



Nebraska Early Childhood Education Endowment

Board of Trustees Minutes

Wednesday, January 20, 2021

Welcome & Introductions

Kristy Feden called the Sixpence Board of Trustees meeting to order at 1:08 p.m. on January 20, 2021, via Zoom

Trustees attended via Zoom: Melody Hobson (representing the Commissioner of the Nebraska Department of Education), John Levy, Nicole Vint (representing the CEO of the Nebraska Department of Health and Human Services), Kristy Feden, Cara Small, and Holly Hatton Bowers.

Others attended via zoom: Deb Reiman, Aiesha Rahn, Karen Pinkelman (Sixpence Administrative Education Specialists), Stephanni Renn (Sixpence Administrator), Dan Harshman (NDE Finance), Amy Bornemeier, Elizabeth Everett (First Five Nebraska), Betty Medinger, Kevin Cloonan (Nebraska Children), Joan Luebbers (NDE Head Start Collaboration), Beckie Cromer (DHHS) Joe Jurich and Michael Walden-Newman (Nebraska Investment Council).

Approve Minutes from November 18, 2020

A motion was made by Melody Hobson to approve the November 18th minutes with the revision of adding Kristy Feden and Cara Small as voting yes to approve the release of remaining funds for Omaha Educare Inc. home and Millard Public School. Second by Kristy Feden. Voting yes: Kristy Feden, Nicole Vint, Cara Small, John Levy, Melody Hobson, abstaining: Holly Hatton Bowers. No opposition, motion carried.

Review Financial Reports, funding forecasts, and potential responses to funding shortfall.

Joe Jurich and Michael Walden-Newman (Nebraska Investment Council) provided information surrounding the current reduction of distributions into the Sixpence cash fund compared to previous years. Michael explained that Sixpence is funded through dollars derived from dividends and interest from stocks and bonds that make up the Sixpence endowment. Any capital gains are to be reinvested to stay ahead of inflation. Michael informed the Board that capital gains were distributed in the cash fund along with the dividends and interest over the last few years. Because of this mistake, \$473,000 was distributed in error and will need to be

put back into the trust. To do so, the Investment Council is withholding funds for five quarters. In December, \$293,000 was withheld. Throughout the next three quarters, withholdings will be approximately \$56,546, \$61,725, and \$61,725. Once the mistake is rectified, the distributions will be around 1.3 million, which is \$220,000 less than the 2018-19 fiscal year. The Board asked the Nebraska Investment Council to provide the explanation and the payback plan in writing. The Board asked Michael for his advisement surrounding proposing legislation to enable capital gains to be invested in the cash fund along with interest and dividends. Michael advised the Board to keep reinvesting the capital gains in the trust, enabling it to build upon the original \$40 million corpus. The growth would be slower but allow for more predictable numbers in the future. By enabling the trust to grow, more interest earnings help sustainability to the programs currently funded. The current inflation is between two and three percent, and if withdraws outpace the ability of the trust to replenish itself over time, the trust will become worthless.

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. The Board can expect a lower rate of return for the foreseeable future. For consideration of future long-term funding streams, the Investment Counsel Representatives now believe the Board should use a 2% yield to predict cash deposits from the endowment fund.

Kevin Cloonan informed the Board of the need to revise the five-year forecast to reflect the investment councils' new predicted funding forecast of cash deposits going down from 1.4 to 1.1 million.

Kevin Cloonan reported that since inception, the State had distributed 47% of its earnings to the Sixpence Cash Fund, while the private endowment had distributed 43% of its earnings. The private endowment, therefore, distributed an additional \$500,000 to match the State's distribution percentage. The new influx of funds will ensure the TA and Evaluation account is not overdrawn.

Discuss and approve updated funding strategies to address Endowment shortfall.

Members revisited the previously approved options with strategies developed by the Sixpence administration to cut costs and potentially raise revenue.

Stephanni Renn asked the Board to consider updating their November vote for Option A Strategy 2, securing other funding sources, such as Preschool Development Grant, for the existing costs to support Ready Rosie removing Circle of Security and Mental Health Activities.

Option A: Alternative Revenue Sources for existing costs: **Strategy 1:** Transfer a reasonable portion of personnel costs from the Sixpence TA budget to the Childcare Partnerships budget (CCDF funds.) In the upcoming CCDF-funded CCP budget for 2021-22, 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~~ \$56,060

A motion was made by Kristy Feden to modify Option A Strategy 2. Second, by Jon Levy. Voting yes: Kristy Feden, Nicole Vint, Cara Small, John Levy, Melody Hobson, and Holly Hatton Bowers. No opposition, motion carried.

Discuss new Legislative Bill LB342

Elizabeth Everett from First Five Nebraska apprised the Board of Senator Stinner's introduction of new legislation in the Unicameral in support of the Sixpence Early Learning Fund. LB342 would appropriate \$5 million to Sixpence over two years to bolster public-private efforts to advance quality early learning experiences.

Review all Grantee Status Report

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 surrounding the implications of COVID-19 for in-person contacts for home visiting, childcare partnership programs, and attendance for center-based programs.

Elect Chair and Vice-Chair

A motion was made by Holly Hatten-Bowers to extend the terms of Board Chair Kristy Feden and Vice-Chair Holly Hatten-Bowers to the June Board meeting. Second, by Melody Hobson. Voting yes: Kristy Feden, Nicole Vint, Cara Small, John Levy, Melody Hobson, and Holly Hatton Bowers. No opposition, motion carried.

Review Trustee Appointments

Stephanni Renn informed the Board of the reappointment of Holly Hatton Bowers and Cara Small. Their terms will end in December of 2023.

The meeting ended at 2:57 p.m. with a ***motion to adjourn*** by Kristy Feden. Second by Cara Small, Voting yes: Kristy Feden, Melody Hobson, John Levy, Nicole Vint, Holly Hatton Bowers, No opposition, motion carried.

Next Meeting Date: Wednesday, March 17, 2021