

MINUTES

Special Meeting of the

BOARD OF DIRECTORS

Corvallis School District 509J
1555 SW 35th Street
Corvallis, OR, 97333

I. CALL TO ORDER AND ROLL CALL

The meeting was called to order at 7:00 p.m. in the Board Room of the Central Administration Building, 1555 SW 35th Street, Corvallis, Oregon. The secretary recorded those present as listed below.

| <u>BOARD MEMBERS PRESENT</u> | <u>EXECUTIVE STAFF PRESENT</u> |
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| Kari Rieck, Chair Donna Keim, Vice Chair* Matt Donohue Helen Higgins Nell O'Malley Blake Rodman Anne Schuster | Dawn Tarzian, Superintendent Jim Hogeboom, Assistant Superintendent Kathy Rodeman, Business Services Director Julie Catala, Executive Assistant to the Superintendent |
| *Joined via speaker telephone. | |

II. PLEDGE OF ALLEGIANCE

Chair Rieck led the group in the pledge of allegiance.

III. DECISION REGARDING MUDDY CREEK CHARTER SCHOOL REVISED APPLICATION

Chair Rieck drew the board's attention to Resolution No. 07-0503. (Filed as Supplemental Item #III-16 in the Official 2006-07 Board Minutes.)

MOTION #51: It was moved by Director Higgins and seconded by Director O'Malley to approve Resolution No. 07-0503.

Director O'Malley referred to conditions two and three of the resolution, which she said seemed restrictive to her and caused her concern about possibly getting the negotiation process off on the wrong foot.

Director Donohue asked that the resolution language add "including but not limited to" regarding the list of conditions, to make it clear the resolution does not represent an exclusive list of the topics for discussion and negotiation.

Director Rodman indicated his desire to include the funding level in the negotiation process. He offered an example: begin funding at 90% of ADMw and then decline to 80% over the term of the agreement. He said that the only discussion regarding funding to date has related to the loss the district will experience; his perspective is that the money spent on the charter school is public money for a public school that kids in our community will get to attend.

Regarding condition two, Director Donohue noted that he wants to provide district staff an idea of the board's position on the topic, since the board will ultimately approve the agreement and there are divergent opinions among board members about the funding level.

Vice Chair Keim, referring to Director Rodman's earlier comments, pointed out that only 72% of district funds are spent on overhead for each district school, whereas the charter school would get at least 80%. She indicated opposition to the notion of allocating more than 80% of the ADMw funding to the charter school.

Director Schuster opined that since the charter school organizers don't know what their costs will be, limiting them to 80% is tying their hands. She said the Kings Valley Charter School in Philomath gets 100% of ADMw, so the percentage is not a hard and fast rule. She said she is in favor of adding the funding level into the negotiations because there might be extenuating circumstances that cost the charter school a little more. She recommended having the negotiations be around a range of 80-90% to give some wiggle room.

Director Higgins indicated that most charter schools obtain 80% funding. She added that if another charter school comes to the board in the future and the board has set a precedent of 90% funding, it will be harder for the board to negotiate. She said since the board is setting policy and trying to look across the entire district, it makes more sense to give district staff the parameters up front. She said the negotiations could then get into more detail about how to help the charter school be successful.

Chair Rieck expressed opposition to including the funding level in the negotiations process because of the potential that it would not get resolved. She added that she is concerned that including the funding level in negotiations could reduce other conditions to a secondary focus. She pointed out that the board bears fiscal responsibility for managing and being accountable for

the district's money. She closed her comments by opining that MCCS students should not be treated differently than any other 509J students.

Director Donohue asked for, and received from Business Director Kathy Rodeman, confirmation that transportation, maintenance, principals, and secretaries are included in the 28% of the overhead the district keeps of the ADMw funding. He raised the issue of contracting with MCCS to transport their students. Ms. Rodeman said public school districts are required to transport their students; charter schools are not. She indicated that charter schools are allowed to use the district's transportation system if its points cross those for the charter school. Superintendent Tarzian clarified that the district runs buses in all of the neighborhoods around the old Inavale site; under statute, the district would have to provide transportation for those MCCS students who live in those areas. She said staff would research whether or not the district could contract for transportation for students living outside of those areas.

In response to a question from Director Rodman about whether Lincoln K-8's middle school program received additional start-up money, Superintendent Tarzian said the additional support was provided in the form of staff, rather than money. Director Rodman said his argument for making the funding level part of the negotiation process would be the possibility of having a graduated rate: that the level start out at 90% and over three years phase down to 80% as the charter school gets on its feet and obtains further grants.

In response to a question from Director Schuster, Ms. Rodeman said the 20% of the ADMw not given to the charter school would be used to continue to operate all of the buildings in the district. She added that even when students leave a particular school, that school continues to operate; it's unlikely that all of the students that enroll in MCCS will come from one or two 509J schools and cause the layoff of a teacher, so the district will have the same costs to run its schools next year.

Director Schuster asked whether help with the district's financial situation would be obtained through additional funding from home schooled students enrolling in MCCS or from 509J students that had left the district but then returned to enroll in MCCS. Ms. Rodeman noted that Corvallis is a declining enrollment district; in order for the scenario Director Schuster presented to produce a positive effect on the district's financial situation, there would have to be enough new students to the district next year to boost the district's enrollment above this year's level. That is because the district is still expecting a decline in enrollment next year. Ms. Rodeman said she does not foresee the small charter school causing such a large boost in new student enrollment.

Director O'Malley said she does not have enough information about the funding percentage to make a decision.

Discussion ensued regarding condition three of the resolution and the fact that "up to" the enrollment of 65 students doesn't mean that the charter school must obtain 65 students. Director

Donohue opined that the resolution should indicate an enrollment of “at least 25” because it is statutorily mandated as such.

Director Higgins called the question.

MOTION #52: Director Rodman moved to remove item two (“Funding for the Muddy Creek Charter School shall be at 80% of the ADMw for grades K-5 for the term of the Charter School Agreement”) from the list of conditions and leave the terms of that for the Corvallis School District/Muddy Creek Charter School negotiations. Director O’Malley seconded the motion.

Director Donohue asked district staff if they would be comfortable negotiating this issue. Ms. Rodeman said staff will carry out the wishes of the board. Superintendent Tarzian pointed out that when the staff recommended conditional approval of the charter, one of the essential elements communicated to the board was funding at 80% ADMw. She pointed out that if the board chose to increase that funding level, other things the board may be considering for its budget couldn’t be afforded. She said it is an important issue for the staff to hear about from the board so staff can get a sense of the board’s priorities for next year’s budget. She recommended that the board keep present in its deliberations what the community has said it hopes to accomplish and what the board wishes to accomplish next year with budget amounts; staff needs to know where this item falls as a priority. She said this conversation has helped to provide a sense of where board members are leaning but this is one area where it’s helpful to hear from the board about this as a priority because it is a budget amount and it means dollars that will or won’t be available for other things that are important to the board.

Chair Rieck reiterated her position that the board is responsible for making fiscal decisions; asking the staff to negotiate the funding level means the board is not fulfilling its role in that regard.

Discussion ensued regarding the motion that had been made by Director Rodman and whether it was amending the resolution or amending the original motion made by Director Higgins.

DIRECTOR RODMAN WITHDREW MOTION #52.

MOTION #53: Director Rodman moved to **amend Motion #51** by removing condition two (“Funding for the Muddy Creek Charter School shall be at 80% of the ADMw for grades K-5 for the term of the Charter School Agreement”) and leaving that for the district to negotiate with Muddy Creek Charter School. Director O’Malley seconded the motion.

Directors Donohue, O’Malley, Rodman and Schuster voted in favor of the motion; Chair Rieck, Vice Chair Keim and Director Higgins voted in opposition to the motion.

The motion carried.

Chair Rieck took the vote on the **NOW-AMENDED MOTION #51**. Directors Donohue, O'Malley, Rodman and Schuster voted in favor of the motion; Chair Rieck, Vice Chair Keim and Director Higgins voted in opposition to the motion.

The motion carried.

VIII. ADJOURNMENT

There being no further business before the board, Chair Rieck adjourned the meeting at 7:35 p.m.

Kari Rieck, Chair

Dawn Tarzian, Superintendent

Prepared by: Julie Catala

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