Nebraska Early Childhood Education Endowment

Board of Trustees Minutes

Wednesday, November 18, 2020

Welcome & Introductions
Kristy Feden called the Sixpence Board of Trustees' meeting to order at 1:03 p.m. on November 18, via Zoom and in person.

Trustees attended via Zoom: Melody Hobson (representing the Commissioner of the Nebraska Department of Education) and John Levy
Trustees attended in person: Nicole Vint leaving 3:17 (representing the CEO of the Nebraska Department of Health and Human Services) Kristy Feden, and Cara Small Absent: Holly Hatton Bowers
Others attended via zoom: Deb Reiman, Aiesha Rahn (Sixpence Administrative Education Specialists), Dan Harshman (NDE Finance), Amy Bornemeier, Elizabeth Everett (First Five Nebraska), Betty Medinger, Kevin Cloonan, (Nebraska Children) Joan Luebbers (NDE Head Start Collaboration).
Others attended in person: Stephanni Renn (Sixpence Administrator) Karen Pinkelman (Sixpence Administrative Education Specialist)

Approve Minutes from September 16, 2020
A motion was made by John Levy to approve the September 16th minutes. Second by Nicole Vint. Voting yes: Kristy Feden, Nicole Vint, Cara Small, John Levy, Melody Hobson. Absent: Holly Hatton Bowers.

Review Financial Reports, funding forecasts, and potential responses to funding shortfall
The Board reviewed the financial reports, including expenditures from the Child Care Partnership programs. Dan Harshman presented the NDE Financial Reports. Dan informed the Board on the distribution of income of the public endowment went from $343,000 a quarter to $197,000.

Kevin Cloonan presented the five-year forecast report, which reflects the State and Private funds reported by NDE. A discussion was held concerning a decrease in deposits from the Early Childhood Endowment Funds (public and private) stemming from the current interest rate and a possible reduction in State general fund allocations. Additionally, funding forecasting indicates that the Board will be overcommitted by $1.3 million in FY 2022-23 based on current obligations and existing funding. Subsequently, deposits from the State (public) endowment are lower than in the past.

Discuss and approve TA recommendations to address Endowment shortfall.
In light of the funding forecast and decrease in deposits from both Endowments and a possible reduction in state general funds, members explored three options with strategies developed by the Sixpence administration to cut costs and potentially raise revenue.

Option A: Alternative Revenue Sources for existing costs:

- **Strategy 1:**Transfer a reasonable portion of personnel costs from Sixpence TA budget to the Childcare Partnerships budget (CCDF funds.) In the upcoming CCDF-funded CCP budget for 2021-2022 increase VP Early Childhood from 20% to 35% and increase two Sixpence TA staff by 15% each to better support coaches involved with CCP programs.
  Savings to the Sixpence TA budget: $51,374

- **Strategy 2:** Secure other funding sources, such as Preschool Development Grant and Rooted in Relationships, for existing costs that are supported in part through Sixpence TA and grantee program budgets.
  Savings to the TA budget: **$34,000** in Facilitating Attuned Interactions (FAN) train the trainer costs.
  Savings to program budgets: $73,452 for Ready Rosie $22,060, Circle of Security $20,020 and Mental Health activities $31,372
  Total savings: $107,452

Option B: Cut Costs:

- **Strategy 1:** Deny Carryover Requests from 11 grantees. This was an action item on the September 16, 2020 Board meeting agenda. According to Melody, any unspent funds go back to the general funds. Melody advised that sometimes the Governor will "sweep" all unspent funds and not let programs use the carryover. That has happened when the State runs a deficit, and the next year's outlook doesn't look good. Note, Norfolk's $5,694 carryover request has previously been approved. Update: the Board approved Columbus' carryover request of $14,613 and denied the remaining grantee requests.
  Savings of $143,305 left in cash fund in 2020-21 and not carried over into 2021-2022 term.

- **Strategy 2:** Reduce travel costs in TA Budget. Reduce travel, eliminate out of state professional development, etc. in TA budget. The reduction may need to happen based on the 10% cap of deposits into the Cash Fund allowable by statute as those deposits reduce.
  Savings to the TA budget: $10,971

Total savings: $10,971

- **Strategy 3: Sixpence Board will send a letter for transparency of financial impact and notify Grantees to re-evaluate and submit new budgets prior to the 11/20/21 Sixpence Board meeting by eliminating out of state professional development, examining family involvement and sources of Grantee match.** Reduce individual grantee budgets based on TA recommendations before allocation approval at the March 2021 meeting. There is no precedence for this. Eliminate all out of state professional development; TA recommends budget lines that don't directly impact children/families to reduce. Estimated cost savings of $61,779 professional development and $86,457 travel and lodging. Additional cuts to programs with large amounts in family involvement and supplies (such as promotional items and incentives), based on TA budget audit for estimated cost savings of $163,094.

  Savings to program budgets: $311,330

- **Strategy 4:** Reduce the UNMC evaluation budget. The reduction may need to happen based on the 10% cap of deposits into the Cash Fund allowable by statute as those deposits reduce. There's precedence for this. Reduce the frequency of Keys to Interactive Parenting Scales (KIPS) evaluation evaluations to every other year.

  Savings to evaluation budget: $25,000 every other year

- **Strategy 5:** Deny funding of individual program(s) with current and history of contingent funding (see chart below.) Note, the Board has a policy but has no precedence. Consideration: backlash, impact on communities in most need, and lack of notice – Notify in March that funding ends June 30, 2021.TA recommends cutting funding to Millard (home-based) $87,264 & Omaha (home-based) $159,710.

  Savings to program budgets: $246,974

- **Strategy 6:** Reduce **all** grantee budgets by 5-10% and allow grantees to determine where cost savings can be found. There is no precedence for this. In addition to suspending all out of state professional development, programs would select their budget lines to reduce.

  Savings to program budgets of $372,186 (5% cut) or $521,061 (7% cut) or $744,373 (10% cut)

<u>**Option C: Raise Revenue prior to beginning of 2021-22 term:**</u>

- **Strategy 1: Sixpence Board will write a proposal to submit to DHHS asking to:** Secure other public funding sources for existing programmatic costs, such as CCDF, to support child care (center-based) programs. Obtain additional CCDF monies to flow directly from DHHS to NCFF to support specific center-based programs. This will necessitate an additional contract/agreement and reimbursement process for any programs identified for funding through this temporary source of alternative funding (2 years). Allowable Expenditures and documentation required by CCDF will need to be followed that will vary from current funding processes. NCFF is exploring this option.

Potential revenue: $150,000/year for two years

A motion was made by Kristy Feden to approve Option A, numbers 1 and 2 and Option B, numbers 1 and 2. Additionally, the Board wishes to have Sixpence TA send a letter to Districts informing them of the financial shortfall and the need for them to trim their budgets to cut costs. Second, by Cara Small. Voting yes: Kristy Feden, Nicole Vint, Cara Small, John Levy, Melody Hobson, Absent, Holly Hatton Bowers. No opposition, motion carried.

<u>Review all Grantee Status Report</u>

Karen Pinkelman, Aiesha Rahn, and Deb Reiman provided highlights and updates from each District's programs, including the status of funds expended, Step Up to Quality ratings, and enrollment. A discussion was held surrounding the Implications of COVID-19 for in-person contacts for home visiting, childcare partnership programs, and attendance for center-based programs.

<u>Approve release of remaining funds for Omaha Educare Inc. home and Millard Public School</u>

Karen Pinkelman reported on the status of Millard Public School and Omaha Educare Inc.'s home visitation program. Millard's program is at full enrollment with full attendance and documentation procedures. Omaha Educare's home visitation program has restructured and is now housed within Omaha Early Learning Center at Kennedy. The program has two new bi-lingual home visitors going through the training process. It has been challenging for the program to recruit families during COVID. They have nine families on their caseload and are working towards full enrollment.

A motion was made by John Levy to release the remaining funds for Omaha Educare Home for $79,855 and Millard Public School for $43,137, Second, Cara Small. Voting yes: Melody Hobson, Kristy Feden, Cara Small and John Levy. Absent, Nicole Vint and Holly Hatton Bowers. No opposition, motion carried.

<u>Review and approve Biennial Report</u>

Mike Medwick from First Five Nebraska presented the biennial report to the Board. Board members expressed appreciation for his work on the report, stating the report's comprehensive nature and aesthetics.

A motion was made by Kristy Feden to approve the Biennial Report. Second, Cara Small. Voting yes: Melody Hobson, and John Levy. Absent, Nicole Vint and Holly Hatton Bowers. No opposition, motion carried.

The meeting ended at 3:52 p.m. with a ***motion to adjourn*** Melody Hobson. Second by Cara Small, Voting yes: Kristy Feden, Melody Hobson, and John Levy. Absent, Nicole Vint, Holly Hatton Bowers, No opposition, motion carried.

Next Meeting Date: Wednesday, January 20, 2021