

**MINUTES OF THE REGULAR MEETING
OF THE GOVERNING BOARD
SCOTTSDALE UNIFIED SCHOOL DISTRICT NO. 48**

March 18, 2008

A Regular Meeting of the Governing Board of the Scottsdale Unified School District, #48, Maricopa County, was called to order at 5:30 PM, at the Scottsdale Unified School District Education Center Board Room, 3811 North 44th Street, Phoenix, Arizona. President Beckvar called upon Mrs. Holzer to lead the audience in the Pledge of Allegiance.

Board Members in attendance were Karen Beckvar, President; Dr. Eric Meyer, Clerk; Molly Holzer; Jennifer Petersen; and Dieter Schaefer. Superintendent John M. Baracy was also present. A quorum was present. Ms. Beckvar welcomed approximately 15 visitors.

Mrs. Petersen moved to approve the Agenda. Dr. Meyer seconded the motion.

The motion was approved with a vote of 5 – 0.

Superintendent's Comments

Dr. Baracy reported on the up coming Community Forums, beginning Thursday, March 20, 2008, at 6:00 PM, at Chaparral High School. The format for the Forums is to have a discussion and listen to the community. The purpose of the Forums is to inform the community of the financial challenges that SUSD currently faces and of the process that Administration has begun that has led to this point. The community members attending each Forum will then break into groups to identify what is important to them in regard to programs, class sizes, salaries for employees, the current configurations and building utilizations. The community members will also be asked to put their concerns or suggestions in writing. There will also be an opportunity to come to the microphone and share their thoughts. After the five Forums are completed, Administration will report back to the Board on what has been heard.

Public Comment

No Public Comment cards were handed in.

Consent Agenda

- VII. A. Acceptance of Gifts - \$75,758.23
- VII. B. Accounts Payable Vouchers – 2/22/08-2/29/08
- VII. C. Payroll Vouchers – 2/7/08-2/21/08
- VII. D. Personnel Actions – 2/16/08-3/3/08
- VII. E. Hearing Officer's Recommendation
- VII. F. Navajo Elementary School Instructional Technology System Pilot Program Grant Application
- VII. G. Revision to Board-Approved Easement Agreement Between Sprint Spectrum, L.P., and SUSD
- VII. H. SRP Power Easement – SRP Job No. KJB-3141, Renovation - Arcadia HS
- VII. I. Telecommunications Agreement Extensions with Verizon Wireless
- VII. J. Approval to Increase Prior Board Authorization for RFP #5011, Athletic & PE Supplies & Equipment
- VII. K. Award of IFB #8086, Publication Re-Binding

Motion #83

Approval of Agenda

Superintendent's
Comments

Public Comment
None

Consent Agenda

Mrs. Petersen moved to approve the Consent Agenda. Dr. Meyer seconded the motion.

The motion was approved with a vote of 5 – 0.

Information/Discussion Item

Kevin Price, Internal Auditor, presented Information/Discussion Item VIII. A. Audit Services Board Update. Mr. Price reported since the last Audit Services Report in January 2008, the majority of Audit Service’s time has been spent on Average Daily Membership (ADM) data for the 100th day, Bond Construction, and Online Course Selection. ADM appears to be holding with current students but is down from last year. The 100th Day Audit has not been completed; what is being shared is Mr. Price’s preliminary work. Currently, for the 100th day, the District shows 25,171 students and the State is showing 25,157, a difference of 14 students. Mr. Price stated that the majority of differences he is finding are tied to timing issues between SUSD and the State. Mr. Price next reported on Construction Activity which he audits on a consistent basis. All construction jobs are on time, on schedule and within costs. Sierra Vista is totally completed; Coronado is down to a “punch list” in their auditorium; this is for minor fixes. Further, Arcadia is close to completion, while Chaparral and Saguaro are progressing very well. The next activity Mr. Price reported on was Online Course Selection. After the January 7, 2008 Audit report, a problem with Genesis arose with matriculation of eighth grade students to ninth grade. This took an inordinate amount of Mr. Price’s time and has been corrected. Mr. Price will now concentrate on his other Audit Plan tasks.

Ms. Beckvar commented that what would be helpful to the Board would be knowing how many actual days Mr. Price anticipated spending on a project. She would like to see another column added to the Audit Plan with the anticipated number of days budgeted for the project and the actual number of days spent on the project.

Mr. Schaefer stated that regarding ADM, he is repeating what he asked for at the January 2008 meeting, a detailed plan listing all the barriers to getting the ADM system up and working so that next year, the Board will not be discussing ADM in such great detail. Mr. Schaefer would like to see that list so that the Board could address ADM in a very logical and sequential fashion. Mr. Price responded that he would like to reassure the Board that right now, he is very confident in the numbers that Genesis is reporting for ADM. He believes that also carries through to enrollment data. There are three barriers. The first is the State changing the laws and SUSD not being right on top of it. Mr. Schaefer asked what needs to be done to be right on top of such a situation. He does not want the details at this time, but the point is Mr. Price needs to not only identify the problem but what is to be done to remedy the problem and get to the point where it is an issue where Mr. Price is not spending an inordinate amount of time. Ms. Beckvar added that is an operational piece that someone in “a department” should have responsibility for, making sure that the systems are updated to reflect changes in the law. It is an Audit Finding to say that it did not get done on time. That is what the Board is trying to segregate. Mr. Price responded that currently there are good processes in place to catch those changes. Continuing with the barriers, the second barrier is there are lots of employees who are diligent in their jobs but because they are in a lower salary range, there tends to be a large turnover. This leads to a training issue. Steps have been taken to meet that training issue with training monthly. However, things do come up at the school sites and the employees do not always make those training sessions. This will always be an issue. Mr. Price reiterated, the current data is 99% accurate. No matter what system you have, there are a number of errors that will occur. They are being caught in a timely manner and are being corrected.

Motion #84
Approval of Consent
Agenda

Information/Discussion
•Audit Services Board
Update

The third barrier is Genesis is still being developed in certain areas to meet other needs. As changes are made within Genesis, there is always a chance that a change might inadvertently affect ADM. That has not been happening, but there is always a chance. Mr. Schaefer responded and restated his request. Although Mr. Price is 99% confident that the numbers are accurate, the point Mr. Schaefer was trying to make is what can be done to avoid this same thing happening next year. What was it that took so long to get to 99% and will it again happen next year? The only reason it is at 99% accurate is because Mr. Price spent too many hours figuring out what was wrong. Mr. Price responded that actually, since the corrections were made, this year there have only been three or four issues he found that required some slight modifications involving four or five students. Ms. Beckvar responded that she thought there were two different issues being discussed. One question is how much time in a normal maintenance phase Mr. Price needs to be spending on ADM to audit it properly. Mr. Price responded that for next year he would recommend that the District do the front-end audit the first ten days to make sure that every student is accounted for. That is more to ensure that employees are accurately entering data in a timely manner.

Dr. Meyer stated that the District has to be more accurate than 99%. One percent would equal 250 students. Mr. Price responded that at this time, the difference is 14 students, a lot less than 1% error. Dr. Meyer also commented that Mr. Price identified three issues that led to the problems the District had over the past few months. In his opinion, what the District does not have is a plan to address those issues. What he would like to see is the solution to the problems. Mr. Price responded that there is a plan in place for training, changes with the vendor are being monitored and communications with the State regarding changes are also being monitored. Mr. Price stated that he would get more information to the Board with more specifics. Ms. Beckvar stated that there should be an Audit Report with a response from the department involved stating what they are doing to address the issue. That is the process that needs to be developed. There needs to be something in writing that is then responded to in writing, giving the Auditor and the Board documentation that an issue has been identified and has been addressed. This is not only Mr. Price's problem, but also Dr. Baracy's in terms of making sure that people respond to the Audit Reports. Thereafter, the Auditor and the Board can see how an issue was addressed and if they are satisfied that it has been addressed appropriately. That loop needs to be closed. Dr. Baracy commented that what he is familiar with in working with an Auditor is that the Auditor will express his or her findings. What he heard Mr. Price indicate is that there are three areas of concern:

1. There are manual errors.
2. There are vendor changes. Dr. Baracy would like to know what area that entails.
3. The State makes changes that affect the program.

Dr. Baracy continued. If Mr. Price could put those in writing, he assures the Board that Dr. Laczko-Kerr, Executive Director of Curriculum, Instruction and Assessment, where appropriate for her area, will address training and what is planned to continue to reduce manual errors. We are actually dealing with 99.8% accuracy. He is accustomed to receiving written reports on findings and would like to see such a report from Mr. Price so that Administration could respond.

Mrs. Petersen remarked that she would like to see Online Registration handled in the same manner. She would like to see in writing Mr. Price's timeline for his exit strategy with a copy to Dr. Baracy so that Dr. Baracy can make certain that there will be

someone to take over that program at that point. Ms. Beckvar added that there is an operational aspect in regard to completing the Online process. The Board is willing to “loan” Dr. Baracy some of Mr. Price’s time to finish up that process by the end of the fiscal year, June 30, 2008. At that point, the Board does not want him involved in that process and asks that Dr. Baracy supervise that aspect of Mr. Price’s work. The Board does not want to take responsibility for an operational function. Dr. Baracy responded that he would be happy to supervise the Internal Auditor for a specific project for a specific time. Dr. Baracy stated that he will meet with Mr. Price to ascertain what still needed to be done and thereafter, work with Mr. Price and staff to have someone else be responsible for the process.

Mrs. Holzer agrees with Mrs. Petersen and Ms. Beckvar in regard to Mr. Price’s exit strategy for Online Registration. In regard to the Capital and M&O Overrides, Mrs. Holzer has been informed by Dr. Peterson that Fund 611 has been established for the Capital Override funds. Mrs. Holzer would like Mr. Price to be cognizant of that fund and oversee it as he has been doing with Construction funds.

Dr. Meyer stated that if Mr. Price is going to be responsible for overseeing that Fund, it will have to be integrated into his already crowded Audit Plan. He agrees that Mr. Price should oversee the Fund, but also that the Board would have to agree on how he would be able to do that. Ms. Beckvar added that at the next Quarterly Audit Review, the Board is scheduled to review the Audit Plan for next year and at that time will be able to adjust Mr. Price’s Plan. Mrs. Holzer stated that she does not want the Override funds accessed until Mr. Price has had the opportunity to oversee them. Dr. Meyer stated that since Mr. Price has still been expending time on Online Registration, other tasks have gone undone. Therefore, at the next Quarterly Audit Review, he would like Mr. Price to address how he was going to complete his other tasks in the future. Mr. Price stated that he will review the Audit Plan and at the next meeting, he will have timelines for completion of his other tasks. Ms. Beckvar stated that there should be a contingency block of time set aside for investigation of unforeseen issues. Dr. Meyer asked Mr. Price to keep the Board aware of what is happening.

Mr. Schaefer, in regard to Mr. Price auditing Construction, asked what would be the scope of his audit. Mr. Price responded that he would review the documentation that supports the construction. He would investigate if the job was done at the amount contracted for. At the end of a job, the District has the opportunity to ask the Construction Manager at Risk (CMAR) if there were any cost savings. Any cost savings found are recoverable by the District.

Action Item

Jeff Thomas, Executive Director of Human Capital, presented Action Item IX. A. Approval of Expansion of Phased Retirement Program (Smartschoolsplus). Mr. Thomas presented a revised recommendation of the presentation originally given to the Board. The Board had asked for an accounting of what the program would look like with maximum participation, the impact on the budget, and a comparative analysis of potential savings with the hiring of new employees rather than phased employees. Mr. Thomas reviewed different scenarios of the usage of the program. All of the scenarios indicate estimated costs. Showing phased employment for 12 Hard-to-Fill Teaching positions, reimbursed at 83% of current salary, the total position cost would be \$948,660. The total Smartschoolsplus cost would be \$728,932. This would be an estimated savings using Smartschoolsplus of \$219,729, and an estimated savings with new teachers of \$337,420. Showing phased retirement for 8 General Teachers, reimbursed at 2% below entry level, the total position cost would be \$609,418. The

Action Items

- Expansion of Phased Retirement Program (Smartschoolsplus)

total Smartschoolsplus cost would be \$384,766. This would be an estimated savings with Smartschoolsplus of \$224,652 and an estimated savings with new teachers of \$208,700. Showing phased retirement for 20 Classified Employees, reimbursed at 2% below entry level, the total position cost would be \$952,796. The total Smartschoolsplus cost would be \$652,065. This would be an estimated savings with Smartschoolsplus of \$300,731 and an estimated savings with new employees of \$291,713. The last scenario shown, phased retirement for 10 Administrative Employees shows a total position cost of \$967,797. The total Smartschoolsplus cost would be \$703,252. This would be an estimated savings with Smartschoolsplus of \$264,544 and an estimated savings with new employees of \$198,583. If the maximum-allowed employees (50 positions, no more than 20 Certified, 20 Classified, and 10 Administrative) were to participate in this program, the total position cost would be \$2,525,875. The total Smartschoolsplus cost would be \$1,816,950. The total savings with Smartschoolsplus would be \$708,925 minus an estimated set-aside for Arizona State Retirement System (ASRS) of \$137,361, for a total savings of \$571,563. The total savings with new employees would be \$744,702.

Discussion ensued. Mr. Schaefer asked what the basis was for providing a maximum of 50 employees for participation in the program. Mr. Thomas responded that he reviewed the participation in other districts and felt that although some other districts had over 100 employees participating, based on previous Board discussions, and to protect the Teacher Experience Index, SUSD would proceed carefully with this program. Mr. Schaefer stated that he sees pros and cons with the program and would recommend this as a temporary strategic tool to hire people and that the program be evaluated in six to eight months. One of his concerns is that the District would be potentially limiting teacher entry into the District by employing personnel through Smartschoolsplus.

Ms. Beckvar added that the program was new this year and the District had evaluated it after six months. The Board voted to extend it to the end of this fiscal year. The program is a tool to keep some of the District's highly qualified positions filled that otherwise would have been filled with a substitute or someone who did not have the qualifications to be highly qualified in that particular subject area. The program has been used fairly judiciously.

Mrs. Petersen asked about hard-to-fill positions and what was the success rate last year for filling those positions. Mr. Thomas responded that hard-to-fill areas will continue to be hard-to-fill. The two areas the District focused on filling last year were in Math and Special Education. The District did so well in filling positions in Math, that SUSD currently has no emergency certificated employees in Math. Further, the District has reduced its number of emergency certifications for three years across the board as well as in Special Education. However, there still are emergency certificates in the Special Education area; that is the most critical shortage in the profession. As an example, by participating in this program, the District was able to hire a high-caliber math teacher for Coronado High School, as well as an excellent principal for Cocopah Middle School. Internally, the program has enabled the District to keep some very good Special Education and hard-to-fill employees. Mrs. Petersen asked what the savings were using the program. Mr. Thomas responded approximately \$210,769. Mrs. Petersen agrees with Mr. Schaefer, the program has its pros and cons. She has her concerns as far as the effect on ASRS and new teachers and retirement for those new teachers. That is something she is struggling with.

Dr. Meyer's question was about the estimated "set aside" and how long it is kept in an

account. Mr. Thomas responded that it is kept as long as the program is used and will be tracked by the finance department. Dr. Meyer also asked if other districts were setting aside funds for ASRS. Mr. Thomas responded that he was not aware of any other district taking the care that SUSD is in implementing phased retirement.

Mrs. Holzer stated that she is very cautious in regard to this program. In regard to Special Education teachers, Mrs. Holzer asked if there was a better way to attract those teachers; if the District needed to look at other measures, such as salary schedules. Mr. Thomas responded that in his opinion, he feels the District needs to use multiple strategies to fill those positions. The phased retirement program is one tool in a multiple tiered approach to recruitment. SUSD is doing very well in its recruitment program at a time where other districts are now looking at SUSD and copying. The net effect is that SUSD's recruitment pool is getting stronger and its vacancy list is getting shorter.

Ms. Beckvar asked if when talking about hard-to-fill positions, if that includes not only certified teachers but classified hard-to-fill positions and administrative hard-to-fill positions and that they will take precedence over other positions not hard-to-fill. Mr. Thomas responded yes, the hard-to-fill positions will take precedence.

Mr. Schaefer moved to approve the proposed limited expansion of the Phased Retirement Program (Smartschoolsplus) to approved employees. Dr. Meyer seconded the motion.

The motion was approved with a vote of 3 – 2.

Mrs. Holzer voted no to be consistent with her first vote. She knows Mr. Thomas has done his due diligence with this, but she is voting no because she does not like the position the school districts were placed in.

Mrs. Petersen also voted no because she is philosophically opposed to this measure; she feels it is “double-dipping” and does not want to support that.

Ms. Beckvar stated that she voted yes because it is a limited expansion; it has been successful in helping SUSD put qualified teachers in classrooms which otherwise would have been filled with less-qualified instructors. It has been kept limited; she does not like an unlimited process both for the risk of the District, but also because she does not think it does the right thing for the retirement system as a whole.

Ms. Beckvar presented Action Item IX. B. Proposal for 2009 ASBA Political Agenda and Appointment of Delegate and Alternate on June 28, 2008. Ms. Beckvar stated that she was not available that week; Mrs. Petersen and Mrs. Holzer stated they would be out of town; Dr. Meyer stated that he walked out of the Conference last year. In his mind, ASBA tries to tackle far too many things on their legislative agenda. Mr. Schaefer stated that he has never been a part of the process and would be willing to represent the District. Ms. Beckvar commented that she would recommend he attend and at least experience the process.

Dr. Meyer moved to appoint Mr. Schaefer as Delegate. Mrs. Holzer seconded the motion.

The motion was approved with a vote of 5 – 0.

Motion #85

Approval of Limited Expansion of Phased Retirement System (Smartschoolsplus) to Approved Employees

•Proposal for 2009 ASBA Political Agenda and Appointment of Delegate and Alternate

Motion #86

Appointment of Mr. Schaefer as Delegate

There was no alternate appointed.

Ms. Beckvar asked if there were any items to propose for the Political Agenda. Based on Dr. Meyer’s comments, Ms. Beckvar moved to propose that SUSD’s proposal is that an attempt be made to narrow and focus the number of issues that are on the Political Agenda for ASBA. Mrs. Petersen seconded the motion.

The motion was approved with a vote of 5 – 0.

Governing Board Reports

Mrs. Holzer reported that she served on the AIA. It was very, very interesting. Mrs. Holzer requested that she would like to have a Budget discussion placed on the next Agenda. Ms. Beckvar responded that it was not on this Agenda because Dr. Peterson was out of town and that it will probably be a regular item on each Agenda in the future. Mrs. Holzer would also like to see another discussion on the Agenda regarding the facilities options that would include all the options that were presented, whether accepted or not.

Mrs. Petersen stated that she looked forward to the Community Forums and thanked Dr. Baracy and his team in advance because she knows there is a lot of time and effort being put into this issue. She thinks the format sounds ideal to get the maximum feedback from the community.

Dr. Meyer also requested an Agenda item on facilities. He also reported that the “Day at the Capital” was a success. Excess Utilities is still an issue and everyone’s help is needed to have a resolution to this issue. Also, Monday, March 24, 2008 is the second All City Sports Banquet.

Ms. Beckvar reported that also on March 24, 2008 is the East Valley Consortium meeting. The Maricopa County Assessor and Janice Palmer of ASBA will be speaking.

Dates of Upcoming Board Meetings and District Events

Thursday, March 20, 2008 – 6:00 PM – Community Forum at Chaparral HS
Monday, April 7, 2008 – 6:00 PM – Community Forum at DMHS
Monday, April 14, 2008 – 6:00 PM – Community Forum at Coronado HS
Tuesday, April 15, 2008 – 5:30 PM – Regular Board Meeting
Monday, April 21, 2008 – 6:00 PM – Community Forum at Saguaro HS
Tuesday, April 22, 2008 – 6:00 PM – Community Forum at Arcadia HS

At 6:50 PM, Mrs. Petersen moved to adjourn the meeting. Mr. Schaefer seconded the motion.

The motion was approved with a vote of 5 – 0.

No Alternate Appointed

Motion #87
Proposal to ASBA to
Narrow and Focus the
Number of Issues on
Political Agenda

Governing Board
Reports

Dates of Upcoming
Board Meetings and
District Events

Motion #88
Adjournment

Dated this 18th day of March 2008.

The Governing Board of the Scottsdale Unified School District #48

Karen Beckvar, President

Eric Meyer, Clerk

Molly Holzer

Jennifer Petersen

Dieter Schaefer