manage the old student and financial systems.

Mr. Gray noted that due to MetroED's uniqueness, it is difficult to compare to other agencies in the state. In reviewing the summary of management positions for adult education, it was noted that management was lean. The numbers reflected appeared high in comparison to other adult education programs for support staff; however, it was noted there are two adult education programs (Campbell and San Jose) as well as multiple locations that need support. This is not the same for other agencies. It was noted administration for the CCOC program is leaner as well from the 2002 report.

Mr. Gray noted they followed up on every finding from the first report and found significant improvements and the recommendations had been followed. There has been a complete change in leadership and tone is set at the top. As far as efficiencies, the participating districts are getting more services with less resources being expended. MetroED is doing things smarter, doing things better and are doing things right for the students.

Member Frank Biehl was impressed with the amount of work that has been accomplished since the first report and asked if School Services only reviewed services and not programs. Mr. Gray confirmed the review was on support functions and not programs offered.

Member Cynthia Chang asked about the cost allocation model recommendations from the initial report. Mr. Gray shared that School Services was requested to review the formulas in 2004. Mr. Bennett said the cost allocation formula was reviewed with the participating district CBO's and the recommendations were taken seriously and adopted. The formula adopted is more reality based than before and more equitable. Member Rich Garcia said it was stated the numbers for program and

classified staff was high because of the number of sites served by the adult education program. Did School Services make any assessment as to the numbers being so high or did anything jump out during the evaluation. Mr. Gray said based on the number of sites served by the adult education program, the support staffing is not out of line.

Member Biehl asked if School Services reviewed the equalization agreement during this review. Mr. Gray said it was not an area School Services reviewed as part of the current study. Superintendent Hay provided a spreadsheet that reflected the fiscal impact of the savings implemented over the past three years at MetroED, including estimated savings for the 2008-09 budget year based on the School Services recommendations. The savings exceeded \$1.3 million per year.

B. Review of Equalization

Superintendent Hay provided a PowerPoint presentation (copy attached) to brief the governing board on where we started and where we are currently regarding equalization. There were three mechanisms for funding in 2002-03, Satellite, Satellite II and Satellite Plus. The Satellite Plus program was added as a means to help support the CCOC day program when MetroED lost the Job Corps contract (and \$1 million in funding support) at Treasure Island in 1998. There is an inherent unfairness in the level of satellite program contributions made by each district to support CCOC, and the usage of the CCOC program by each district. There is also an inherent unfairness in the funding rates for the satellite programs on the high school campuses. Some received more support per student than others. In March 2004, School Services evaluated the current funding models and recommended equalization options. The participating districts agreed to a funding model that would equalize the Satellite funding rate to a common blended rate of \$934 over a 3-year period; 2004-05, 2005-06, and 2006-07. This did not address the CCOC contribution/usage disparity. Superintendent Hay shared a spreadsheet comparing the Satellite contributions to center costs and CCOC usage comparing 2002-03 and 2006-07.

The amendments to the Master Business Relationship Agreement (MBRA) included three amendments. Amendment 1 concerned the Capitol High School Program, amendment 2 covered the cost payment funding model and amendment 3 addressed lottery funds.

The cost payment funding model was to address the imbalance between Satellite ADA contributions to Center costs and CCOC usage. Equalization would occur over a 4-year period. State growth ADA would be given to subsidized districts to grow their Satellite programs to correct the imbalance and the other districts would remain constant (no reductions to their ADA). The problem occurred when the stat ADA CAP growth projections changed dramatically. The projected cumulative loss over a 4-year period is 776.

Superintendent Hay shared there have been 4 meetings of the JPA Executive Council this fiscal year, but the parties have been unable to come to an agreement to amend the funding model. At this point, we are recommending the Executive Council recommend a one-year MBRA renewal to their respective districts and approve a "next steps" MOU to freeze equalization at 46% for 2008-09, do an in-depth budget analysis of CCOC funding processes and issues as well as explore, discuss and consider redesign options for CCOC programs and course offerings.

Superintendent Don Iglesias commented that the dilemma is between sending students to CCOC and keeping students at the high schools. All of the districts came to agreement on equalization; however the loss of state ADA growth has put us at a standstill. There are two key areas to review. The program costs and course offerings and to ensure all the districts feel good about what is being offered and sending their students to the center. The appointment of a Committee of Instructional Administrators for the program review is critical. Superintendents need to send Assistant Superintendents of Instruction or equivalent to attend and analyze the program and course offerings. These people need to be decision makers at the participating districts. The appointment of a Committee of CBOs needs to include representatives from the participating districts and CCOC staff to review and look at costs and the funding model. There needs to be a facilitator for the committees.

The major focus being brought forth today is a one-year agreement, freeze equalization and review program and finance areas with a timeline.

Superintendent Rhonda Farber commented that in speaking for herself and Bob Nunez, East Side, they do not believe there is a Campbell/East Side problem. This is a problem for all of the districts. Campbell would agree for one year to freeze equalization, but the program and funding review must happen. Board Member Biehl asked if there was an agreement from all of the superintendents for a one year agreement and to freeze equalization. Superintendent Nunez said he agreed that this needs to be done with timelines. Nunez would like to have the program review at the top of the list and a facilitator for both committees. If it is for one year and there is a plan with timelines and results, East Side was in agreement. Board Member Chang asked if there were timelines established.

Superintendent Cary Matsuoka commented that the recommendations from the committees would need to be completed by December 2008 or January 2009. It is an aggressive timeline; however, if there are any program or staff changes, the planning must begin in February for the following fiscal year. If there is no deadline, we won't get this done and the Governing Board needs to hold us accountable to get this done.

Superintendent Farber commented that the players keep changing over the 9 years we have been working on these issues. There needs to be clear definition of the results and decisions must be made. There will be personnel that will change again over time as well as those serving on the governing boards of the districts.

Superintendent Rod Adams complimented Superintendent Hay on the presentation. The document gives a clear history on the problem and equalization. Rod said the districts did agree to equalization three years ago. We need to be sure that once we reach an agreement, there is no going back. Board President Diane Gordon said that because of the history we need to do a program analysis and the timeline is very important. We need to make sure there is a balance. Campbell recognizes the importance of the center and is willing to continue to pay. Campbell has paid more than its share for 9 years and is willing to continue as long as the discussions move forward and there is a resolution that is beneficial to all. Governing Board Member Chang stated the review needed to be done in a timely manner, less than a year. Governing Board Member Biehl asked Superintendent Hay if the 6-month timeframe or no later than January 2009 was feasible. Superintendent Hay said it was feasible. In the documents, the timeline reflects the review be completed by 12/31/08. The goal is to get it done by 9/30/08. There could be personnel and program decisions to make for everyone and it would be good to complete it during the first semester of the new school year. Member Biehl asked if we were looking to hire an outside facilitator. Hay said the EC was looking for a facilitator for the financial review. Member Chang asked how a facilitator would be funded. Hay said the districts would contribute one-sixth of the cost. Superintendent Matsuoka said it would be shared by all 7 districts which includes MetroED. President Gordon asked if we are confident we can agree on a person to facilitate. Hay said we need to find someone who has both knowledge of ROC/P and is a good facilitator.

Member Dossa said there should be no unilateral decisions when coming to agreement after the review. Hay shared everyone has to agree which was a policy adopted by all seven districts. If one district is not in agreement, we cannot change the Master Business Relationship Agreement. Member Biehl asked if there was any action to be taken by the MetroED Board today. Superintendent Hay said there is no action at this time except the EC is requesting feedback from the Board. This portion of the meeting is for the EC. There are two agreements for JPA Executive Council approval and signature. The first document is to recommend and forward to the JPA member districts for ratification and adoption: 1) Master Business Relationship agreement draft, as amended 4/21/08, covering the period July 1, 2008 through June 30, 2009, and; 2) Master Business Relationship Agreement, Appendix B (CCOC Funding Model) draft, as amended 4/1/08, covering the period July 1, 2008 through June 30, 2009, and; 3) Memorandum of Understanding dated 4/21/08. The final documents, when approved by the EC, will be completed and sent out for approval. Member Biehl asked if there would be conceptual agreement at this meeting from the MetroED Governing Board. Superintendent Nunez said this would go back to the member district boards for

approval. Superintendent Iglesias asked if the EC could agree now and bring the agreements to the individual boards. Member Biehl asked about next steps. Superintendent Hay said he would bring the agreements to the MetroED Board for approval and the superintendents will take the agreements to their boards for approval. Member Biehl asked if the agreement that will come to the board for approval is more extensive and detailed than what has been presented. Hay said the agreements today show the edits and a final document without edits will be sent for approval. Member Biehl said it will come back on the May 14th MetroED Board Meeting. Board Member Grilli asked if the agreements need to be approved by the member district boards prior to MetroED Board approval. Superintendent Hay said it could be done either way. Board President Gordon said the individual districts should sign the agreements before the MetroED Board. Member Chang said it could be an incentive for individual boards if the MetroED Board approved. Member Biehl said in checking when other districts would be meeting, he felt the agreements should be brought back to the MetroED Board on May 14th and let the other boards approve when they hold their meetings in May. Hay said he would get the documents out as soon as possible and the agreements would be on the May 14th board meeting.

Superintendent Matsuoka said the superintendents have been looking for facilitators. There is a retired principal from Lynnbrook High, Bill Richter, that is good with tough situations. Mr. Richter has extensive knowledge regarding high schools but does not have a background as a superintendent and is open to assisting in the review. Board President Gordon said this board is willing to let the JPA Executive Council make the decision on facilitators but would like to see a biography of candidates. Member Biehl said the Executive Council makes the decision. Member Chang asked that the board be informed regarding the progress. Chang wants to ensure there is someone who can make this happen by the end of the calendar year. It is critical there is a commitment to the success of completing the objectives.

Board Member Garcia thanked the JPA Executive Council for all the work that had been done and for the efforts put forth. The students value the programs at CCOC. Garcia is confident the review will get done and he will support the efforts. Member Dossa said this is the first time in his 15 years on the board that all the superintendents and CBOs from the member districts have come together and believes it is a positive step to resolution of the equalization issues. Board President Gordon said in speaking with Superintendent Farber and Pat Gaffney, Campbell, there is no perfect solution. The purpose is for the benefit of the students. There may need to be a bitter pill to get us to equalization; however, it should be equally split.

Superintendent Hay said he would be asking for input on a facilitator for both the financial and program review. Superintendent Iglesias said the agreement with the facilitator should go through MetroED with each district sharing the cost equally. Member Biehl thanked President Gordon for suggesting that we get us all together and setting a deadline to accomplish the goal. Biehl said we are making progress. Member Chang said it was nice to connect the names to the individuals and it was a privilege to be able to work with superb staff from all districts.

VI. OTHER MEETINGS

Regular meeting of the Governing Board, May 14, 2008

Open Session 7:00 p.m.

VII. ADJOURNMENT

MOTION: Moved to adjourn the Special Joint Governing Board & JPA Executive Council Workshop at 4:45 p.m.

M/Dossa, S/Garcia, Vote: 6 Ayes

Richard Garcia, Clerk of the Board