

San Diego Unified School District
I21 Finance Subcommittee
February 5, 2014
Education Center
Room 2226

Present:	Ami Shackelford	SDUSD
	Peter Sibley	Edmin
	Matt Spathas (remote)	SENTR Partners
	Midori Wong.....	SDUSD
	Nicole George.....	SDUSD
	Scott Barnett	SDUSD
	Robert Grano	SDUSD

Welcome and Introductions

Peter Sibley called the meeting to order, followed by introductions of all present.

Overview of Committee Focus

Peter -The team explored options and came to the conclusion that the role of the finance committee is that around sustainability. Sustainability is that the innovation grants are one time grants or the bond issues and the series of funds related to that. That can help kick off innovation but having Amy, Evan, Nicole and other folks here that really know what are the sources of funding for making it sustainable and then what are the expenses and budget items that might make it where we translate innovations into replacement costs.

Ami - Repurposing expense dollars to help with sustainability so that we weren't dependent on capital expenditures to maintain our technology platform.

Peter – There is a continuum of all the work being additive and requiring all new funding and, at the other end of it and it is sort of an idealized thing, is that at some point it is all repurposed budget funding that is there. What gets in between here is some sort of business model and Amy is familiar with this from private industry a business model that helps you decide what is really an additive, what can we cut out or repurpose or do something differently and achieve same or better ends.

Ami - And how do you prioritize across other requests? What happens now sometimes in K-12 is who gets there first with their idea gets it implemented who comes in at the tail end there is no funds. One of the struggles that I have seen since I've been here is how do you gage that project request effectiveness and having access to the larger population of students versus getting a million dollar pilot that can help 100 students or that million dollars being able to access 20 thousands students and getting that, not necessarily return on investment, but that return on academic achievement. Having that business case model that you can put in the different parameters and factors that can then help the decision makers decide where it is more appropriate to spend those dollars.

Peter – That begins to define a business model and I think there are some environmental and political issues that are supportive of the type of process that Ami was suggesting at that meeting. LCFF and L Cap stuff is funded with the notion that you are trying to attain metrics for outcomes. I think that some of this is the same type of thing what are the

outcome metric. Are we moving the needle in one way if it is graduation rates and we are trying to increase those? Then there is potentially a direct benefit that there may be another program that isn't as successful that those budget funds can be repurposed to the innovation and there is all sorts of creative ways. To start with, we began to think about sustainability in terms of this continuum and then exploring what are the revenue inputs and what are the expenses and how can they be repurposed in some way to begin to give policy makers sort of dial to choose how much are they willing to go with more one time funds and how much repurpose funds to sustain some of the vision that is going to come out of the other committees.

Ami-Some of the high level budget discussion the last meeting was gets to the uninterrupted thought of not limiting the funding sources and talking about the roles and the constrictions but I think we were talking about it at one point like the textbook dollars if once the textbook flexibility goes away we are going to be having to potentially do the textbook adoptions, that could be 15-25 million whatever to catch up the next couple years and Matt brought up the concept of digital literacy. Well if you can move on-line and you are not having to that refreshing and the growth and replacement on paper and then I think he would have gone into an example how does an e3 with a genius bar and they are textbook free and they don't have the IT support going around imaging computers, they have literally a docking station that you plug in your laptop, put in your student ID, and it reimages it for you and then you walk away with your computer. We have pull up just at the elementary level, twenty IT folks that go around and have to touch the machine granted we are much larger entity and more antiquated but that is going to get into the repurposing and then getting even more creative, we spend almost 40 million dollars on transportation, someone suggested if you give that virtual access to students then you are not having to pay could you reduce your transportation dollars that's when you get into the restrictions because some of that transportation funded by Title I and Special Ed. and you got limitations on there but then another idea is the copiers, we spend almost 3 million dollars on copiers but having that virtual access can you reduce your paper and copier fees. Some of the discussion around the repurposing is what can you do on the expense side to free up dollars that can then be used to help sustain the model and I think Matt had talked about leasing laptops versus purchasing, they have a 3 year lease which I know private sector we've done that with IBM had our challenges but that was private sector this is public sector several years ago. They do that and pay the maintenance and pay the additional support to have and they have a mapbook at the e3 Charter. That summarizes where we were at with the first meeting.

Scott-This threshold questions, I don't believe we can use bond money for lease can we?

Ami-I don't think you can if you can. Different equipment if you are able to do a capital lease I would have to look at the language and see but definitely laptops...

Nicole-It would have to be a long term lease to do capital lease way beyond the useful life of

Ami-Private sector on the capital side we used to do a lot of leasing in data centers

Scott-I'm pretty sure it's a no.

Ami-Leasing laptops just give the life cycle is generally, I haven't had a good experience, and so I am curious how e3 goes once they get past their first year because the first year is very rosy and then that's where the leases kind of computer out.

Scott-Another issue at the high level is that if half the kids in the district have something they can bring and we could design a system that allows whatever that may be then every device a kid brings frees up money for a device we do not have to pay for. In theory the bond is supposed to cover the sustainability over the years but does it mean if we can't find a way, I think bring your own device makes so much sense at so many levels but it involves these other committees and that would save a tremendous amount of money.

Robert - One of the issues we have to overcome is that when teachers use these devices we train them on a specific device. Generally there is an image on the device and everyone should have the same image. For example we have Active Engage which is our premier way of connecting kids to teacher in the classroom. If you bring your own devices we'd need to have the programs that the teachers need to use in the classroom. Basically, the technology is a tool and we want to make sure that the tool is one the teachers know how to use it's a tools that is useful for the way we want the kids to use technology which to a larger extent is collaboration in sharing ideas. Technology doesn't mean you have computers and you stick kids on a program, that's not the way we view it. If that were the way then it would be great that everyone would bring their own device and it was web based and everyone goes URL and do this thing but that is not what we want them to do. We always need to keep that in mind, when they bring their own devices, we just have to figure that out.

Scott-A lot of issues the curriculum and security issues and all them I understand. Since this next year we are not going to do any different then we have a whole year to figure those issues out. I don't think they are insurmountable but they are all critical. Our contracts with our teachers are 30 years old.

Robert - Attended ADL cyber bullying conference and there is this issue with security and we use light speed and am assuming that students would use our broadband and maybe there is not much of an issue but there is also cyber bullying issues if they are on their own devices, which laws apply? Again it is not insurmountable but they are not easy fixes.

Ami-It's the planning for it and having the policies...

Scott-And what the Board needs to weigh in. The whole issue of what kids looks at on school sites. Right now 500 million people on Facebook and I can't access Facebook at the Ed. Center because we block it. So the issue of security to me in the old days, if kids brought material that is inappropriate to school they would get disciplines. To me it's the parents that need to agree if they are watching things that are inappropriate they need to be disciplined. When they are away from school, then it is up to parents. The reality is that any security that you put in, kids are going to figure out how to get around it. But that is a policy issue, how much do you want to control. I understand that these are huge issues.

Robert-It's a time of change so we have to adapt and see what we have to do differently. You mentioned the copier machine so who do you do away with the 3 million dollars we really don't want kids using worksheets but part of that means that we would need to have ongoing professional development for teachers to teach them this is what you do instead of worksheets. This is how you use on-line resources this is how you can use my big campus. What are the collaborative tools do we have that we could use with students that don't require you to send home a worksheet or use a worksheet in the class.

Scott-There are many issues. The finance committee is looking at options for financing or reducing cost and that will affect all other areas.

Nicole-To bring your own device was a big topic in almost all other subcommittees each taking a different take on it some more positive than others but everyone really discussing that as a key piece to their vision.

Peter-One of the ways like bring your own device and on-line resources some combination of both raw innovation and also repurposing dollars, the i21 mid-point consideration. We have to say something to people like many of the sources of revenues each will have business rules that will guide the availability that use contribute to the i21 sustainability. Some business rules that it can or cannot be used for lease or books. What we are suggesting do we look at that more deeply in the second half of this. So one side where is the revenue coming from and can we better understand the business rules to bring that back at the final i21 meeting. The same thing is true of the expense side. There are many budget categories to explore to determine the contribution potential replacement funding or repurposing funding.

Ami-Until we get to a point where LCFF and Prop 30 kicks in that we are not having this deficit every year, the next couple years are on the expense side and someone limited but then once we getting into 16-17 and 17-18 we can go back to replenishing those IT budgets that we basically striped in 09-10 where we took millions of dollars of their budget and left them with 2 million of non-capital and supply money for the entire district which is why we still have 5 year old machines in schools.

Scott-Looking at everything on the IT related side that there is an expenditure including in know there is a broadband committee and we now spend X million dollars a year on Cox, Time Warner. The goal is that every student would have internet access at home as well as school. Especially since half our kids are in poverty and they don't have that. If we look at what we are spending on Cox or Time Warner, if we invested bond money into infrastructure it is something that should be discussed. We have 200 properties throughout the district; let us look at the value of that airspace over the next 20-50 years. Right now we have an agreement with one company on one school site for one cell tower and when you think of the amount of area we can cover, can we reduce cost and generate a significant amount of revenue which could go into operating dollars because I realize that is a major challenge we have. From a finance committee point of view, it might be worth every dollar we spend on IT and why do we spend that dollar and are there alternative ways to do it everything to the cost to the capital side to operating side and then we can see all the moving pieces to see where we can save money, use the bond to build our own infrastructure. The opportunities are great between the bond and land opportunities and the airspace and bring your own device we could be credible ways to generate revenue and leverage revenues.

Peter-Only 45 days between mid-point and end-point, it is unlikely that we will have enough time to do the type of research that is valuable.

Ami-You can still do the conceptual work

Peter-We could say here are some examples and will that reflect your thinking. That is our primary role is to reflect the thinking of the group.

Nicole-If we break it down to the bare basics when thinking about your initial costs, maintaining replacing sustainability costs. Technology is just the cost of doing business like electricity. Since we have this vision and we are thinking outside the box and people should now be open to the public. Rather open to parents where parents should be able to do business but really if technology is the cost of doing business like electricity really though what are parts of it are the core pieces of vision that have to be funded you have to have a permanent source of funding because it can't go away. You put in two years from now when you don't have the money it is now just part of the way you do business and you

have a second layer of things that add to the vision and are important but are not key. If you can't fund it, it could go away for a period. Then you have this third layer of you have money to do the ultimate vision the district wants and have these layers of when you are thinking of the project to make sure you are prioritizing them so that you can get.....

Scott-It's like water and electricity, this is basic for our civilization. I didn't expect to say that here is a program that tomorrow we can implement. We will have to spend a lot of money on consultants. If the committees can give us the outline of the policy of vision and move there and hope that these committees will continue on playing an oversight role. Once the system hires the consultants, it is very easy to be driven internally instead of retaining the vision of policy makers.

Peter-This is our first phase and we just need to be authentic in what we can accomplish in 90 days. Need to look at summaries of other committees and bring it back to the next meeting. They are describing a vision and there may be some elements in that vision that will allow us to be more creative in our thinking. That is what moves the box and we still know fundamentally that the modelcreate a business model. Just to show how policy makers can use that to begin to tune how much of it is new dollars all the way replacement dollars and the decision they make, for policy reasons, that they will have a better sense of the impact of those decision and how much is going to require a new, in fact, if they follow this pattern from innovation to effectiveness to efficiency, that theoretically, you can take any of your ideas to 100% sustainability. If someone cuts the funding from 100% to 10% you are going to need to make some decision but if there is a steady flow you should be able to innovate in that some number of dollars are always there for one-time things and some number are to show the effectiveness. We use the midpoint to say these are what we think are the input, output and processes. They should be reviewed. One of those recommendations would be a business model that can be to show how those inputs, expenses and outputs can drive a dashboard view.

Ami-Observing on how the district has moved over the years, there hasn't been a centralized perspective of looking at new programs, new applications, and new devices. Even with the implementation, for example, Powerschool is a classic because they have to how not to pick the application, how to do the implementation, how not to do parallel testing when you go live.

Ami-In the private sector we kept buying a new server and you ask yourself what was wrong with the first five. Then you look at everything that goes through BoardDocs, we have to buy different software. Why can't we combine our resources and look at something that we can benefit a broader population so that your return on academic achievement, not return on investment, is greater. Especially with the L Cap and being able to determine what your priorities are and then validate that you are making that progress as a result of receiving those supplemental concentration dollars. We don't have a good tracking mechanism to show, academically, which of the technology works but at least if you could put together some kind of model that you are doing more than just a return on investment and your payback periods but incorporate some kind of academic criteria that includes infrastructure and the academic piece, then you are at least being thoughtful of the dollars that you do have and then moving forward as depending on how the budget evolves you are setting up your structure to have a more thoughtful approach than just bandaging things where someone comes in with a good presentation so you go buy it.

Peter-In the medical environment what they call that is utilization review and all of those statics go to the National Institute of Health. Every hospital is sending information and that is how they track epidemics. What happens at the local level is the efficacy of the treatment and cost are tract and randomly look at what a particular patients experience is and see what test were order and come back and begin to create best practices around it. So that it is not just looking

back, it's looking back to look forward and to be more efficient in the future. There is a shift in medicine, the standards are always there but there is between the practitioner and standards for the best practice. That is what creates the high level of professional engagement in this. Then the best practice is gaged against standards. So whether it is common core or California state; rather than drowning people in standards you are really looking at a more cohesive what is the best practice and how to look at students as individuals and groups.

Robert-In education it should be similar to No Child Left Behind requires that any dollars that are spent are spent on research based methods instructions that have not only been tried with similar size populations but with also with similar populations. Schools are not supposed to go out and buy the latest, greatest program without making sure that there is some qualitative quantitative research behind it that was tried on similar size and similar students. That doesn't happen and is unfortunate. I've been here 32 years and I don't see that happening. We need some to hold to speak to the fire to see that that happens.

Scott-I think this superintendent has three basic themes. One is that everyone has clear expectations of what is expected of them. Secondly, to make sure they have the support and training they need to do that. Third, hold them accountable. Those are basic leadership. On the finance side, standing the fact that we are going to have L Cap money and more state money, realistically all of our money, unless it is one time grants for technology, is going to be eaten up by additional labor cost. Ideal thing would be for the finance committee to say how can we save money or generate money that will fund, forever, the critical IT operational cost that are always going to come secondary, third to our nurses, counselors, smaller class size, etc. Realistically, this process is going to find a way to come up with a sustainable plan outside of that. I don't know that we are going to get from the state on-going money that will be earmarked for technology operational cost. If we could come up with an outline on how to do that then we will have the capital dollars to buy stuff for the next 20 years or more and have a plan for the operational aspect of that.

Robert-With S back there is no choice, we need the technology, infrastructure, and student devices. We also need the professional development for teachers. If we just have the devices it will be misused or not used.

Ami-At the accountability level on the leadership level it is not enforced.

Scott-on the PD side would more likely to be able to get more money through L Cap or LCFF.

Robert- With our year 1 devices there was nothing to do a refresh. We put in a plan knowing there was no refresh dollars. The batteries were going, there is a fix for it, and there are a couple of other issues and there are temporary fixes. But year 1 computer are 5 years old.

Scott-When I came on the Board I saw that i21 was going to end and in three years I said what's the plan to sustain it? How much is it, 12 million dollars a year. The only way to do it is through a bond that will go out roughly 15 years or so with sustainability but that is without us doing anything creative. How do we make sure that when we are budgeting a year from now for the equipment and technology that we have all those answers as best we can for all those needs. We have to assume we have to create the money because it's going to come down to there is always going to be something else we can spend more money on that will make people happier arts, music, sports.

Nicole-Saw an article on-line some district had come up with the idea to do a savings account where they were actively looking for places where they can make cuts to move money into a technology sustainability account with a goal of a certain dollar value per student.

Scott-What are all our liabilities. We have a fleet of 500 vehicles. We have no plan for replacement and we have no funding that is dedicated each year into it. We need to create this funding stream through spending less or creating revenues and the board as a policy says this is going all back in to IT sustainability and operations.

Nicole-One of the plans for part of the vision converting to digital text points would have to be priority.

Robert-but with digital text book everyone will have to have access to the internet everywhere they go.

Scott-that is a goal that this Board will support.

Robert-It would be great if a student can be issued a device. Students would have a more of an incentive to take care of it.

Matt-we just launched on the 1:1 take it home Jeremy would tell you that IT has one IT support person for every 5200 students. What is coming out of infrastructure is that there is no way we can support all the existing devices let alone any additional devices. More devices equal more support, what support look like, what resources need to be allocated the support and also what is coming into that conversation is a whole other awareness it's almost like we have digital tools and policy and we have curriculum and professional development. But this whole community development, we had four nights of parent roll-out at e3. There was a lot of hanks about handing student devices, what are they going to do on it, if it breaks who pays, I am signing this agreement. The outreach component is another piece that I think is a common threat. Outreach on the PD side as to how we are going to transform inside the classroom. Outreach on the community side on why and what happens if something bad happens. On the support side the farther we get out from the district office the greater challenge the support is. We are talking about infrastructure, does it stop at the district, does it stop at the school, does it stop at the home or does it go beyond that. We think it cost about \$400 a year per student to fully encapsulate the device, the support of that device, the insurance and tech support of that device and the cloud composition.

Scott-All these issues have been raised from the finance committee's point of view the goal is that every device we do not have to buy would save money. The goal here is to create, not only a sustainability we have for the capital side, but creating by saving money and creating revenue sources that we can fund IT operational side who always take 3rd to 4th after all the other priorities of Board members. The other thing about servicing, for example, a parent said their kid's laptop wasn't working. The parent who was a computer person said I will fix it for him. Went to the school logged and in order to fix it they needed administrative access which the parent did not have. That parent who thought could fix the problem, didn't even have the opportunity due to our rules and regulations. I agree the more devices you have the more challenges there are but anything that is wrong with my devices now, my teenagers could deal with. All those issues are so critical the question is, from a finance point of view, is to give options to generate and save money and all these other educational security issues, the other committees and ultimately the board, will have to deal with. But when you say \$400 per student is that at e3 or at the district?

Matt-That's at e3 and we leased our laptops. We do all have the same devices and all the students will have the same device and could do whatever they want with their laptops and it's all about digital citizenship and responsibility and informational literacy. Today they all changed their administrative password but what if student in 15 minutes forgot their password. They don't go to adults. We have an imaging station. She just plugged her laptop in and in 7 minutes she reimaged her who laptop. We tech supported, plugged in, pushed CTRL END, and your laptop will be reimaged. That is tech support and you do it yourself. That's where I think that there is no way the district is going to be able to

support 130,000 devices out there without a drastically different model. \$500 per year includes \$250 a year for the laptop lease, \$50 for insurance with a \$25 deductible for theft and damage, and \$50 for 24/7 Apple tech support so if students have any problem with extended warranty or technical issues questions around software they just pick up the phone and call Apple. That's our model and if you added it all up its total \$350 a year per device.

Scott-That interesting and the questions we get to is that what can we use what money for. Obviously we can't use bond money to buy software and we don't believe.

Matt-that would be a good question I would ask, can you use bond money to lease devices. I'd be curious to the answer to that and we are not putting in any software we are 100% cloud based we use Google Apps for Education you can use Microsoft. Everything is on the cloud so there is no software that sits on the devices. Can you use bond money for leases? It's a recurring expense. Our leases are three year, 0% interest and we can buy them out at \$1 at the end. We are refreshing every 3 years so we said \$350 a year forever. That's the cost.

Ami-Is that a capital lease or an operating expense lease?

Matt-It's a capital lease not an operating lease.

Robert-Do teachers receive professional development on that particular device and are they pointed to specific types of educational applications that students can use like Active Engage or what happens once the students get the computers, what is the teachers' PD part of it?

Matt-We are textbook free at e3 and there is a couple of prongs to that. The plan is to move into web-based curriculum and web-based assessment although it is a project based learning school, project based critical thinking on top of curriculum and assessment. The PD piece is multi-faceted in that it is including PD from Apple or any vendor. It's on the whole ecosystem around education for Apple that there is a PD piece. There is a lot of conversation about what is the culture now in this new learning environment , ear buds okay, cell phones okay, laptops okay, half engage, is it noisy, messy? There is a cultural conversation that is going on around expectations respect. It's setting around empowering the student and not creating too many rules and erring on the side of the student in terms of empowerment not on the side of the faculty in terms of the rules. The PD committee is struggling. You guys are putting this great infrastructure together and we have to support them both at the technical level, at the PD level, and the community level.

Robert-This is an adaptive problem.

Peter-We need to think about the "what" not the "how".

Scott-What percentage of the kids are learning remotely? You can save money if you do not have to pay for the classroom or the electricity. Need to look into ways of increasing participation in remote learning. This would save a lot of money.

Nicole-Is there any loss of funding in ADA if we move to more remote learning?

Ami-There are many rules around the independent study contract and to make sure they are being monitored and getting the number of minutes.

Matt-Yes, virtual learning redefines capacity at schools when a percentage of your students are not there, it defines where students sit in a room. It is a whole conversation that should be explored as a phase 2 (with iHigh as an example).

Scott-Should include this issue as a data point-how many are doing it and these are the constraints. Also could look legislatively at a pilot program.

Matt-We need to ask what percentage of 9-12th students are in a remote learning environment. Look at this further.

Peter-The blended learning begin to be the cost replacement. If we can measure it then is can be a cost benefit. Financial data needs to be comparable.

Ami-The output for the midpoint meeting - Matt do you have a plan?

Matt- I will send a message out to the co-chairs and some templates. Keep it at a higher level on the what. Pull out some key themes. Themes: sustainability of next generation learning; what does it cost to put a device in every student's hands and to support it. What kind of policy are we trying to create, uniformity. This is a higher level visioning policy exercise around finance, sustainability, principles and visions.

Peter-Should we bullet items ideas around tools and resources, policy and next steps for the midpoint.

Matt-That is covering a lot of territory. Include budget allocation and info analytics.

Peter-It can be in the sustainability piece. We can say there are 10 topics and these are the top 3.

Round Table Closing Comments

Ami-Should we look at different day like Wednesday or keep it on Thursday. Scott said set what works for you and I can work around my schedule and try to come by.

Ami reminded the group that the next meeting is February 10th for the Midpoint Full Committee meeting.

Peter adjourned the meeting at 6:40 p.m.