

Approved by the Charlotte-
Mecklenburg Board of Education
July 26, 2011
Regular Board Meeting



Charlotte, North Carolina

March 22, 2011

**REGULAR MEETING
of the
CHARLOTTE-MECKLENBURG BOARD OF EDUCATION**

The Charlotte-Mecklenburg Board of Education held a Regular Board Meeting on March 22, 2011. The meeting began at 5:30 p.m. and was held in Room 267, 2nd Floor, of the Government Center.

Present: Eric C. Davis, Chairperson, District 5;
Tom Tate, Vice-Chairperson, District 4;
Kaye Bernard McGarry, Member At-Large;
Trent Merchant, Member At-Large;
Joe I. White, Jr., Member At-Large;
Rhonda Lennon, District 1;
Richard Allen McElrath, Sr., District 2;
Dr. Joyce Davis Waddell, District 3; and
Timothy S. Morgan, District 6

Absent: There were no absences.

Also present at the request of the Board were Dr. Peter Gorman, Superintendent; George E. Battle, III, General Counsel; Hugh Hattabaugh, Chief Operating Officer; and Nancy Daughtridge, Clerk to the Board.

Upon motion by Dr. Waddell, seconded by Mr. Morgan, the Board voted unanimously for approval to go into Closed Session for the following purpose:

- **To consult with the Board's attorneys on matters covered by the attorney-client privilege concerning personnel matters.**

The motion was made pursuant to Section 143-318.11(a) of the North Carolina General Statutes.

The Board held a Closed Session meeting from 5:30 p.m. until 5:44 p.m. in Room 267.

Chairperson Davis reconvened the Regular Board Meeting at 6:08 p.m. in Room 267 of the Government Center. CMS-TV 3 televised the meeting.

Present: Eric C. Davis, Chairperson, District 5;
Tom Tate, Vice-Chairperson, District 4;
Kaye Bernard McGarry, Member At-Large;
Trent Merchant, Member At-Large;

Joe I. White, Jr., Member At-Large;
Rhonda Lennon, District 1;
Richard Allen McElrath, Sr., District 2;
Dr. Joyce Davis Waddell, District 3; and
Timothy S. Morgan, District 6

Absent: There were no absences.

Also present at the request of the Board were Dr. Peter Gorman, Superintendent; George E. Battle, III, General Counsel; Members of Executive and Senior Staffs; Judy Whittington, Manager of Board Services; and Nancy Daughtridge, Clerk to the Board.

I. CALL TO ORDER

Chairperson Davis called the meeting to order at 6:08 p.m. and he welcomed everyone to the Board's second meeting of the month which was held in a Work Session format.

A. Adoption of Agenda

Chairperson Davis called for a motion to adopt the agenda as presented.

Mr. Morgan moved that the Board adopt the agenda as presented, seconded by Mr. White, and the motion passed upon unanimous voice vote of the Board.

B. Crossroads Charlotte "Get Real 2011" Overview by Tracy Russ, Crossroads Charlotte Executive Director

Chairperson Davis said this report is from Crossroad Charlotte which is a non-profit partnership we have with the City of Charlotte and the County. Chairperson Davis called upon Tracy Russ, Executive Director of Crossroad Charlotte, to present information on the "Get Real 2011" initiative. Mr. Russ thanked the Board for allowing him to present information on the process for "Get Real 2011." Crossroads Charlotte is a non-profit, non-partisan effort that allows all citizens and residents of Mecklenburg County to imagine our tomorrow and to act today to craft the future that we all want. "Get Real 2011" was an effort to engage the public, at a time when we thought there were tough budget choices being made, in a public process. The process involved dialogue and sharing information with a focus on four goals.

1. Gather information and give feedback to the Board of Education and the other elected bodies around the tough choices during these tough times using shared priorities and values.
2. Give guidance across public sector silos and across all three bodies.
3. Help close the gaps of trust between the public and elected officials.
4. Educate the public around who does what, when do they do it in local government, and when is the right time to get involved.

The large scale public education and engagement effort kicked off mid-February and ended early-March. The initiative was conducted in two parts. Part 1 was a series of small workshops organized by residents and citizens. "Get Real 2011" provided the program and they organized the people and the place. The workshop included a look at Charlotte-Mecklenburg 2015, our economic and budget situation, who does what in local government,

how budgets are created, values and priorities to guide budget decisions, ideas and options, and what one person can do. Part 2 was a series of small public sessions to discuss the outcomes from Part 1 and to craft final outcomes to be given to community leaders. Seventy-five workshops were facilitated throughout the community and over 700 people from thirty-two zip codes participated in the meetings. Mr. Russ provided an overview of the work sessions and the findings.

- Initial Findings on the Priorities:
 1. Education (K-12)
 2. Crime and Public Safety
 3. Economic Development/Jobs Creation
 4. Affordable Housing
 5. Education (PreK)
 6. Children's Well-Being
 7. Physical and Mental Health
 8. Poverty Reduction
 9. Libraries
 10. Public Transportation
 11. Roads and Streets
 12. Education (Community College)
 13. Environmental Protection
 14. Neighborhood Improvement
 15. Growth Management
 16. The Arts
 17. Parks and Recreation
 18. Professional Sports and Entertainment
 - Many people believe if the first three items are taken care of in the community many of the other needs will also be addressed. In good times, the items at the bottom of the list often rank as high items when polls are conducted. Items 13 through 18 are not as important as the items at the top but that does not mean that they are unimportant to people.
- General Findings:
 1. We know it is tough to make choices, but our top issues are Education (K-12), Crime and Public Safety, and Economic Development. If these are addressed many others will be addressed.
 2. We want to protect the most vulnerable people in our community first (children, the elderly, disabled, those in poverty) and we want tough impacts distributed fairly.
 3. We want decisions made after you have considered the total impact of ALL decisions together on people and neighborhoods. Decisions about schools and allocations will be decided after all decisions of the impact on that community has been reviewed such as the closing of libraries and changes to transit routes.
 4. We want you to get past arguing and positioning, we want you to get things done!
 5. We do not mind giving more or making sacrifices, but we want more transparency and accountability in return.
 6. We want the silos between the City, County, and CMS to be broken down and more information, dialogue, and public input on major issues before decisions are made.

Mr. Russ said most importantly, the residents and citizens of this community want to be involved in decision making, want good information early, and need a process that is well designed and intentional. They are supportive of public bodies and your decision making and realize the process is much harder than they believed. They want a chance to provide input early in the process especially involving major decisions. Mr. Russ said we are ready and other non-profit organizations in the community are prepared to help citizens get engaged and involved in making sound decisions, informed decisions, and giving the elected bodies across all three public bodies guidance on priorities regarding the budget. Mr. Russ said the final results of the workshops should be available in about two weeks and that information will include a breakdown of specific results by demographics and other details. That information will be shared at a briefing to be held in about two weeks and Board members will be invited to attend.

Board members were invited to ask questions and make comments.

- Mr. McElrath wanted to ensure the towns in the County were involved in the process. Mr. Russ said, yes, the process included thirty-two zip codes. Mr. McElrath expressed concern that education is number one but children's well-being is ranked number six.
- Ms. Lennon noted that in the northern area there are nine silos and not three.
- Dr. Waddell attended two of the meetings and they were informative. Dr. Waddell wanted to ensure the different demographics of the community were involved. Mr. Russ said, yes, the workshops included racial and ethnic representation as well as attendance from the communities that are traditionally underrepresented.
- Mr. Tate wanted to ensure the process gathered specific information for the Board of County Commissioners, the City, and the Board of Education. Mr. Russ said, yes, and that information will be finalized and available in about two weeks.
- Ms. McGarry asked how many years ago did Crossroads Charlotte begin? Mr. Russ responded in 2006 when major funding was received.
- Mr. Morgan is intrigued by the concept of silos and he would like more information on the public's ideas for how the Board can breakdown those silos.
- Chairperson Davis asked what specific examples of sacrifice are people willing to make? Mr. Russ said the two most common were willing to pay a higher tax and some services if it benefited the whole community and if those additional resources were devoted to the needs as identified. Chairperson Davis asked what services were people willing to sacrifice? Mr. Russ said it included trash pickup, hours at public facilities, and every day services. Chairperson Davis said the Mayor and County Commissioner Chair have advocated for City-County consolidation and he asked was that part of the discussion? Mr. Russ said we asked if they felt it was time to have a serious discussion about consolidation between the City and County governments and an overwhelming majority said, yes.

C. Public Hearing on Proposed Amendments to Bylaw BEDB, Agenda

Chairperson Davis said this is a Public Hearing on proposed amendments to Bylaw BEDB, Agenda, and he called upon the speakers.

- Erica Ellis-Stewart said Bylaw BEDB could disenfranchise or censure Board members and restrict their ability to speak, bring forth issues and concerns, and freely add items to the agenda. The current policy is sufficient and she hopes the Board will not use this

change to censure the opinions of Board members.

Chairperson Davis reported there were no other speakers to speak and he called the Public Hearing closed at 6:34 p.m.

Recognition: Chairperson Davis recognized approximately sixty students participating in the CMS session of Youth Civics 101 class who were attending the meeting to learn about local government. Youth Civics 101 is a six-week course for high school students and a part of the course is to attend meetings to learn about Charlotte City Council, the Mecklenburg Board of County Commissioners, and the Charlotte-Mecklenburg Board of Education. Students also learn about local media, the courthouse, and the Mecklenburg County Board of Elections. The students were accompanied by Amy Farrell, executive director of Kids Voting Mecklenburg.

II. CONSENT ITEMS

- A. Recommend approval to lease approximately 10,000 square feet of heated office and office related space at 618 North College Street, Charlotte, North Carolina.

As a result of damaged asbestos fireproofing discovered at the Education Center, it became necessary to vacate the building and house approximately sixty employees on a temporary basis. County Real Estate Services (RES) staff identified available space on the second floor of the Hal Marshall Annex located at 618 North College Street that meets the needs of CMS. Once appropriate space is available at a vacated school building, CMS intends to relocate these staff back to CMS facilities. The targeted timeframe is eight months to a year from now. Fiscal Implications: A one-year lease to CMS at a rate of \$1/year; CMS is responsible for costs of relocation, up fit, furniture, and ongoing maintenance and utility costs for the County space.

- B. Recommend approval of supplementary funding request for grant application to North Carolina Department of Public Instruction McKinney-Vento Homeless Assistance Act (MCV).

This project will provide continuum of targeted assistance to MCV-eligible students in PreK-12th grade by funding a MCV school social worker position to provide intensive services to students who meet MCV qualifications and work collaboratively with school staff and community partners. The needs of approximately three hundred MCV students at the Thomasboro and Druid Hills PreK-8th grade schools will be the project focus, achieving a 10% increase in promotion to the next grade; an average school attendance rate at or above the school average; and decreased school mobility as evidenced by 60% of MCV-identified students remaining in one school for the duration of a school year. Fiscal Implications: Funding requested from North Carolina Department of Instruction McKinney-Vento Homeless Assistance Act in the amount of \$225,000 over three years.

- C. Construction Items:

1. Recommend approval of construction contract for Long Creek Elementary School.

The Long Creek Elementary School underground storm water detention system project was bid on March 8, 2011. Staff recommends approval of the contract to lowest responsive bidder, Blythe Construction in the amount of \$345,000. The project scope includes installation of an onsite underground storm water detention system. The contract includes excavation, grading, erosion control, site demolition, paving replacement, sidewalks, curb and gutter, signage and pavement striping associated with the installation. The project is scheduled to be completed by August 2011. Fiscal Implications: 2008 COPs - \$345,000.

2. Recommend approval of construction contract for Old First Ward Elementary School.

The old First Ward Elementary School interior renovations and mechanical improvement project was bid on March 8, 2011. Staff recommends approval of the contract to lowest responsive bidder, Sorensen Gross, Inc. in the amount of \$716,000. The project scope includes interior renovations of the D and E buildings. In addition, the contract will include mechanical improvements necessary to separate buildings D and E in order to keep them operational after the other buildings are demolished. The project is scheduled to be completed by August 2011. Fiscal Implications: 2000 and 2002 Bonds - \$716,000.

3. Recommend approval of construction contract for PreK-8th grade conversion at Reid Park Elementary School.

The PreK-8 interior renovation project for the existing Reid Park Elementary School was bid on March 8, 2011. Staff recommends the approval of the interior renovation contract to the lowest responsive bidder, Godfrey Construction, in the amount of \$298,650. The project scope will include the conversion of the existing facility to accommodate middle school programs. The contract will provide conversions of standard K-5 classrooms into science and CTE (Career and Technical Education) classrooms. The project is scheduled to be completed by August 2011. Fiscal Implications: Local Funds - \$298,650.

4. Recommend approval of construction contract for 6-12th grade conversion at Cochrane Middle School.

The interior renovation project to the existing Cochrane Middle School was bid on March 8, 2011. Staff recommends the approval of the interior renovation contract to the lowest responsive bidder, Sorensen Gross, Inc. in the amount of \$275,000. The project scope includes the conversion of the existing middle school facility to accommodate the 6-12 educational programs including electrical, mechanical, and plumbing upgrades to science classrooms to meet high school curriculum standards. The project is scheduled to be completed by August 2011. Fiscal Implications: Local Funds - \$275,000.00.

5. Recommend approval of Construction contract for PreK-8th grade conversion at Walter G. Byers Elementary School.

The PreK-8 interior renovation project for existing Walter G. Byers Elementary School was bid on March 10, 2011. Staff recommends the approval of the interior renovation contract to the lowest responsive bidder, Balfour Beatty in the amount of \$192,115. The project scope includes the conversion of the existing K-5 facility to accommodate middle school programs. The contract provides conversions of standard K-5 classrooms into science and CTE (Career and Technical Education) classrooms. The project is scheduled to be completed by August 2011. Fiscal Implication: Local Funds - \$192,115.

D. Recommend approval of administrative personnel appointments.

Appointments:

- *Daniel Habrat named Chief Human Resources Officer. Mr. Habrat previously served as Human Resources, Senior Vice-President, Chief Operating Officer-International with Wells Fargo/Wachovia Bank.*
- *Katherine Rea named Zone Superintendent of the Southwest Zone. Ms. Rea previously served as Acting Zone Superintendent for the Southwest Zone and Executive Director for the Southwest Zone.*

Chairperson Davis called for a motion to adopt the Consent Agenda as presented.

Dr. Waddell pulled Consent Item C.2.

Ms. McGarry pulled Consent Item A.

Chairperson Davis called for a motion to adopt Consent Items B., C.1, C.3, C.4., and C.5.

Mr. White moved, seconded Mr. Tate, that the Board approve Consent Items B., C.1., C.3., C.4., and C.5., and the motion passed upon unanimous voice vote of the Board.

The Board discussed Consent Item A. Ms. McGarry said this is office space at the Hal Marshall Center until mid-September and she believes the cost for custodial services and utilities are high? Dennis LaCaria, Director for Facilities Planning and Real Estate, said CMS will pay a pro-rated share of the utilities for that facility based upon the space occupied by CMS and that will equate to approximately \$937.00 per month.

The Board discussed Consent Item C.2. Dr. Waddell said the Board previously approved work at First Ward and she asked is this the demolition contract? Guy Chamberlain said, no, it does not relate to demolition. The project restores a building that will allow space for the Magnet Program from University Park, makes minor renovations to the gym in order for it to be used as a Performing Arts Theatre, and includes new electrical service to the back portion of the campus.

Chairperson Davis reported he inadvertently left Consent Item D. off the original motion and he called for a motion to approve Consent Items A., C.2., and D.

Mr. White moved that the Board adopt Consent Items A., C.2., and D., seconded by Mr. Morgan, and the motion passed upon unanimous voice vote of the Board.

Dr. Gorman reviewed the administrative personnel appointments. Dr. Gorman welcomed Dan Habrat as the Chief Human Resources Officer to CMS. The hiring process for this position included using a search firm and search committee. Trent Merchant is an executive search consultant for Coleman Lew & Associates and they provided the service pro-bono. The search committee consisted of community members and CMS staff and they narrowed the two hundred potential candidates down to twelve. The search firm provided thorough reviews of each applicant and five individuals were selected as semi-finalists for multiple interviews. The final twelve candidates consisted of a diverse group: six white males, four African-American males, one white female, and one African-American female. This process included extensive interviewing and re-interviewing and Mr. Habrat was selected. Dr. Gorman also announced Kit Rea as the Zone Superintendent of the Southwest Zone. Chairperson Davis said for an organization that spends 85% of its budget on personnel having a top Human Resources Officer is a critical need and he thanked Dr. Gorman for his work in filling this position. Ms. McGarry asked what is the salary for the Chief of Human Resources? Dr. Gorman said \$160,000 which was mid-range.

III. ACTION ITEMS

A. Recommend approval of date change for the first Board meeting in June 2011

Chairperson Davis called upon Dr. Gorman to present the recommendation to change the date of the first Board meeting in June 2011. Dr. Gorman reported the recommendation is being presented for two reasons. The scheduled June 14th Board meeting will take place during a scheduled high school graduation. Dr. Gorman said there are Board members, staff, as well as himself who would like to participate at that graduation ceremony. In

addition, the date change facilitates the timeline that CMS must follow for the Human Resources processes. The regularly scheduled June 14, 2011 Board meeting will fall on the last teacher workday. The Board must consider the non-renewals of non-career teachers who did not request a discretionary hearing and vote in Open Session. According to State statute, the affected employees must be notified of the Board's decision by June 15. The change of the Board meeting to Monday, June 6 will allow CMS to meet this deadline. Dr. Gorman said the recommendation is to change the meeting from Tuesday, June 14th to Monday, June 6th and the meeting will be held in the Meeting Chamber at the Government Center.

Chairperson Davis called for a motion to change the first Board meeting in June from June 14th to June 6th.

Ms. McGarry moved, seconded by Dr. Waddell, that the Board approve changing the first Board meeting in June 2011 from June 14, 2011 to June 6, 2011, and the motion passed upon unanimous voice vote of the Board.

IV. REPORT/INFORMATION ITEMS

A. Report on Global Studies, World Languages, and Study Abroad Programs

Chairperson Davis called upon Dr. Gorman to introduce the report on Global Studies, World Languages, and Study Abroad Programs. Dr. Gorman called upon Kelly Price, Director of Global Studies and World Languages, to present the report. Mr. Price provided an overview of the World Languages Department.

- History of the World Language Department: Created in 2007 under the *Strategic Plan 2010*.
 - Programs include the K-12 Social Studies, K-12 World Language, and Study Abroad.
 - The Global Studies and World Languages Department was created order to better support efforts to prepare students to compete locally, nationally, and internationally.
 - In 2008, Study Abroad Programs were moved under the umbrella of services supported by the department.
 - Provides curriculum support and professional development to teachers.
 - Provides support to schools for international field trips, exchange students, international students, and students who study abroad.
- Driving Governance:
 - *Strategic Plan 2014*.
 - North Carolina Future Ready Core Plus.
 - Currently there are three courses required for graduation: World History in 9th grade, Civics and Economics in 10th grade, and U. S. History in the 11th grade.
 - With the new Essential Standards developed for Social Studies there will be four courses required for graduation: World History in 9th grade, Civics and Economics in 10th grade, and two U. S. History courses.
 - World Language requirements fall under electives. It is recommended that students take a minimum of two years of the same language and that is a

requirement of the majority of universities and colleges.

- CMS K-12 Non-negotiables.
- United States Departments of State and Homeland Security regulations for exchange and international students.
- 2010-2011 Adopted Budget:

| 2010-2011 Adopted Budget: Global Studies, World Languages, and Study Abroad Programs | | |
|---|-------------|-------------|
| Salary/Benefits: (Director, Senior Administrative Assistant, K-12 World Languages Specialist, K-12 Social Studies Specialist, K-12 Global Studies Specialist, Study Abroad Specialist, one Textbook-funded Social Studies Curriculum Resource Teacher, and six school-based Elementary Language Teachers) | \$1,104,381 | |
| Operations: (Materials, supplies, postage, contracted services, etc.) | \$ 74,632 | |
| Total Local Operating Expenses: | | \$1,179,913 |
| Federal Foreign Language Assistance Program (FLAP) Grant, Funds the Arabic Language Program at Winding Springs Elementary and Military and Global Leadership Academy at Marie G. Davis. | | \$193,600 |

- Goals, Objectives and Measures:
 - Develop and implement North Carolina Essential Standards.
 - Increase the number of students scoring proficient on Social Studies End-of-Course assessments.
 - Narrow the achievement gap based on race and ethnicity in Social Studies and World Languages.
 - Expand partnerships for program enhancement (parents find these partnerships and mentoring programs helpful).
 - Develop Federal Grant Program.
 - Improve global awareness by supporting opportunities for students to learn another language, study abroad, and be exposed to new cultures through exchange and international student programs.

- Social Studies:

- Initiatives: Implement new Essential Standards; provide K-12 access to *Maps 101*; implement Literacy by Design (grades 8th through 9th); develop formative, summative and Advanced Placement End-of-Year assessments; and expand Personal Financial Literacy (PFL) through the expansion of the Student Run Bank Program. CMS is going green and is not purchasing materials that do not decompose when put in landfills.
- Results:

| | Percentage of students scoring At or Above Standard | |
|-----------------------------------|---|---------------|
| Global Studies End-of-Course Data | Civics and Economics | U. S. History |
| 2008-2009 | 77.2 | 78.7 |

| | | |
|------------|------|------|
| 2009-2010 | 81.6 | 86.8 |
| Fall 2010* | 79.5 | 82 |

*The fall decline is normal because fewer students take that program.

- Next Steps:
 - Provide professional development with an emphasis on new K-12 Essential Standards.
 - Develop alignment and pacing guides for new standards.
 - Align local formative and summative assessments to new standards.
 - Implement new K-5 supplemental resource programs.
 - Expand Student Run Bank Program.

- World Languages:

- Initiatives: Provide training and implement new Essential Standards; develop formative, summative, and Advanced Placement End-of-Year assessments; support the Arabic Language Program through the Foreign Language Assistance Program (FLAP) Grant; expand blended learning experiences for students (virtual and face-to-face teaching); provide professional development to 223 K-12 World Language teachers offering instruction in seven languages; and develop K-8 expansions programs.

- Objective Mastery Results:

| 2009-2010 End-of-Grade | Percentage of students scoring At or Above Standard |
|------------------------|---|
| French I, Part 1 | 73 |
| French I, Part 2 | 81 |
| Spanish I, Part 1 | 76 |
| Spanish II, Part 2 | 76 |

- Lessons Learned/Next Steps:

- Train and implement new Essential Standards.
- Develop formative, summative, and Advanced Placement End-of-Year assessments.
- Expand Arabic language courses.
- Develop proficiency benchmarks for Level II language courses.
- Partner with local language schools and higher education partners to expand language course offerings in less commonly taught languages.

- Study Abroad:

- Initiatives: Serve as Designated School Officials (DSO) to ensure compliance with U.S. Department of State and Homeland Security regulations; conduct annual Study Abroad Fair; Implement Global Scholars Initiative (West Mecklenburg, Independence, International Studies at Garinger, and Global Studies at Olympic high schools); establish a Memorandum of Understanding with University of St. Gallen Switzerland; and implement a Study Abroad Honors Course for students who study abroad long-term (semester or year).

- At the end of this school year, CMS will have ten Swiss Interns in some of the elementary schools (Mary Oaks, Smith Academy, and the Montessori Programs).

- This year CMS established an Honors course that students who study abroad for a semester or a year can take. This is monitored by the Advanced Studies

Department and the World Language Department. Those students must submit course work and they get an Honors credit for study abroad if they complete all the course work.

- Study Abroad Data: Fourteen CMS students are currently studying abroad long-term in nine countries (students who study abroad for one semester or a fully year); eight CMS students and thirty-five Global Scholars had short-term summer experiences in ten countries in 2010; twenty-nine international students are enrolled in CMS from nine countries; fifty cultural exchange students are enrolled in CMS from twenty-nine countries.
- Lessons Learned/Next Steps:
 - Develop CMS wiki page to assist teachers with international field trips.
 - Develop a CMS wiki page to support CMS students who want to study abroad.
 - Expand partnerships for teacher abroad opportunities.
 - Implement a data-collection system to accurately report the scope of international field trips and short-term student abroad experiences.

Mr. Price concluded the report with a quote from a student from West Mecklenburg High School who studied abroad in Costa Rica last summer. She said “Costa Rica was the greatest experience of her life; she learned more in the three weeks than she did in all thirteen years of school; it taught her the importance of diversity, environmental awareness, and herself; and it taught her to be humble and thankful for everything.” She was so inspired by the trip she now promotes global diversity and her favorite quote from Costa Rica is “Take nothing but pictures, leave nothing but footprints, and waste nothing but time.” Mr. Kelly said global competitiveness really does happen in CMS and CMS is at the forefront of making our students prepared to be global scholars and global citizens. Mr. Kelly shared a comment from a parent whose son is currently studying in Mexico. She said, “Thank you for what this experience has done in my son’s life in five short weeks. Tomorrow is his eighteenth birthday and because of this experience I rejoice. He has a new mindset, you knew he needed this experience and challenge, and he has changed. He is stepping in to what he was and had the potential to be all along. The transformation has been incredible. We are now speaking adult to adult and for that I rejoice.”

Board members thanked Mr. Kelly for an informative report and asked clarifying questions.

- Chairperson Davis asked questions regarding the Student Run Bank. Mr. Price said the Student Run Bank is through the Charlotte-Metro Credit Union and any student, community member, or staff member that is tied to that school may join at the school but the students only take deposits at the school and the members who join at the school have full access at all the bank branches.
- Ms. McGarry asked how many Exceptional Children participate in the Global Studies Programs? Mr. Price said he does not have that information at this time and will provide it at a later time. A program was piloted at Metro School and it is currently used in all of the self-contained classes.
- Dr. Waddell asked questions regarding the Arabic Language Program at Winding Springs Elementary and Military and Global Leadership Academy at Marie G. Davis. Mr. Price said the Arabic Language Program will move to Marie G. Davis to be a K-12 program. CMS will continue to offer Arabic to all the students in elementary school

who attend Marie G. Davis and continue with the Arabic Language Program in secondary school that is currently in place. The Arabic teachers at Winding Springs have gone through a transition process and have been hired at Marie G. Davis. Dr. Waddell expressed concern that only a few students are participating in studying abroad and she wants to ensure all students have access to that program. Mr. Price said almost all the exchange programs offer partial to full scholarships for students in need. The current Global Scholars Program is sponsored by the District and CMS pays the program costs and students raise funds for their airfare and spending money.

- Mr. White said this is important because the world is really a small place. Global education is a necessity and not an option. He supports Study Abroad Programs.
- Ms. Lennon said studying abroad is definitely an insight and she expressed concern regarding the limited opportunities to take higher level foreign languages programs. She hopes they are working with the schools to maximize the opportunities for the students who want to take foreign languages IV and V. Mr. Price said most of the level V courses in World Languages are Advanced Placement or International Baccalaureate classes and CMS has video conferencing equipment in all the high schools and students can take classes through North Carolina Virtual Program, video conferencing, and blended learning.

B. Report on Privatization and Managed Competition as requested by Tim Morgan, District 6 Board Member

Chairperson Davis said several members of the Board expressed interest in reviewing options for privatization and managed competition and he previously asked Tim Morgan to lead a research effort into this topic. Chairperson Davis called upon Mr. Morgan to present the information. Mr. Morgan highlighted the following information.

- Purpose of the Report: The Board authorized Tim Morgan to take the lead on the CMS Board of Education privatization efforts with an eye towards determining if the managed-competition model employed by the City of Charlotte would work within CMS. The City of Charlotte has had a committee in place since the mid 1990s that facilitates managed-competition. The report provides recommendations for how CMS can expand privatization efforts in the coming budget years.
- Definition of Terms:
 - **Privatization:** Contracting with the private sector to provide services that have traditionally been provided by CMS or a public body. Privatized services tend to be functions that do not relate to the core mission of the organization or delivering educational services. Example: Architectural design or construction management services that have been outsourced in the past.
 - **Outsourcing:** Procuring goods or services needed by CMS through a contract with an outside supplier. Example: Janitorial services in non-instructional facilities or Board courier services.
 - **Consolidation:** The process of uniting two or more functions or corporations into a single new unit. Example: Consolidating non-bus fleet maintenance services with the City of Charlotte fleet maintenance division.
 - **Managed-Competition:** The process of allowing CMS departments to compete (bid for contracts) against private sector providers for the right to provide CMS

services. Example: Bus transportation and food services. Mr. Morgan said the City of Charlotte uses a managed-competition model for the recycling and garbage services. In the mid 90s, the City of Charlotte reviewed ways to become more efficient (to provide services cheaper) and they have been a leader in this effort.

Mr. Morgan said this is an introduction for the Board efforts regarding privatization and following a report by Hugh Hattabaugh, Chief Operating Officer, he will review the process he has followed and present recommendations to the Board. Mr. Morgan called upon Hugh Hattabaugh to provide a brief report on the privatization activities that are currently taking place in CMS. Mr. Hattabaugh thanked the CMS staff who help to ensure fidelity in this process: Ronnie Greene, Executive Director of Procurement; Sheila Shirley, Chief Financial Officer; and Kevin Bringewatt, outside legal counsel for CMS who oversees the CMS contract processes and ensures compliance with Board policies and state statutes. Mr. Hattabaugh provided an overview of the following information.

- The Executive Office of the President, Office of Management and Budget, in 2002 emphasized government reform should be guided by three important principles: Citizen-centered, Results-oriented, and Market-based, actively promoting rather than stifling innovation through competition.
 - The concept for CMS managed competition is if our internal leadership and employees were in competition with outside services, we should become more operationally efficient and optimize our resources.
- CMS has met with staff of the City of Charlotte to review their Guidelines for Services Contracting which was adopted by the City Council on July 25, 1994.
- CMS Privatization/Outsourcing Contracting Out:
 - Charlotte-Mecklenburg Schools presently contracts out to private companies to acquire specialized services and, in many cases, incur cost savings. This has been occurring for decades.
 - In 2009-2010 school year, CMS contracted services in excess of \$30 million. Examples include transportation for EC students estimated at \$2 million, lawn maintenance estimated at \$729,000, and methods of delivering food to the schools estimated at \$708,000.
- Summary of Steps of Managed Competition:
 - Obtain a preliminary understanding of the City of Charlotte's Managed Competition process which includes nine specific guidelines. *Completed*
 - Identify target "pilot program." *Completed*
 - Evaluate administrative custodial services (non-school specific) to determine if appropriate pilot program. *Completed*
 - Staff has determined to not use the managed competition process for this item and it should be outsourced. CMS could use part-time custodial staff and would not need to pay the State mandated benefits. Establishing a different employment structure in the future would allow CMS to compete with outside entities.
 - Identify the internal "teams" to be involved in the Request for Proposals (RFP) process for the pilot program. *Substantially completed*
 - For outsourcing there are two teams: Request for Proposal Creation Team and Request for Proposal Evaluation Team.

- Evaluate desired level of service. **March–April 2011**
- Evaluate impact on current CMS employees. **March–April 2011**
- Evaluate possible budget and operational impacts. **March-April 2011**
- Prepare Request for Proposal for outsourced services. **April 2011**
- Issue Request for Proposal for usual RFP process. **May 4, 2011**
- Selection of service provider and contract negotiated. **June 1, 2011**
- Service provider begins providing custodial services to non-school locations. **July 1, 2011**
- Privatization and Managed Competition: Key Questions:
 1. What are the potential risks associated with the decision and recommendation?
 2. How will the internal “teams” protect the decision and the District from risks with the privatization and managed competition process? We must ensure we can still capably deliver the services at current levels and not decrease the services to the students and staff.
 3. What measures will be used to determine if the decision was successful? Staff will be reviewing service delivery agreement to ensure it is monitored and the cost savings.

Mr. Morgan reported he was asked to review managed competition and how to pursue the managed competition route, and he provided an overview of the process he followed.

- Process:
 - Mr. Morgan met with CMS administrators to discuss the feasibility of managed-competition in CMS and to identify possible areas for consideration.
 - Mr. Morgan met with City staff to review the City’s program and potential partnerships. The City has a top notch program. A challenge for competing against the private sector is you must ensure you include everything (nuts and bolts) when drafting your own RFP. The City has a program manager and ten internal auditors who work on the Managed Competition Program and the eleven staffers manage and run that program.
 - Mr. Morgan and Mr. Hattabaugh discussed options with City staff regarding CMS partnering with the City should CMS decide to move forward with managed competition. City staff determined they could provide guidance to CMS staff but they do not have the internal capacity to loan their internal auditors out.
 - CMS would need to build their own program and this may not be feasible based upon the budget challenges CMS is facing.
 - Mr. Morgan met with CMS administrators to discuss legal concerns, role of committee, and operational issues. There is State and legislative things happening that could potentially impact this initiative.
 - Mr. Morgan met with private sector providers (food service and IT/Computers) and they are interested in pursuing this opportunity. The Board would be instrumental in developing the RFP to determine their level of involvement.
 - Mr. Morgan will have ongoing discussions with the Board of Education Chair, Superintendent, and General Counsel.
- Recommendations for CMS privatization efforts:
 - Board of Education needs to decide if we want to move forward with privatization efforts? *Recommendation: Yes.*

- What CMS areas should be studied for privatization? *Recommendation:* Transportation, Food Service, IT/Computer, and others to be identified later.
- Is managed-competition (i.e. the City of Charlotte model) the right strategy for CMS? *Recommendation:* Not at this time.
 - CMS currently does not have the internal audit function needed to manage a City of Charlotte type program, we do not have the financial capacity to build this internal audit function, nor does the City have the ability to partner with CMS for these services at this time. This is something that we could work towards as the budget situation improves in the future. Mr. Morgan said instead, he would recommend that CMS identify several pilot programs that would allow us to implement a modified version of managed competition. This would allow CMS to move slowly and keep from dismantling entire operations in the event it does not work. This process would enable CMS to increase operational efficiencies and identify potential cost savings. More importantly, it will provide appropriate oversight and management protections as we prepare for the time when we have the resources to move towards a true Managed Competition Program.
- What would the Pilot Program look like? *Recommendation:* Move forward with two pilot programs: Transportation and Food Service.
 - Transportation: CMS should explore the feasibility of outsourcing a key transportation service, i.e. Magnet transportation, because it is the most expensive transportation option, operates in an on its own format, and serves only the Magnet schools. This would allow CMS to gain valuable experience with private-sector vendors and begin the process of determining if larger segments of the transportation network (i.e. entire transportation zones) can achieve cost savings through a managed competition model or through a Request for Proposal bid process.
 - Food Service: CMS could identify a limited number of schools (ten to twenty) to conduct a trial program (two to three year program) of privatized food services. During this trial period, CMS would review the benefits and challenges of the trial program to determine if the program provides cost savings and improves efficiencies. A determination will be made as to the benefit of expanding the program to other CMS facilities.
- Advisory Group: Do we need an advisory group? If so, what would it look like? *Recommendation:* Yes. The Board of Education should appoint an advisory group to help monitor the progress of CMS privatization efforts and to make recommendations regarding ways to improve the current contracted services and possible future expansions. Many people in the community have the expertise and are willing to serve.
 - The advisory committee would prepare an annual report for the Board of Education.
 - The committee would be an advisor to the Board of Education and Superintendent on matters regarding privatization and competition in general.
 - The committee would review the existing legal system for contracting and may develop and recommend local legislation to modify such system.
 - The committee would be a resource regarding concerns about the fairness of any bidding process. As a result, they may be asked to review bid proceedings and hear grievances from parties involved.
 - Each Board of Education member would have one appointee (nine members total)

with the advisory committee chair appointed by the CMS Board Chair). Terms would be for two years with the ability to be re-appointed. Staff support for the advisory committee would be provided by the Chief Operating Officer.

- **Timeline:** What is the time-line? *Recommendation:* CMS staff will continue to identify and move forward with privatization efforts such as the plan to outsource janitorial staff at non-instructional facilities and the plan to consolidate non-bus fleet maintenance operations with the City of Charlotte. These efforts should be in place for the 2011-2012 budget year.
 - The Board would need to draft a charter for the Advisory Board Committee.
 - The Advisory Board should be appointed and functioning by the summer of 2011. Recommendations for the trial projects in transportation and food service will be completed and ready for implementation for the 2012-2013 budget year.

Mr. Morgan moved that in accordance with Policy BDF, Board Advisory Committees/Board-Approved Groups, the Board hereby establishes a Citizens Advisory Committee, to be named the “CMS Privatization Advisory Committee,” for the purpose of:

- **Monitoring the progress of CMS privatization efforts,**
- **Making recommendations regarding ways to improve current contracted services, and**
- **Studying the feasibility of expanding the use of contracted services in the future.**

As provided by Policy BDF, at a date to be determined, the Board will adopt a charter for the Privatization Advisory Committee, which includes at a minimum the following:

- **The purpose of the Committee;**
- **The number of members and how they will be appointed;**
- **How the leadership will be determined;**
- **The period of time for which the Committee is expected to function;**
- **The names and duties of the administrative staff or departments who will provide staff assistance;**
- **The term of each member;**
- **The authority of the Committee to involve persons other than those appointed;**
- **The responsibility of the Committee to keep minutes and make them available to the Board;**
- **A clear delineation of the Board’s expectations for specific recommendations for Board action in Committee reports; and**
- **A schedule of when Committee reports are to be provided to the Board.**

After the Charter is adopted by the Board, the Board will appoint members to the Committee in the manner described in the Charter. Mr. Merchant seconded the motion, and a Board discussion followed.

Chairperson Davis said this recommendation would create a significant change for staff and he asked Dr. Gorman if he would like to make comments regarding the report. Dr. Gorman said this will be different and adding something different in a time of financial strain can be difficult. Adding a new layer of responsibilities will be difficult but staff will move rapidly. This may require a small policy change and staff will discuss tweaking the policy with the Policy Committee. Dr. Gorman said this will be difficult but staff is ready to move forward

with the Board's direction.

- Mr. Merchant said this is a great start and he thanked Mr. Morgan for taking the initiative to review managed competition. Mr. Merchant asked how did the City begin this process? Mr. White said he was a City Council member at that time and he will share what he knows. Mr. White noted that Chairperson Davis said Board members had expressed an interest in this process but he wants to make it clear that he was not one of those members. Mr. White said the City began with garbage pickup and it was managed competition in four zones. All was not rosy because one of those companies went broke and there was no garbage pickup for a month. The City pursued the process rather slowly. Mr. Morgan said the City divided the City into four areas and the City retained two areas and the private sector took two areas. This enabled the City to keep a back-up and continue with the service in a limited manner. Mr. Merchant said this initiative can be challenging because we do not have the internal audit capacity and he asked how do we currently audit ourselves because we are providing some of these services? Dr. Gorman said this would be a different type of internal audit because it is establishing a cost attribution system for every portion of the operation and delineating down to the actual dollars to provide a true comparison for the cost of the service. Mr. Morgan said a good example is School Resource Officers because the costs that CMS pay the City of Charlotte is not just salaries but also training, cars, the time the City staff spends on auditing the program, etc. Mr. Merchant believes CMS should already be doing this because if CMS is cutting \$100 million out of its budget we should know the cost of every item and every function. Dr. Gorman said it is difficult to determine how much time to build back for certain staff's services to specific departments. We do need to develop this in a robust way but without doing the managed competition piece to calculate each of those areas with the limited staff we have would not be a good use of time. It would be good to be able to attribute those dollars for services, award dollars for every school, and bill the school back for services. This would drive managed competition because they would purchase professional development from CMS. Mr. Merchant expressed concern that a before profit organization should know the costs of every item. Dr. Gorman said this would involve getting an actual billable rate for each department for the time employees spend serving that department. Mr. Merchant said it may make sense to add capacity for the internal audit function to the budget for next year. Mr. Merchant asked Mr. Morgan find out how much the project manager and internal audit function cost the City of Charlotte, how much savings the program generates, and how long it took to reach a cost-saving ratio. Mr. Merchant said regarding transportation, what would happen if there were no competitive bids? Mr. Morgan said if there is only one then this may not be the function to outsource and this may be impacted by the potential changes in Raleigh. There are a number of school districts (Durham County and several in South Carolina) that have outsourced transportation and a number of companies that provide that service. The purpose of the committee would be for them to review those school districts, the companies, as well as the potential changes in State statutes which may have an impact on this initiative. Dr. Gorman said another piece that may be important to know is the reporting structure for the internal auditors. Mr. Merchant said that may be an area that the Advisory Committee would review.
- Ms. Lennon said she would support this motion because she has been interested in this

concept since before she ran for School Board member and she is also excited about Dr. Gorman's notion of per school budgeting. The Advisory Committee is a great way to involve community and business leaders because there is a great knowledge base in this community to take us forward. She is most interested in the opportunities for the Magnet transportation piece because we know what it is costing CMS and other companies may be able to do it cheaper. She believes there may be opportunities for a food service pilot program using a high school and its feeder pattern. She said times have changed and she encouraged the Board to step out of the box because the box is out of money and it is time to take a paradigm shift in the budget cost centers. This is the right thing to do in 2011 because of the budget crisis. Ms. Lennon thanked Mr. Morgan for his research on this initiative.

- Mr. McElrath expressed concern that Dr. Gorman has concerns about pursuing this initiative. Dr. Gorman said staff believes this is an expensive idea to do some of the work but we must move down this path at some point. Mr. McElrath said he would like to know if this is a good idea and is it the right time? He believes people will not want to know how the outsourcing is going but parents will want to know about the education and academic achievement of their children. Mr. McElrath asked Dr. Gorman if staff has the time to put in this effort without taking time away from our core business which is the education of children? Dr. Gorman said right now the answer would be, no, staff does not have the time but it would be difficult to ever have the time because of the way we have cut staff. Staff will have to reprioritize and Mr. Hattabaugh will have additional responsibilities. A value of the citizen's committee will be to augment staff's time for those pieces but eventually CMS staff will have to be involved. The Board will have to eventually make decisions regarding the support of some staffing in other areas that could pay off at a later time. The Board will also need to decide how they want to structure the District as a business for your employees because we could dramatically reduce dollars and funnel them into the classroom if we converted positions to part-time and no longer paid benefits. This would be a philosophical decision for what is the quality of work environment and life environment you want for our employees. At this time, our staff is stretched and does not have time and we will have to make it a priority. Dr. Gorman said with this direction, I may need to come to you and say we need extra resources to get this accomplished.
- Dr. Waddell said she also was not a Board member that expressed an interest in privatization. CMS has traveled this road before and determined the realization that we were better off to continue what we were currently doing. CMS is already outsourcing areas in food service and transportation and in essence those are pilot programs. Dr. Waddell asked how are the CMS outsourced programs doing? Mr. Morgan said those are not pilot programs but part of our operations to create efficiencies. CMS is outsourcing approximately \$30 million and that amount could increase with a building boom and the outsourcing for construction management. CMS has experience with privatization and this would allow us to take it to the next level to identify efficiencies and additional cost savings in other areas. Dr. Waddell said CMS has approximately 17,000 employees and she would like to know the number employees this may impact. She expressed concern that making employees part-time would negatively affect their job, income, livelihood, and retirement. We must think about our employees and the fairness of this process. Mr. Morgan said CMS can draft the contract to meet the needs

of CMS and it can include protect your own employees, employees to be hired, set a minimum wage rate, and determine if employees are to be part or full time. There are three companies that provide food service and we would expect to receive a bid from them. The Advisory Committee would be responsible for the bid process, do the research, and meet with vendors. Dr. Waddell expressed concern that the costs to start a new program could be more expensive than continuing with the existing program. Mr. Morgan said this will be discovered with the initiation of the RFP process. Dr. Waddell wants to ensure this process will not take years to recoup the costs or to break even.

- Mr. Tate thanked Mr. Morgan for his work and the report. Mr. Tate said philosophically he does not agree market-based means innovation through competition and he takes exception to the idea that market-based should be our primary direction for reform of the school system. He believes market-based does not always lead to innovation and this is striving to make a school system work as a pure business rather than an education system. He is concerned this may take CMS down a road that will be difficult to stop. Mr. Tate will not vote on this tonight because he needs more information about the committee. At this point, we do not have a charter or know who will write the charter, what the committee will do, or how expensive it will be to move to this system. Mr. Tate is concerned what staff will not be able to do as a result of this initiative, the amount of money we must save in order for it to be profitable, and the amount of savings necessary to move forward. In addition, staff is already reviewing options to outsource custodians in non-school locations. Mr. Hattabaugh said that is following the normal RFP process we use to outsource to receive better delivery of services or incur savings. Mr. Tate said he is not sure what would be involved in a pilot program for food service or transportation. He has a strong concern on the impact this will have on the quality of life for CMS employees and he does not want to make the ability to secure suitable housing and the availability of benefits more difficult. Chairperson Davis said the purpose of forming the Advisory Committee is flush these questions out in greater detail, to develop timelines to answer the questions, to do the work our staff does not have time to do, and to engage a group of citizens to develop proposed programs for the Board's consideration. The committee would serve to perform exploratory or due diligence and to answer the questions. Chairperson Davis said he would ask the Policy Committee to draft a charter but he is open to other suggestions. Mr. Tate believes the Board should first have a charter to know what we expect of the advisory committee and he will not support this motion tonight.
- Ms. McGarry thanked Mr. Morgan and Mr. Hattabaugh for their work. She said she has sense of urgency because we have been in a budget crisis for the last three years and we must get out of the status quo thinking. In 2005, the Citizens' Task Force recommended that CMS explore outsourcing services starting with transportation the first year and food services the second year. She said the Board should move to the next step because it is feasible to have a designated company provide services to CMS such as transportation or food services because that is their core business and they could do it better. CMS can outline specifications in the contract to include provisions for employees and the use of buses. Ms. McGarry expressed concern the Board is wasting time because a citizens committee has already made this recommendation. She believes CMS could conduct a feasibility study in two to three weeks and this could start by the 2011-2012 budget cycle. She is concerned this is moving too slow and she has a sense

of urgency to affect the current budget because this has the potential of involving millions of dollars. Ms. McGarry said she would like information that explains the \$30 million that is outsourced by CMS, the CMS RFP and bidding process, the State contract stipulations, CMS policy for the frequency of the bidding process, how often items have been bid upon, the last time it went out to bid, and how often CMS has changed vendors. Mr. Hattabaugh said CMS adheres to all Board policies and State statutes and outside legal counsel reviews each contract to ensure it falls within compliance. Ms. McGarry said this should also include the print shop. She believes there are benefits to outsourcing and the Board should follow the Citizens' Task Force recommendation to move forward. Ms. McGarry said CMS should already be operating in the most efficient manner, she would like to impact the 2011-2012 Budget, and she expressed concern about establishing another committee.

- Mr. White said he normally votes in support of Board decisions and he will explain why he will not support this motion. This Board, about seven years ago, asked the Charlotte Chamber to conduct a study about privatization and the results of the study determined that CMS does it well and should continue to do it. Mr. White believes what is important is the bottom line. He will support anything that is better for our students and if it is cheaper that is even better. He expressed concern that the bottom line appears to be we are trying to find a way for a private company to make money off our students. If a private company can do it better and cheaper than we are not doing our job of finding out how to do cheaper. The core mission of private industry is to make money. The core mission of our Transportation Department is to provide transportation for students to get to school safely and on time. Mr. White asked what are we trying to do and why are we doing this again? If we are already doing it well why change. Mr. White said Food Service is an enterprise fund and we do not spend taxpayers' money on food service. Mr. White asked how can you save money when you do not spend any money? Mr. White said regarding transportation, we have almost killed Magnet transportation and Magnet schools with the changes the Board approved last year. Since the Magnet routes are the longest and toughest routes, he wants professional bus drivers driving those students. Previously, CMS had part-time bus drivers transporting students but they were not as focused as full time bus drivers and accidents occurred more frequently. CMS worked hard to establish a professional group of bus drivers and CMS has an excellent transportation record. CMS has spent two years trying to find ways to cut transportation costs and the only way we could do it was to cut stops and lengthen the bus ride for students. The majority of the CMS budget is spent on people. The only other way to cut costs in transportation is to go back to part-time bus drivers and take benefits away from those people but this will lower the quality of the people we put in charge of the lives of our children. Mr. White would prefer to not follow this route because there is a great difference between hauling garbage and hauling children. Mr. White said he does not have an issue with who cleans buildings that do not have children in them but he wants to have people that he trusts in charge of hiring people to clean buildings that house children because they will be around children every day. He believes some items can be outsourced but he wants to ensure the safety of students.
- Mr. Merchant said he has learned from this discussion and he hopes his earlier comments did not have a negative tone because this is a positive step for the Board.
- Ms. Lennon said she works for a large corporation that outsources several key

departments and they provide excellent services. She believes it is unfair to indicate a private company may not provide good people. She supports the Board establishing an Advisory Committee to review privatization and advise the Board.

- Mr. McElrath expressed concern that Dr. Gorman said staff did not have time to pursue this initiative and he will not support this motion at this time.
- Dr. Waddell said there are a lot of unanswered questions and she will not support the motion.
- Chairperson Davis said exploring this area is a good idea. This was a great discussion and it is an emotional issue because it involves people's jobs and the impact on students. This is a good idea because we are no longer having funding increases for our public school system and the economy will not generate that type of revenue again. This is good for children because we must review all opportunities possible to redirect funding into the classrooms and instruction. This process will help the Board determine if there are ways to provide services better and cheaper in order to save money to redirect to education. There are unanswered questions and that is why this needs to be explored. This motion will not decide to outsource services but whether we should continue to research this option. This process does create a challenge for our staff and it is a deep emotional issue for staff but with a thoughtful, deliberate approach keeping in mind what is best for students and mindful of our employees' needs and our community we could benefit from this approach. Chairperson Davis said moving forward with this step to develop a charter for a committee that will bring the Board information to answer these questions will help the Board make better decisions in the future. Not taking this step will leave these questions unanswered and the Board will not know what opportunities we are leaving on the table that may be better for our students.

Chairperson Davis called for the Board vote on the motion.

The Board voted 5-4 and the motion passed.

Ayes: Board members Davis, McGarry, Merchant, Lennon, and Morgan.

Nays: Board members White, McElrath, Waddell, and Tate.

Chairperson Davis said he and Mr. Tate would discuss asking the Policy Committee to draft a charter for the Privatization Advisory Committee.

C. Report/Update on Political Redistricting by Eric Davis, Board Chair, District 5 Board Member

Chairperson Davis reported at the March 8th Board meeting, he provided a summary of the decisions the Board made at the Board's Work Session regarding Political Redistricting and the process for developing guidance for the redistricting effort. As a result of that work, Mr. Tate and he met with County Commissioners Jennifer Roberts and Jim Pendergraph on March 17, 2011 to share the Board of Education's guidance decisions. The purpose of that meeting, as defined by the Political Redistricting guidelines approved by the Board of Education on March 8, 2011, was an attempt to be co-terminus by determining if the Board of County Commissioner's redistricting guidelines and methods vary from the guidance decisions made by the Board of Education. Chairperson Davis said the conclusion we reached at the meeting was the Board of Education's policy guidance decisions were fundamentally different than the Board of County Commissioners such that the Board of

Education was not willing to change their guidelines and the Board of County Commissioners did not want to change their guidelines. Both parties agreed to move down parallel paths and after both boards have approved redistricting boundaries they will meet again to discuss or negotiate the potential of common boundary lines across the two boards. Chairperson Davis said the next step for the Board will be to ask staff to begin working on proposed redistricting boundaries.

D. Report/Update on the 2011-2012 Charlotte-Mecklenburg Schools Operating Budget

Chairperson Davis called upon Dr. Gorman to introduce the update on the 2011-2012 Charlotte-Mecklenburg Schools Operating Budget. Dr. Gorman called upon Shelia Shirley, Chief Financial Officer, to provide an overview of the proposed 2011-2012 Budget. Dr. Gorman reported that the Board and staff did not hold some of the Budget Work Sessions because we had not received any new information than what was presented to the Board previously. We are on schedule to have the final presentation on the proposed 2011-2012 Budget recommendations to the Board at the next Board meeting scheduled for April 12th. In addition, we are scheduled to have a Board Budget Work Session at the end of this month but we anticipate we again will not have any new information. We do anticipate that in the second week of April we will have a House-Senate budget. The information that will be presented at the next Board meeting will be the most current but mainly the same information as previously presented. There are some small updates to the budget in particular areas and Ms. Shirley will review those changes.

Dr. Gorman said he would like to recommend the Board consider cancelling the next Budget Work Session scheduled for March 29th unless there is some new and unexpected information that becomes available. Chairperson Davis reported the majority of the Board would support cancelling the Board Work Session scheduled for March 29, 2011. Ms. McGarry said when the Board first received the \$100 million proposal it was not vetted by the Board. Ms. McGarry would support holding a Board Work Session to discuss the budget because the Board should review if there are other avenues of cuts in lieu of what was presented and if the priorities have changed based upon input from the Board members and the community. Dr. Gorman said we have had public comment at four different meetings and heard ideas from the public. In addition, Dr. Gorman has contacted Board members to discuss the budget and share ideas. Dr. Gorman will continue to be available to talk with Board members to discuss, research ideas, and provide information. The Board will receive a presentation at the next Board meeting and Board members will have an opportunity to discuss the budget again at that time. Chairperson Davis said in addition, Board members may ask questions and share ideas following this report.

Ms. Shirley said the report will provide a refresher of the proposed budget, updates on the budget reductions, and preview the recommendation for growth and sustaining operations in the County request. The details of the budget will be presented at the next Board meeting. Ms. Shelia provided the Board with an overview of the proposed 2011-2012 Budget.

- Impact on CMS includes the request from the Office of State Budget and Management for all State agencies to provide a 5%, 10%, and 15% budget reduction plan; Federal funding cliff of \$15 million; Sustaining and Growth costs; and potential reductions from

the County.

| Reduction % | State Reductions | Federal Funding Cliff | County Growth/ Sustaining Estimate | Subtotal | Reduction % | County Reduction | Total Reduction |
|-------------|------------------|-----------------------|------------------------------------|----------|-------------|------------------|-----------------|
| 5% | \$32 M | \$15 M | \$15 M | \$62 M | 5% | \$15 M | \$77 M |
| 10% | \$63 M | \$15 M | \$15 M | \$93 M | 10% | \$30 M | \$123 M |
| 15% | \$95 M | \$15 M | \$15 M | \$125 M | 15% | \$45 M | \$170 M |

- CMS based the proposed budget on a 10% reduction scenario and targeted a \$100 million budget reduction plan.
- 2010-2011 budgeted per pupil spending is \$8,523. The per pupil amount reduces to \$7,263 under the worst case scenario presented above. The \$7,263 per pupil spending is approximately the same as the 2001-2002 per pupil spending.

• Staff Prioritized Budget Reduction Recommendations:

Operationalized:

| | | |
|--|---------------|----------------------|
| Comprehensive Review - School Closures | \$(5,210,576) | |
| Subtotal - Operationalized | | \$(5,210,576) |

Efficiencies:

| | | |
|---|---------------|-----------------------|
| Average salary adjustment | \$(2,176,485) | |
| Midwood relocation | (969,617) | |
| Redirect contracted services to state technology funds | (651,321) | |
| Eliminate annual maintenance fee for AAL NC WISE | (245,000) | |
| Utilities | (1,903,552) | |
| Eliminate prior year extended employment | (79,713) | |
| Transportation - Bell schedule and seven hour instructional day for all students. | (4,009,059) | |
| Subtotal – Efficiencies | | \$(10,034,747) |

SUBTOTAL **\$(15,245,323)**

Tier 1:

| | | |
|---|--------------|-----------------------|
| Central Office Reductions | \$8,785,421) | |
| DSSF funding for high school plans | (1,229,914) | |
| Achievement Zone - school based positions | (689,290) | |
| Media Specialists (1 position) | (69,019) | |
| Bonuses- Incentive, Critical Needs, Signing | (4,293,933) | |
| Subtotal - Tier 1 | | \$(15,067,577) |

Tier 2:

| | | |
|---|-------------|----------------------|
| Reduce funds for equitable supplies and materials | \$(125,000) | |
| CTE (38 teachers) | (2,504,830) | |
| Alternative Education | (1,146,108) | |
| Campus Security Associates (10 Rapid Response) | (362,880) | |
| School Quality Review training | (135,000) | |
| Building Services - trade positions | (712,422) | |
| Custodians | (1,734,753) | |
| Academic Competitions | (87,559) | |
| Subtotal - Tier 2 | | \$(6,808,552) |

Tier 3:

| | | |
|---|--------------|-----------------------|
| Career and Technical Education (10 teachers) | \$(659,170) | |
| Extended Day allotment to schools | (1,052,532) | |
| Talent Development (6 teachers) | (412,380) | |
| Campus Security Associates (16 positions) | (543,160) | |
| 107 teacher-level positions for Zones and leave | (6,338,359) | |
| Bright Beginnings reduction of classes | (10,417,921) | |
| Teacher Assistants | (9,295,201) | |
| Subtotal - Tier 3 | | (\$28,718,723) |

Tier 4

| | | |
|---|----------------|-----------------------|
| Eliminate one support position at each school (164 positions) | \$(11,152,000) | |
| Change Weighted Student Staffing from 1.3 to 1.25 (146 teacher positions) | (8,648,602) | |
| Increase class size +2 for grades 4 th -12 th (255 teacher positions) | (15,401,620) | |
| Subtotal - Tier 4 | | (\$35,202,222) |

GRAND TOTAL **(\$101,042,397)**

- Staff has identified \$101 million in budget reductions but should additional funding become available or cuts not be as deep as planned, budget items will be added back starting with the bottom of Tier 4. The plan would add one student back at the high school, middle school, and then elementary school and then rollback through high school, middle school, and elementary school.
- Changes since January 11th presentation: Changes made based upon the best information available at the time. Additional enrollment based upon refined enrollment numbers by school and by grade.

| | |
|--|------------------------|
| Proposed Reductions as of January 11 th | \$(100,122,498) |
| Adjustment - Change weight to 1.25 (12 additional teacher positions) | (710,844) |
| Adjustment - Increase class size +2 for 4 th – 12 th grades (5 additional teacher positions) | (296,185) |
| Adjustment – Comprehensive Review – School Closures | 27,170 |
| Adjustment – Transportation – Bell Schedule and seven hour instructional day for all students | (9,059) |
| Adjustment – Media Specialists (eliminate 1 position instead of 2) | 69,019 |
| Proposed Reductions as of March 22nd | \$(101,042,397) |

- A new enrollment project may result after the close of the second lottery and the numbers may shift.
- Minor adjustments were made as a result of school closures.
- The original transportation savings were estimated at approximately \$4 million and after finalizing the numbers an additional \$9,059 was identified.
- Impact of weighted student staffing change from 1.3 to 1.25 is estimated at a cost reduction of \$8,648,602 or 146 positions.
- Teacher allotment ratio change (increase class size by 2) is estimated at a cost reduction of \$15,401,620 or 260 positions.

- Federal ARRA Funding Cliff:

| | |
|--|---------------------|
| ARRA State Fiscal Stabilization Funds | \$35 million |
| ARRA Title I - Bright Beginnings | \$ 9 million |
| ARRA Title I - Midwood High School | \$ 1 million |
| ARRA IDEA VI-B | \$ 3 million |
| Total funding cliff as of 2009-2010 | \$48 million |
| \$(12M) permanently funded by ARRA positions with local savings in 2010-2011 | \$(12 million) |
| \$(21M) plan to utilize EduJobs Fund to delay funding cliff until 2012-2013 | \$(21 million) |
| Remaining cliff for 2011-2012 | \$15 Million |

- Impact of proposed budget and optional Tier reductions.
 - The April 12th budget request will include \$15.2 million in budget reductions which equate to the operationalized and efficiency cuts and that will be adequate to cover the \$15 million funding cliff shifts.

Ms. Shirley said at this point this is everything we know and can calculate because we do not know the final State and County reductions. We are prepared for \$100 million in reductions but hope we will not have to make cuts that deep.

- Summary of Position Reductions:

| Area | Positions Reduced | Budget Request | Tier I | Tier 2 | Tier 3 | Tier 4 | Total Budget Request and Tiers |
|----------------|-------------------|----------------|--------|--------|--------|--------|--------------------------------|
| Central Office | | 1.0 | 58.5 | - | - | - | 59.5 |
| *Support | | 159.0 | - | 76.0 | 38.0 | - | 273 |
| **Schools | | 88.5 | 16.0 | 66.0 | 614.0 | 570.0 | 1,354.5 |
| Total | | 248.5 | 74.5 | 142.0 | 652.0 | 570.0 | 1,687.5 |

*Includes 155 bus driver positions as a result of the changes in transportation but this will be covered by the vacant positions in the fall.

**Includes school-based positions budgeted in Academic Services Division and Operations Division.

- Teacher Level Reductions by Tiers: 659 positions (also include 6.5 positions under operational and efficiencies).
 - Tier 1: 12 positions (CTE, Arts, Ed, Reserve, etc.).
 - Tier 2: 51 positions (CTE, Arts, Ed, Reserve, etc.).
 - Tier 3: 184 positions (CTE, Arts, Ed, Reserve, etc.).
 - Tier 4: 406 positions (141 elementary, 135 middle school, and 130 high school).

- Preview of the County Budget Request:

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| Sustaining Operations | |
| A. Salaries and Benefits | |
| Health Insurance: 7.1% increase (\$4,929 to \$5,279) per employee. | \$ 836,448 |
| Retirement Rate: 1.11% increase (10.51% to 11.62% or \$4,700 to \$5,241 based on an average salary of \$50,000) | 1,909,667 |

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| B. Program Continuation | |
| Charlotte-Mecklenburg Police Department School Resource Officer (SRO) Contract Increase | 958,426 |
| Utilities Rate Increase | 915,790 |
| Charter Schools Enrollment Increase (pre Senate Bill 8, does not include impact for changes should the bill pass) | 2,165,318 |
| Mileage Rate Increase (.50 to .51 per mile) | 16,282 |
| Lease Payments Increase | 93,696 |
| Intervention Team Specialists Cost Share Increase (costs previously shared with Department of Social Services) | 258,867 |
| Total Sustaining Operations | \$7,154,494 |

- Retirement rate has increased each year: 8.14% in 2008-2009, 8.75% in 2009-2010, 10.51% in 2010-2011, and next year it will be 11.62% in 2011-2012. This represents a 42.75% increase on a per employee basis based upon an average salary of \$50,000 (from \$4,070 to \$5,810).
- Health Insurance has also increased: \$4,157 in 2008-2009 compared to \$5,279 in 2011-2012. This is a 27% increase.
- In addition, CMS paid the dental costs for the employees at \$245 per year and over the last few years this contribution has been eliminated.
- Overall, the CMS cost for employee benefits for an employee making an average of \$50,000 has increased by \$2,617 per year or a 31% increase. In total dollars the salary and benefits for that employee went from \$62,297 to \$64,914.

| | |
|--|---------------------|
| Total Sustaining Operations | \$7,154,494 |
| Student Growth: | |
| Enrollment increase (projected growth 2,542 students, staffing, and non-personnel. | \$3,434,607 |
| Total Student Growth | \$3,434,607 |
| New Request for Sustaining Operations and Growth | \$10,589,101 |

- Key dates: added some dates. BOCC will make their budget decision on June 21.
 - April/May: Begin notifying at-will employees affected by reduction in force.
 - April 12: Superintendent's Budget Recommendation presentation.
 - April 26: Public Hearing on Superintendent's Budget Recommendation.
 - April 27: Board Work Session.
 - May 1: Deadline for notifying administrators of Superintendent's intent to non-renew contracts.
 - May 10: Board of Education's proposed 2011-12 Budget approved.
 - May 13: Board of Education's proposed 2011-12 Budget delivered to County Manager.
 - May 15: Deadline for notifying teachers of Superintendent's intent to non-renew.
 - May 17: County Manager's Recommended Operating and Capital Budgets presented to Board of County Commissioners.
 - May 24: Board of County Commissioners 2011-12 Budget Workshop.
 - May 26: Public Hearing on Board of County Commissioners' 2011-12 Budget.
 - June 1: Deadline for notifying administrators of non-renewal.
 - June 15: Deadline for notifying teachers of non-renewal.

- June 21: FY 2011-2012 County Operating Budget and 3-year CIP adopted.

Board members were invited to ask questions and make comments.

- Chairperson Davis commended staff for their accurate projections in January because the update is only slightly different from the information presented in January.
- Ms. Lennon expressed concern that during a budget crisis the State plan is recommending a retirement rate increase. Ms. Shirley said this is most likely based on the requirements for that plan to be funded in order to adequately pay out the retirement. Ms. Lennon believes the State should review their retirement plan to ensure it is economically feasible to continue because at this rate it will reach 20% soon.
- Mr. Morgan said this year the class size increase is plus two but what is the cumulative effect of the increase in class size over the last few years? Dr. Gorman said this equates to five students over the past four years. Mr. Morgan said the School Resource Officer increase is for the City of Charlotte only. CMS also has partnerships with the six surrounding towns and each of those police forces, police chiefs, and mayors understand, recognize, and appreciate the partnerships that exist between their police departments and CMS. They have no plans to change their funding structure with CMS. The City of Charlotte is changing their funding structure and it is not a \$958,000 increase but actually a \$3 million cost shift from the City of Charlotte to CMS over a three year period. In addition, CMS pays over \$900,000 in overtime pay to uniformed law enforcement personnel and \$700,000 of that goes to Charlotte-Mecklenburg Police Department (CMPD) employees. Mr. Morgan said this does not feel right because CMS paid over \$700,000 in overtime to CMPD and they are now requesting an increase of approximately \$1 million for those same officers to be in our schools.
- Ms. McGarry said we are in an economic crisis and she asked the Board to revisit the pay for performance initiative and consider putting that item on hold. She would like this discussed at an upcoming meeting.
- Mr. White said over the years he has worked hard to keep School Resource Officers in the City's budget. He hopes the community understands that these are Charlotte students who are in our schools and the City is saying they are not responsible for those students in terms of their safety and are shifting that expense on CMS. Mr. White believes CMPD should be responsible for the safety of our students and he will continue to work to keep this in the City's budget.
- Mr. Merchant expressed concern about the City's increased cost to CMS for the use of School Resource Officers from CMPD. He noted that CMS strategically planned to avoid its funding cliff by banking some of its funding but the City of Charlotte instead of avoiding its funding cliff used its money to hire more police officers and their method to be able to maintain those officers is to increase the costs to CMS. This is in essence taking funding out of the classrooms and enhances the strain on Tier 4. CMS made a tough choice but the City Council elected to make the easy choice, recommended a raise for the elected officials, and put the burden on the children of CMS. He encouraged the Board and the public to fight for this funding allocation.
- Mr. McElrath said this is a "we" problem and not just a CMS problem. The community puts the burden on CMS to improve the funding situation but the only tool the Board can use is to cut. The Board must cut teachers, resources, sports, and transportation services because the Board cannot raise money. There are seven towns that use CMS

services and we must discuss this with each of them to solve this problem. This discussion needs the support of the community, Board of Education, City Council, Board of County Commissioners, and the officials in the six surrounding towns.

- Dr. Waddell said this also involves the State and we should ask them for additional funds while they are in session. She encouraged the Board Chairperson and Vice-Chairperson to take the lead to pursue our options and let the Board know what we can get done.
- Chairperson Davis said the budget actually links to the first report from Crossroads Charlotte because Mr. Russ reported the community listed education as the number one priority and safety as the number two priority. Chairperson Davis hopes the City Council and the Board of County Commissioners also hear that the priorities of the community are education and safety. He encouraged the Board members to poll their colleagues on the boards to fight for funding for the children of CMS. He encouraged the Board and the community to advocate for our children and to let our voice be heard.

ADJOURNMENT

Chairperson Davis called for a motion to adjourn the meeting.

Dr. Waddell moved that the Board adjourn the Regular Board meeting, and by consensus, the Board agreed to adjourn the meeting.

The Regular School Board Meeting adjourned at 9:35 p.m.

Eric C. Davis, Chairperson

Nancy Daughtridge, Clerk to the Board