

# MINUTES

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MISF BOARD MEETING

MARCH 20, 2019

7:30 AM-9:30 AM

ANNUNCIATION SCHOOL, MINNEAPOLIS

## AGENDA

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- Welcome to our new member, Lynn Farmer, and introductions
- Legislative update from Shep Harris, MISF Lobbyist
- Review and approve minutes from 12/19/18 meeting
- President's report
  - \* Development report
  - \* Membership report
    - \* Membership rate for FY19-20
  - \* Advocacy update
  - \* Program report
    - \* Education Awards
    - \* STEM Grants
- Governance update
- Finance report: balance sheet, income statement, restricted funds tracking, cash flow
- Strategic plan update
  - \* Resource Development
  - \* Reserve policy
- Other business

## MINUTES

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Those present: Tim Benz, Jennifer Cassidy, Greg Chamberlain, Lynn Farmer, Josh Killian, Veena Lakkundi, Joel Landskroener, John McCall, Teri McCloughan, Kelly Regan, Wyayn Rasmussen

Those present on conference bridge: Mike Brennan, Randy Kroll, Sumita Mitra, Kari Staples

Staff Present: Michele Skare, Lisa Vosbeek

Meeting was called to order at 7:39 AM.

Board introduction and welcome to Lynn Farmer

Motion to approve meeting agenda by Teri McCloughan , seconded by Wyayn Rasmussen - agenda approved.

### **Legislative Update by Shep Harris**

We are now half way through the legislative session, having hit the reset button with a new governor and a new House majority. Minnesota is the only state with a divided legislature. It has been harder than expected to get some of our agenda items through, largely because of all the new legislative members. However, we remain confident that we will meet some of our goals.

The session began on January 8<sup>th</sup>, and is required by law to end on May 20. Over 2000 bills have been introduced, and there have been hundreds of committee hearings. The February budget forecasts a one billion dollar surplus, but some of this is one-time fundings that are left over from the previous year. The Governor's proposed budget is nearly \$50 billion for FY 20-21. Key committee deadlines that we are working towards are 3/15 (bills out of House policy committees), 3/29 (bills out of Senate policy committees) and 4/12 (Budget committee hearings)

Our agenda items include:

Clarifying nonpublic pupil textbook aids to include teaching materials;

Nonpublic pupil funding for physical security, security audits, and guidance/mental health counseling expanded to K-6;

Support necessary state funding for nonpublic pupil aids, including telecom aid.

Our coalition partners include the MN Catholic Conference and the Jewish Community Relations Council

Another issue of interest is the Education tax credit/deduction legislation. This is a top priority item for Senate majority leader Gazelka, and he has indicated that he would be willing to negotiate with the opposition party, offering support for some of their priority items.

Question - is there common knowledge among legislators about how the tax credit works in other states? Answer: Minimal knowledge in the House, with all the new members there. More knowledge within the Senate. There has been good conversation about the tax credit on the Senate floor, and we expect a vote along party lines.

Question - There is a program called Solar for Schools. Xcel Energy installing solar panels on public school buildings. Is this something that we might be interested in pursuing for nonpublic schools? Shep will research this further.

Josh suggests that Shep attend the next board meeting, to continue reporting. May also want to include him in the School Leadership Conference, reporting on legislative issues of interest to school leaders.

Motion to approve the minutes from the 12/19/18 meeting as written made by Veena Lakkundi, seconded by Jennifer Cassidy. Minutes approved.

### **President's Report:**

The Education Awards are the main priority this month. We are working on contacting/videos with all award recipients, securing sponsorships, and planning and logistics.

Partnerships: We are making more connections to other organizations. Catapult Learning, an organization that works with schools contracting out their Title programs, has reached out to us. We are a good conduit for them - we have access/"real estate" that is beneficial to them, and helpful for our schools. Thanks to Kari for making the initial connection to their leadership.

The Department of Human Services reached out to us regarding grants for middle school students for addiction

prevention - they were referred to us by the MN Department of Education. More and more, we are known as the place to come to for access and information.

The 2018-2019 enrollment numbers from the October reports were released by the MDE yesterday. A quick review shows that overall enrollment is down by about 130-the final number is 65,638. Kindergarten numbers are up, middle school numbers slightly down.

Tim attended the national CAPE (Council for American Private Education) gathering in Washington D.C. This meeting happens in conjunction with the CAPE Board Meeting, which is made up of the governing bodies of many private and independent schools (LCMS, WELS, Islamic Schools, etc.) It is a good opportunity for the state CAPES to be recognized by their governing bodies, as well as meeting national leaders.

Senator Cruz and Secretary DeVos are proposing the Educational Freedom Scholarship, a national tax credit program. It is a \$5 billion dollar program and goes down to the state level, letting individual states decide how to administer. Our state program is far more manageable.

75% of all school choice scholarships are in 5 states: Indiana, Ohio, Wisconsin, Florida, Arizona

Robert Enlow, president of Ed Choice (formerly the Friedman Foundation) spoke to the group on the importance of being better organized and more engaged.

Note-New York state is trying to advance "Substantially Equivalent Education" - basically a ploy to evaluate private schools in New York. Other states are watching closely.

### **Development Report**

We are in the midst of our busy grant season. Copies of the report were distributed with the meeting materials.

Highlights include:

- New 3M grant cycle opens in March, focus on all grants should be serving underserved and underrepresented populations.

- Submitted grant requests to Polymet Mining, Lanners Family Foundation.

- There is the \$33K gap on the cash side, which we are chipping away at with new grant requests, increased sponsorships, etc. Our partnership with Thrivent has proved very beneficial to them, to us, and to our members. We are still in a very good cash position

Discussion: In our grant writing, be mindful of wording when we discuss our programmatic work, understand that can be a broadening of STEM programming.

### **Membership Report**

We are already tracking leadership changes, knowing that in the next 60 days we will start to hear more of them.

Father Jonathan Licari, principal at St. John's Prep in Collegeville (a member school), is retiring at the end of this school year. Taking his place is Jon McGee, from the College of St. Benedict. John is a fan and friend of MISF, and spoke at our 2014 School Leadership Conference.

Three south metro schools: Life Academy, Christian Life Academy, and Bethany Academy have entered into discussions to merge into one school, similar to the consolidation of Ascension, John Paul II Prep and St. Peter Claver. Darin Kindle (Christian Life Academy) recently met with their administrators to discuss how they consolidated resources.

Tim provided a breakdown of our membership rate history over the past seven years. The last dues increase was in FY16, when rates were raised from \$4.00 to \$4.50 per student. For FY20, we propose to raise rate to \$4.75 per student, with \$265 as the rate for small schools of less than 55 students.

Discussion: It has been 4 years since the last increase - so this is right-sizing the number. The quality of our programs and services continue to grow as our membership increases, and there are increased costs tied to that. Debbie provided 3 fiscal years' worth of end-of-year actuals in terms of revenue and expense, which illustrates that 20% of our budget is actually covered by membership dues.

The membership rate discussion should be ongoing, and should spur us on to think about getting into a better cadence of raising rates.

In communicating this rate increase to schools, we should highlight our programs, especially Advocacy, as specifically as possible. Often schools need to approach their boards regarding this kind of budget increase, so it would be helpful to provide leaders with talking points.

### **Advocacy Update**

The hearing for the tax credit scholarship hearing was good, with lots of schools in attendance. Also attending were our partners: OAK, Ed Allies, MN Comeback, the JCRC and the Catholic Conference. The opposition were in attendance as well. Their message was that until schools are fully funded, we shouldn't be diverting money from schools. (The money from the tax credit isn't even coming from the general fund!) They also argued about the constitutionality of the credit (Institute for Justice has already defended that in other states.)

Benito Matias from Ascension School spoke about their high performing scholars, and the fact that 95-100% of those students graduated from high school. Senator Gazelka referred to it as a \*minimal\* tax credit. There is much more focused support from Senate leaders than in past years. It is a priority for them.

### **Program Report**

The STEM Advisory Committee met last week to review and award STEM grants. Most years they have allocated almost all the funds, but that wasn't the case this year. Some of those funds will roll over to next year's program. They review grants carefully, and will not award funds just "because."

Some trends they saw this year: aviation, maker spaces, robotics/coding (especially pushing down into the lower grades and kindergarten), STEAM schools requesting money for bots that actually do art, engineering programs and, for the first time, a grant for virtual reality (VR). What made this request different is the affect that VR can have on kids who are on the autism spectrum. Through VR, kids can practice social interaction skills in a safe space; then they can go out into the community and be successful.

Thanks to Greg Chamberlain for his work on the Advisory Committee.

### **Governance Committee**

The Governance committee will meet next month. There are 2-4 openings on the board right now. Phyllis Karasov, who rolled off the board due to another commitment, has brought forward a potential candidate to fill her spot. We also have a new candidate from Xcel Energy identified. We are still actively seeking a board member with a strong finance background - perhaps a controller/CFO/director of finance from a larger company, or even staff from one of our larger member schools. We have one potential candidate already identified. As board members consider their networks and corporate connections, remember that we continue to look for connections at large corporations such as General Mills, Cargill, etc.

### **Finance Report**

The finance report was included in the board packet. Highlights:

-The report now includes graphs representing revenue and expenses in terms of FY actuals, YTD budgeted and FY

budgeted. They illustrate how revenues and expenses track throughout the year (example: dues-heavy at the front end of the year, scaling back to just 20% at year end while grant revenue increases throughout the year.)

-Good news on the restricted/unrestricted funds sheet, with a change in net assets of +\$89.6K

### **Strategic Plan**

Included with the meeting materials is a Reserve Policy Guidance sheet provided by Propel Nonprofits which includes a template for a reserve policy.

Discussion: MISF has been putting money into reserves for months - the question now becomes, what is the appropriate level of reserves? And - what happens when that level is reached?

Do we need reserves of six months of the total budget? If dues (a constant) are taken out of the equation, what does the total amount needed become? What does the donor pyramid look like - grants/donations? Asking questions like this and mapping out the answers can give us a sense of where the vulnerabilities lie.

Randy will work with MISF staff to bring forward a proposed policy for reserves, which will be presented at the June meeting.

### **Adjournment**

There being no further business brought forth, the meeting was adjourned at 8:50 AM

A handwritten signature in cursive script that reads "Wyayn Rasmussen".

3/6/2019

Wyayn Rasmussen - Secretary