

MONTEREY COUNTY BOARD OF EDUCATION
REGULAR MEETING
NOVEMBER 14, 2018
APPROVED MINUTES

1. Opening Business

1.1 Call to Order: President Mary Claypool called the Regular Meeting of the Monterey County Board of Education to order at 9:04 AM in the Dr. Ray Charlson Board Chambers of the Monterey County Office of Education.

1.2 Roll Call

BOARD MEMBERS PRESENT:

Mary Claypool, President	Trustee Area #6
Janet Wohlgemuth, Vice-President	Trustee Area #4
Harvey Kuffner	Trustee Area #1
John McPherson	Trustee Area #2
Judy Pennycook	Trustee Area #3
Ronald Panziera	Trustee Area #5
Dr. Nancy Kotowski, Secretary to the Board	

BOARD MEMBERS ABSENT WITHOUT NOTIFICATION:

Sergio Alejo	Trustee Area #7
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STAFF TO SUPERINTENDENT:

Michelle Archuleta
Garry Bousum
Darius Brown
Ginny Brown
Bernard Burchette
Terri Dye
Dr. Deneen Guss
Joshua Jorn
Trish Paulson
Summer Prather-Smith
Colleen Stanley
Carla Stewart
Dr. Ernesto Vela

GUESTS:

Melanie Crall
Becki Hadley
Juanita Martinez
Community Human Svcs Representatives
Patrick Walsh, CCSA
Millennium Charter High School Parents,
Staff, and Board

1.3 Pledge of Allegiance: Joshua Jorn led the Pledge of Allegiance.

1.4 Adoption of Agenda

Changes, additions (based on Board Bylaw 9322 – Provision of Emergency/Urgency), and approval of the Agenda as presented. 23 vote required if any item is added to the Agenda.

1.4.1 Changes to the Agenda: Dr. Kotowski requested to adjourn the meeting in memory of former San Antonio USD Board Member Donald Arganbright and MCOE employee Dennis Walker.

1.4.2 Additions to the Agenda: None

1.4.3 Adoption of the Agenda:

MSC 18-19-23 (6-0) Judy Pennycook, Ron Panziera

"That the Monterey County Board of Education adopts the agenda as amended."

2. Communications

2.1 Correspondence: None

2.2 Oral Comments from the Public *(Comments from the public are limited to items both within the Board's jurisdiction, as well as not on the agenda. The Board may limit public comments to no more than three (3) minutes, at the discretion of the Board President. Public comment will also be allowed on each specific agenda item prior to Board action thereon.)* None

3. Consent Agenda

(Action Items included on the Consent Agenda are considered to be routine and are acted on by the County Board in one motion. There is not discussion of these items before the Board vote unless a member of the Board, staff, or public requests specific items be discussed and/or removed from the Consent Agenda. It is understood that the Administration recommends approval on all Consent items. Each item on the Consent Agenda approved by the County Board shall be deemed to have been considered in full and adopted as recommended.)

Harvey Kuffner requested to pull Item 3.5, and made a minor grammatical correction.

MSC 18-19-24 (6-0) Harvey Kuffner, Judy Pennycook

"That the Monterey County Board of Education approves the Consent Agenda as amended."

3.1 Approval of the Minutes of the Regular Meeting of October 3, 2018

3.2 Approval of the Teacher Temporary Certificates of November 14, 2018

3.3 Adoption of Resolution No. 18-19-15, Board Member Absence – Mary Claypool

3.4 Adoption of Resolution No. 18-19-16, Board Member Absence – Harvey Kuffner

3.5 Adoption of Resolution No. 18-19-17, Honoring and Recognizing the City of Gonzales for receiving Champion for Children Award

3.6 Adoption of Resolution No. 18-19-18, Recognizing and Honoring Nancy Kotowski, Ph.D., Monterey County Superintendent of Schools

4. Unfinished Business Action Items: None

5. New Business Action Items

5.1 California School Boards Association Annual Education Conference Travel Requests

Dr. Kotowski presented the item. It was noted that Board Member Janet Wohlgemuth will be arriving two days earlier to participate in the CSBA Delegate Assembly.

MSC 18-19-25 (6-0) Harvey Kuffner, Ron Panziera

"That the Monterey County Board of Education approves the travel requests of Mary Claypool, John McPherson, and Janet Wohlgemuth to attend the California School Boards Association Annual Education Conference events November 27 – December 1, 2018, in San Francisco, California."

5.2 California County Boards of Education County Board Member Voting Representative Designation

Harvey Kuffner nominated John McPherson as the CCBE County Board Member voting representative for the meeting to be held during the CSBA Conference.

MSC 18-19-26 (6-0) Harvey Kuffner, Janet Wohlgemuth

"That the Monterey County Board of Education designates John McPherson as the CCBE County Board Member voting representative."

The Board moved to Item 8 briefly to introduce new/promoted staff.

5.3 Consideration for Approval to Adjust the County Superintendent Salary Schedule for 2019

Mary Claypool presented the item. John McPherson referenced the CCBE committee on superintendents' salaries. President Claypool thanked Board Policy Committee for updating the Board policy on the matter.

Becki Hadley, CSEA, inquired regarding stipends. Mr. Bousum stated that they were used for computation comparisons, but are paid independently.

MSC 18-19-27 (6-0) John McPherson, Ron Panziera

"That the Monterey County Board of Education in accordance with Board Bylaw 9500, approves as presented, the recommendation of the Superintendent Compensation Committee."

The Board moved to Item 7.1.

5.4 Approval of Cost-of-Living Adjustments for the County Superintendent of Schools

Garry Bousum presented the item. On April 1, 2015, the County Board of Education took action to adjust the County Superintendent salary schedule to coincide with the new term of office, effective January 1, 2015. The adjustment was based on a compensation study of 15 other agencies (Class III COEs, 4 largest K-12 Districts in Monterey County, and the two Community Colleges).

The action by the County Board included "*... that the County Superintendent's salary schedule be increased when any annual Cost of Living Adjustment (COLA) is made for management staff.*"

Due to an administrative error, the County Superintendent did not receive the COLAs for 2017-2018 (1% on the schedule and 0.50% one-time off-schedule) and 2018-2019 (1.5% on the schedule and 1% one-time off the schedule).

John McPherson stated that any time the Superintendent's compensation changes, it is the County Board's responsibility to take the action, and each individual act has to be approved by the County Board. Per the CCBE and the newly revised Board Policy, the County Superintendent cannot raise her own salary directly or indirectly.

Becki Hadley inquired regarding the fiscal years noted, which was then revised to reflect the correct fiscal year (action stated 2016-17 FY, which was an error and should have been 2017-18 FY).

The Board moved to Item 7.2.

The Board returned to Item 5.4.

Garry Bousum distributed the revised Board item, which corrected the fiscal year of when the 1% COLA went into effect, and corrected the retroactive dates (1% COLA on the salary schedule and a 0.50% one-time off the schedule salary increase retroactive to July 1, 2017, and 1.5% COLA on the salary schedule and a 1% one-time off the schedule salary increase retroactive to July 1, 2018 through January 7, 2019).

MSC 18-19-28 (6-0) John McPherson, Judy Pennycook

"That the Monterey County Board of Education, after review of the County Superintendent salary matter, determines that the County Superintendent of Schools shall receive a 1% COLA on the salary schedule and a 0.50% one-time off the schedule salary increase retroactive to July 1, 2017 and a 1.5% COLA on the salary schedule and a 1% one-time off the schedule salary increase retroactive to July 1, 2018 through January 7, 2019."

The Board moved to Item 10.

6. Unfinished Business Non Action Items

6.1 Millennium Charter High School Update

John McPherson distributed a letter issued to Millennium Charter High School (MCHS) dated November 12, which outlines the MCOE Board of Education's position regarding the MCHS. He stated that based on the evaluation and outlook, the subcommittee does recommend the MCHS stop operations on December 31, 2018. He read into the record the November 12 letter:

"The Business Office has completed a re-evaluation of MCHS's financial situation, factoring in the refund of two percent of the three percent collected by MCOE for facilities back to the 2013-14 school year, and an ADA of 130 for the remainder of the 2018-19 year. While improving the situation, this evaluation still shows MCHS in a very precarious financial position. Here are the important points:

- *For 2013-14, MCOE will refund \$2,581, due to the fact MCHS was only in the Sherwood facility for two months (May and June).*
- *For 2014-15, and 2015-16 MCOE did not collect any of the 3% facilities fees. Considering the circumstances, we will leave these two years as is with no expectation that MCOE will collect the 1%.*
- *For the 2016-17 school year, MCOE will refund \$30,475.*
- *For the 2017-18 school year, MCOE will refund \$24,820.*

This brings the total of the facilities refund to \$57,876. The impact for these past years' refund is the reduction of the beginning year negative cash balance reported by the Auditor's office from (-\$124,303) to (-\$66,427).

In 2018-19 there will also be an additional negative effect on the cash balance of (-\$41,875) due to accrued expenses from 2017-18. While expenses were accrued from a budget standpoint, payment made in 2018-19 for 2017-18 expenses will impact current year cash balance.

In addition, for the current year 2018-19, the reduced fees from three percent to two percent will be a cash savings of \$23,578. This, included with an ADA of 130 projected through June, improves the operating balance at the end of the year, now projecting to be + \$15,750, which would bring the cash balance at June 30, 2019, to a (-\$92,535). It is important to note that this outlook includes the State facilities grant in the amount of \$127,000, which has still not been confirmed.

Based on this outlook, the Subcommittee will report out to the full board on Wednesday that MCHS should strongly consider stopping operations December 31, 2018, with the rationale being:

- 1. Revised current year projections are essentially a little better than break even, and are optimistic as they assume no attrition in ADA, and include \$127,000 for the facilities grant, which has not been confirmed as of this date. In addition, there is no cash reserve for economic uncertainties.*
- 2. Even if the current year operating budget does meet the projection above, MCHS will still end the year with a negative cash balance of (-\$92,534), and this includes the refund of MCOE facilities fees as discussed. The heart of the issue for this negative balance is expenses incurred in the 2017-18 year when enrollment decreased but cost savings measures were not taken. The 2017-18 budget was developed using 185 ADA, but ended up the year with actual 135 ADA and did not make any significant expense adjustments during that fiscal year.*
- 3. A reasonable projection of the ADA numbers at this time would favor some amount of attrition during the remainder of the year, as opposed to staying flat or increasing. This would be due to students having to leave school for any reason, the school not being open on any given school day for any reason, and any increase in absenteeism.*
- 4. At this point there is no known positive cash input to remedy the situation, with the one anticipated input, the State facilities grant, being required just to meet these projections.*

In summary, everything would have to go as projected for MCHS to be a little better than break even this year, but even if that is achieved there is still a negative balance at the end of the year that needs to be addressed. The Subcommittee is in concurrence that as elected officials we are obligated to report out the situation and recommendation as outlined above. We understand that MCHS is not obligated to follow this recommendation and, as discussed, we encourage you to complete your own financial evaluation as quickly as possible. The subcommittee will also recommend that if MCHS chooses to continue past December 31, 2018, the Superintendent of Schools should ensure that expenditures do not exceed cash available pursuant to Education Code section 42636.

California Education Code Sec. 42636

(a) The county superintendent of schools may examine each order on school district funds transmitted to him or her, in the order in which it is received in his or her office. If it appears that the order is properly drawn for the payment of legally authorized expenses against the proper funds of the district, and that there are sufficient moneys in the fund or funds against which the order is drawn to pay it, the county superintendent shall endorse upon it examined and approved, and shall, in attestation thereof, affix his or her signature and

number and date the requisition and transmit it directly to the county auditor, in the order in which the order is received in his or her office. The county superintendent may prescribe alternative methods for districts determined to be fiscally accountable pursuant to Section 42650.

(b) Notwithstanding subdivision (a), the county superintendent may allow electronic transfers, upon approval of the county auditor.

This recommendation and report out on Wednesday, November 14th, will conclude the Subcommittee's task as assigned. The County Board and County Superintendent will determine what actions would be taken in the future."

Jose Arreola, President, Millennium Charter High School Board, thanked the adhoc committees for their continued work. He stated that at this time, the Board was not prepared to surrender their charter, and would like to complete the school year for the benefit of the students.

Landa Rosebraugh, Treasurer, Millennium Charter High School Board, stated that the administration and the Board of Millennium have been working hard to mitigate all that has come their way. She reviewed the highlights of all that has occurred with the school's finances and ADA since February. She expressed the Board's frustration with ever changing numbers, and requested that their books be removed from MCOE, with an outside provider doing a review of the books to make sure the school is in accordance with what they have been told by MCOE. She stated they would be reaching out to an outside provider for this service.

Malissa Burns, Principal, Millennium Charter High School, shared the ongoing positive things happening at the school. Current ADA is at 138, with attendance efforts and enrollments increased. She shared the student recognition programs instituted to encourage consistent attendance.

Jose Arreola stated that the MCHS Board was in agreement that someone from within their own organization will be in charge of their books. The school has been adding students, and cannot in good faith tell parents that the numbers MCOE has provided them are accurate. He said that they would like to have the outside firm complete the review as soon as possible, with an estimated timeline of six to eight weeks.

Several Millennium Charter High School parents spoke regarding their love for the school, and the difference it has made in their children's lives. It provides a unique opportunity, not necessarily available at a regular high school.

Patrick Walsh, California Charter Schools Association, stated they have been working closely with the school and at this point are encouraging them to not surrender their charter. School closure in the middle of a school year worsens the impact on families, and the school should be maintained until the end of the year. With no confidence in the numbers provided to the school by MCOE, the school needs to be maintained until the end of the year.

Dr. Kotowski shared that the opening of Millennium Charter High School was a dream for the County Office of Education. The MCOE received one of 15 grants to open the school, and the vision and work that was done to bring it to fruition. The entire MCOE staff has been committed to this vision since inception, and no one wants to see the school closed, or negatively impact any student. She stated that regardless of the status

of the school, the students will not be left hanging, and that MCOE would assist in transferring them into an MCOE Alternative Education Program that would operate much like Millennium Charter. She also said that MCOE may need to employ some of the Millennium staff if it had to transition to Millennium Charter Alternative Program.

She explained that MCOE does have the fiscal responsibility of questioning who pays if there is a deficit. This cannot be paid from other educational institutions, which is why most schools have a reserve amount for economic uncertainties. Dr. Kotowski indicated that MCOE would be conducting an outside forensic audit to ensure that everything was done accurately, which will take approximately two weeks.

Garry Bousum reviewed the historical financial implications over the past year. Upon evaluating transactions, staff noticed inconsistencies. For example, the grant for CTEIG was submitted under MCOE's CDS code instead and was posted inadvertently. The school did make a great deal of reductions in 2018-19 year. The fees were posted correctly but cash effect wasn't until the next fiscal year. With all of these items put together, it changed the net position of the school as of the end of July. Per Millennium Charter High School's request, staff calculated what refunds would be issued to the school by changing the administrative free from 3% to 1%, which still resulted in a negative cumulative effect. He stated that the forensic audit will review every transaction dating back to July 1, 2013, through present.

John McPherson stated that he understood completely what the school feels; however, it is not fair to blame it all on an accounting issue. There was a significant drop in enrollment when the principal changed over close to 80% of the staff, changed the schedule, eliminated the Japanese schedule completely, and then resigned. At the time, the Millennium Board fully supported these decisions, despite the fact they were taking a tremendous risk with the changes.

Judy Pennycook commended the Millennium Charter High School Board for rallying together to pick up the pieces. The Business Office staff has also done their best to help the school in every way possible. She suggested that the California Charter School Association assist the school in obtaining funding to get them back on track.

Ron Panziera and Harvey Kuffner also supported the forensic audit being conducted. Mr. Arreola stated that the school would still have their back office review the information.

MCOE Staff and Millennium Charter High School Board will report back at the December meeting.

The Board moved to Item 8.2.1.

6.2 Strategic Priority #8: Attaining Operational Excellence

Bernard Burchette presented a PowerPoint on Strategic Priority #8.

The Board moved to Item 8.2.2.

7. New Business Non Action Items

7.1 Community Human Services Annual Update

Shawn Stone, Program Officer II, presented on the services and programs offered by Community Human Services.

The Board moved to Item 5.4.

7.2 Payment of Claims for September 2018

Colleen Stanley presented the item.

7.3 Payment of Claims for October 2018

Colleen Stanley presented the item.

7.4 Report to the Board on Conference, Meeting and Workshop Attendance

Colleen Stanley presented the item.

7.5 Williams Settlement Legislation Annual Report

Michelle Archuleta presented a summary of the 2018-19 Williams review.

7.6 Monterey County School Districts' 2017-18 Unaudited Actuals Summary

Colleen Stanley presented the item.

The Board moved to Item 6.2.

8. Reports from Superintendent and/or Staff

Dr. Kotowski shared the promotions of Summer Prather-Smith, Senior Director of Migrant of Education and Terri Dye, Assistant Superintendent of Special Education. She also introduced new employees Trish Paulson, Chief Technology Officer, and Darius Brown, Homeless Program Coordinator. John McPherson suggested that the Board goal on homeless students align with staff work.

The Board returned to Item 5.3.

8.1 Superintendent's Report

Dr. Kotowski distributed the Board calendar and the new Dashboard information. She also shared that new curriculum for Special Education is on display in the Deputy Superintendent's office and will come before the Board for approval in January.

Dr. Kotowski also spoke briefly about the schedule for the oath of office ceremony for newly elected/returning Board members. The returning Board members will have their oath administered before November 30, and staff will request that the new Board member come in as well. The County Superintendent-Elect's oath of office will be held on Monday, January 7.

She also spoke briefly about AB 1840, which modifies the long-standing state-centric system of overseeing districts with emergency appropriations (State loans) with a new system that is county-centric; replacing the previous authority and role of the State Superintendent with the County Superintendent.

8.1.1 Report of MCOE Program Activities

- City of Gonzales recognition by Children’s Council
- Head Start grant application
- PBIS program recognition by State and visitation
- Constitution Project event
- Halloween Festivities

8.1.2 Upcoming Events

The Board took a recess at 11:11 AM and reconvened at 11:20 AM.

The Board moved to Item 6.1.

8.2 Staff Reports

- ### 8.2.1 Head Start and Early Head Start Monthly Report for August and September 2018 (written report only):
- The report was included in the packet for review. There were no questions from the Board.

The Board moved to Item 9.

- ### 8.2.2 Morgantini Building Update:
- Joshua Jorn presented an update on the lease of the building. He indicated that a letter of intent had been received from a preschool facility that morning, and staff would be looking into their proposal for consideration by the Facilities Committee. (The Facilities Committee agreed to meet immediately following the Board meeting; however, due to the time the Board meeting concluded, this meeting was not held.)

The Board returned to Item 8.1.

9. Comments by Members of the Board

- ### 9.1 Board Members:
- John McPherson provided a legislative update, and also indicated he met with the new SUHSD Board member. Judy Pennycook shared that she completed the Masters in Governance program. Also, she spoke regarding the summit and aligning it with elections, and providing a symposium at MCOE for additional training as needed in between elections. This way, the summit coincides with elections.

The Board moved to Item 5.4.

10. Reports from Board Members

- 10.1 Legislation: John McPherson
- 10.2 Community Human Services: Harvey Kuffner
- 10.3 Child Abuse Prevention Council: Judy Pennycook
- 10.4 Monterey County Schools Insurance Group: John McPherson

11. Staff Recognition: None

- ## 12. Consideration of Items for Future Meetings:
- Harvey Kuffner requested an update on the legislative changes for Charter Schools. Staff will email out several legal updates recently received on the topic. Judy Pennycook would like to nominate Janet Wohlgemuth for the CSBA Delegate Assembly, which will be agendized for December.

Recognition of outgoing Board Member, Sergio Alejo.

12.1 Proposed Future Commendatory Resolutions: None

12.2 Proposed Future Agenda Items

- Community School and Master Facilities Plan

13. Next Meeting Dates:

December 12, 2018 – 9:00 AM

Agenda Items due November 26, 2018

14. The meeting was adjourned at 1:19 PM.

Approved: December 12, 2018

Mary Claypool, President

Nancy Kotowski, Ph. D.,
Secretary to the Board