

Approved by the Charlotte-
Mecklenburg Board of Education
November 12, 2008
Regular Board Meeting



Charlotte, North Carolina

August 26, 2008

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

The Charlotte-Mecklenburg Board of Education held a Regular Board Meeting on August 26, 2008. The meeting began at 5:20 p.m. and was held in Room 267 of the Government Center.

Present: Joe I. White, Jr., Chairperson, Member At-Large;
Molly Griffin, Vice-Chairperson, (District 5);
Kaye McGarry, Member At-Large;
Trent Merchant, Member At-Large;
Larry Gauvreau (District 1);
Vilma D. Leake (District 2);
Tom Tate (District 4); and
Ken Gjertsen (District 6)

Absent: George Dunlap (District 3)

Also present at the request of the Board were Dr. Peter Gorman, Superintendent; Regina H. Bartholomew, General Counsel; Tyler Ream, Chief of Staff; and Nancy Daughtridge, Clerk to the Board.

Upon motion by Ms. Griffin, seconded by Mr. Tate, the Board voted unanimously of those present for approval to go into Closed Session for the following purposes:

- **To consult with the Board's attorneys on matters covered by the attorney-client privilege including but not limited to the following:**
 - a. **To consider student matters that are privileged, confidential, and not a public record;**
 - b. **To consider a litigation matter, *Roslyn Perry v. Charlotte-Mecklenburg Board of Education*, WC Claim #WCBE2007075779, and**
- **To consider a personnel matter of an administrative employee.**

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

Chairperson White reconvened the Regular Board Meeting at 6:00 p.m. in Room 267 of the Government Center. CMS-TV Channel 3 televised the meeting.

Present: Joe I. White, Jr., Chairperson, Member At-Large;
Molly Griffin, Vice-Chairperson, (District 5);
Kaye McGarry, Member At-Large;

Trent Merchant, Member At-Large;
Larry Gauvreau (District 1);
Vilma D. Leake (District 2);
George Dunlap (District 3);
Tom Tate (District 4); and
Ken Gjertsen (District 6)

Absent: There were no absences.

Also present at the request of the Board were Dr. Peter Gorman, Superintendent; Regina H. Bartholomew, 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 White called the meeting to order at 6:00 p.m. Chairperson White welcomed everyone to the Board's second meeting of the month which would be held in a Work Session format.

A. Adoption of Agenda

Ms. McGarry moved, seconded by Mr. Merchant, that the Board adopt the agenda as presented, and the Board voted 9-0 in support of the motion.

II. CONSENT ITEMS

- A. Recommend approval of appointment of personnel.
- B. Recommend approval of requests for release of students to other school districts.
- C. Recommend approval of design contracts for 2007 Bond projects.
- D. Recommend approval to exchange 2.33 acres of tax parcel number 078-131-05 at Irwin Avenue Elementary School.

Mr. Tate moved that the Board adopt Consent Items A. through D., seconded by Ms. Griffin, and a discussion followed.

Mr. Gauvreau and Ms. Leake pulled A.

Ms. Griffin moved, seconded by Mr. Tate, that the Board adopt Consent Items B., C., and D., and the Board voted 9-0 in support of the motion.

The Board discussed Consent Item A. Mr. Gauvreau will not support the Chief Operating Officer-Interim appointment because he does not believe that position is necessary. Those duties should be included in the responsibilities of the Superintendent and his staff. He encouraged Dr. Gorman to not fill this position because his organization should be reduced. Ms. Leake asked clarifying questions regarding the position and salary for the Executive Director of Federal and State Licensure Compliance. Dr. Gorman said this was a lateral move, with no salary change, and a broader range of responsibilities. Ms. Leake commended Dr. Gorman on the appointment of Barry Bowe, the new principal at Northwest School of the Arts. Mr. Dunlap said regarding the appointment of the Chief Operating Officer-Interim, certain tasks are assigned to each of Dr. Gorman's administrators and the responsibilities of this

important position must also be reassigned in the interim until Dr. Gorman finds the right person to fill that position on a permanent basis. Ms. McGarry asked questions regarding salary implications for the interim position, benefits, and the distribution of responsibilities for the Chief of Staff position. Dr. Gorman said the salary would not change for that position but he is reviewing the option of providing a supplement in the range of \$2,000 to \$3,000. There will be no additional benefits. Mr. Ream will continue performing the duties for Chief of Staff and all members of executive staff will assist in those duties. Mr. Gauvreau requested that the Board vote upon the Chief Operating Officer-Interim appointment separately.

Ms. Griffin moved, seconded by Ms. McGarry, that the Board approve all recommended personnel appointments in Consent Item A. except the Chief Operating Officer-Interim appointment, and the Board voted 9-0 in support of the motion.

Ms. Griffin moved, seconded by Ms. Leake, that the Board approve the appointment of Tyler Ream as Chief Operating Officer-Interim, and the Board voted 6-3 in support of the motion. Chairperson White, Ms. Griffin, Mr. Merchant, Ms. Leake, Mr. Dunlap, and Mr. Tate voted in support of the motion. Ms. McGarry, Mr. Gauvreau, and Mr. Gjertsen voted against the motion.

Ms. Leake asked clarifying questions regarding Consent Item D. Ms. Leake asked questions regarding the location of the site, impact on parking at Irwin Avenue Open Elementary School and the water park, and the future plans for the land. Mike Raible, Executive Director for Facilities Planning, responded. This portion of the existing Irwin Avenue Open Elementary School property is currently used as parking for the water park and it will not impact the parking for Irwin Avenue Open Elementary School. This property will be combined with adjoining property and will be the site for a future high-rise that will include office, residential condominiums, and structured parking to replace the existing parking. No funds will be exchanged with this approval but it would result in an increase in Board of Education real estate inventory of over \$3 million.

Dr. Gorman's personnel appointments were as follows:

- Tyler Ream named Chief Operating Officer-Interim. Mr. Ream has served as Chief of Staff since 2007 and he will continue to perform those duties in the interim position. Mr. Ream previously served as principal and teacher at Tustin Unified School District in Tustin, CA.
- Dr. Barry Bowe named principal at Northwest School of the Arts. Dr. Bowe has a Doctor of Education in Educational Leadership from Nova Southeastern University, North Miami Beach, Florida; a Master of Arts in Education Administration from Marshall University Graduate College, South Charleston, West Virginia; and a Bachelor of Arts in Biology and Photography from Virginia Intermont College, Bristol, Virginia. Dr. Bowe previously served as principal at Weberwood Elementary in Kanawha County Schools, Charleston, West Virginia, and acting Superintendent at Bald Eagle Area School District, Wingate, Pennsylvania. He has worked in various positions in education since 1979.
- Teresa Shipman named Executive Director of Federal and State Licensure Compliance. Ms. Shipman previously served as Executive Director of the TIF-LEAP Grant since 2007 and held various other positions within CMS since 1980.

III. ACTION ITEMS

A. Recommend approval of 2008-2009 employee salary increase

Chairperson White called upon Dr. Gorman to present the recommendation on 2008-2009 employee salary increases. Dr. Gorman called upon Maurice Ambler, Chief Human Resources Officer, and Sheila Shirley, Chief Financial Officer, to present the information. Mr. Ambler said the General Assembly and the Governor have approved the 2008-2009 State Budget that included statewide salary increases effective July 1, 2008. Mr. Ambler said staff recommends that the Board of Education approve salary increases in accordance with those specified with the General Assembly and the Governor and in addition approve Phase II of the CMS Compensation Market Plan which would allow the CMS employees to be paid equitable at market. The approval of salary increases consistent with this action and of the General Assembly will provide the salary increases as follows:

- Teachers and certified instructional support receive a step increase plus \$470 for an average increase of 3%. Steps 0-2 (new teachers) will receive a \$680 across-the-board (plus the step) increase. Those at the top of the pay scale receive a 1.8% one-time lump sum bonus in lieu of the average 3% increase. There are no changes or increase to the local supplement.
- Administrators (principals and assistant principals) receive an average 2.69% increase based on performance. Those eligible for the time-in-job increase based upon the years of successful performance will also receive an increase to the appropriate percentage of market. The basis of successful performance will be the dependent upon their performance evaluation. Administrators at the top of the pay scale receive a 2% one-time lump sum bonus in lieu of a 2.69% increase.
- Non-certified/central office staff receives a 2.75% pay increase or \$1,100, whichever is greater. Exempt personnel eligible for the time-in-job increase based upon the years of successful performance will also receive an increase to the appropriate percentage of market and basis of successful performance will be determined by their performance evaluation. Non-exempt employees under 98% of the market will receive the 2.75% increase or \$1,100 and an increase in January 2009 of \$.25 or \$.15 based upon their position and successful performance, and basis of successful performance will be determined by their performance evaluation.
- Senior Managers will receive a 2.75% increase. Directors and executive directors eligible for a time-in-job increase based upon the years of successful performance will also receive an increase to the appropriate percentage of market and based upon the performance evaluation of their position. Executive staff and contracted employees are not eligible for time-in-job pay increases.
- Board members will receive an increase equal to the percentage for teachers approved in the 2008-2009 Board of Education Budget which is an average of 3%. Board members are elected and not eligible for the time-in-job component of the pay increases.

Mr. Ambler said the final budget impact would be included in the 2008-2009 Board of Education Budget scheduled to be adopted by the Board at the September 9, 2008 Regular Board meeting.

Ms. Griffin moved, seconded by Mr. Merchant, that the Board approve the proposed 2008-2009 employee salary increases and Compensation Market Pay Plan, and a

discussion followed.

- Mr. Dunlap said this recommendation is what the state recommended. He asked could the Board alter what the state recommended and the recommendation by staff? Mr. Ambler said, yes, but the state increases are clearly defined: 3% for teachers, 2.75% for administrators, and 2.69% for school-based administrators. The time-in-job is based upon the CMS Market Based Compensation Review Plan presented in November. Mr. Dunlap asked how could the Board request that administrators at the top of scale receive a bonus instead of a salary increase? Ms. Ambler said the state determined that increase. Mr. Dunlap asked clarifying questions regarding executive staff that is contracted and not eligible for a state increase. Dr. Gorman said they would be covered by their contracts and their contracts includes they would receive the same increase as other district-based administrators and they would not be eligible for the time-in-job component.
- Ms. Griffin asked what is the salary with the local supplement for a first year teacher? Mr. Ambler said \$34,384 including the local supplement.
- Ms. McGarry requested the number of teachers being paid who are actually in the classrooms teaching? She would also like to have those budget figures. Ms. McGarry expressed concern that the proposed CMS budget makes personnel cuts in the media specialist, assistant principals, and media assistant positions. She would like staff to review the option of reinstating some of those positions into the schools. She expressed concern that this item was being voted upon in isolation of the entire budget which would be voted upon by the Board in September. She said including this item with that process would allow the Board to see its impact on the budget.
- Ms. Leake is appalled that the state would only recommend a 3% increase for teachers and that a first year teacher only makes \$34,000 per year. She wants the best teachers available in the classrooms and that salary may hamper attracting quality teachers. She expressed concern that non-exempt personnel would only receive a \$.15 or \$.25 increase with the CMS Compensation Review Plan. She encouraged the Board and the public to lobby the legislators because they say they support education but the increase for teachers is not adequate. She expressed concern that many bus drivers only earn \$11.25 per hour and it is difficult for families to survive on \$11.25 per hour. She encouraged the public to tell the Board of County Commissioners to support CMS staff with a supplement. She believes it is important that bus drivers, cafeteria workers, and secretaries be paid an adequate salary. She is appalled that this Board would accept a 3% increase for Board members. She said this Board puts in more hours than any elected body in this county as people who represent the people of Mecklenburg County and children. She encouraged the Board to discuss this item in the near future. She also expressed concern that the technology equipment provided to Board members is out-of-date. She also encouraged the Board to address this item in the near future. She believes CMS must do a better job for families who are the neediest. She expressed concern regarding supplies for the classroom because many parents are receiving a list of supplies needed for their children and they cannot afford those supplies. She expressed concern that businesses in the community were collecting supplies from the public and donating them to certain schools. She said no one has donated any items to the schools in her district (District 2) and those schools have the most economically disadvantaged families. She would like corporations to inform the public and document where the supplies they are collecting would be donated. She encouraged the Board and the community to lobby the state and

County Commissioners to provide supplements and increased salaries for staff in lieu of bonuses because salaries cannot be taken away. She said bus drivers and cafeteria workers need the same considerations as other staff members. Mr. Ambler reviewed the CMS Compensation Plan and how the increases would impact the salaries of bus drivers and secretaries. The minimum increase that a bus driver would receive with the state increase is \$.68 an hour. Bus drivers would also receive another \$.25 in January 2009 which would provide them a \$.93 an hour increase over a twelve-month period. A secretary with an average based salary of \$12.94 (which is the average salary for a CMS secretary) would receive a \$.64 an hour increase with a \$.15 an hour increase in January which would equate to \$.79 an hour increase over a twelve-month period. Combining the CMS Compensation Review initiative with the state increase, allows CMS to be more equitable.

- Ms. McGarry said she would like staff to answer the questions she asked previously. What is the number of teachers actually in the schools teaching? Could the media specialists, media assistants, library assistants, and assistant principals be reinstated in the budget? She also asked if this item could be delayed so that it could be voted upon with the entire budget? Dr. Gorman said he would not be able to address reinstating positions until after staff has reviewed data regarding student enrollment. If we are able to do that, staff would provide a recommendation to the Board on reinstating positions at that time. Dr. Gorman said regarding the timing of this item, he would like to have this item approved at this meeting because that would allow employees to be paid without retro pay. He called upon Sheila Shirley, Chief Finance Officer, to explain the payroll process. Ms. Shirley said staff has previously brought this recommendation before the Board prior to the final budget approval. The state requires CMS to pay its ten-month employees by the end of August. They will receive their first paycheck on Friday and approval of this item would avoid having to make a retro payment to those employees. Approval of this item provides the salary increase, updates the salary files, and those employees would be paid their new salary with their first paycheck. Ms. Shirley reviewed the impact the fiscal implications of this item would have on the proposed 2008-2009 budget. This amount is actually lower than what was proposed in the original budget recommendation. Dr. Gorman said he would provide the number of teachers teaching at a later time. He noted that number could be misleading because some teachers may be in schools but do not have a direct classroom assignment. Those teachers may be teaching by pulling out groups of students for intensive reading purposes, etc. Ms. McGarry said that information would provide her a better picture of who is in the classroom, the school house, and central office.
- Mr. Merchant said in perspective we all want to pay teachers more. He believes a first year teacher making \$35,000 per year is comparable to someone in an industry working a twelve-month position making \$42,000 or more per year. He noted that teachers have two months off during the summer and a month off during the school year. He said teaching is a difficult job and we must find a way to pay teachers more. He wants to ensure corporate partners, non-profit groups, and media outlets know they are a tremendous value to CMS and the classroom. They go above and beyond in helping students and taking the edge off the classroom responsibilities.
- Mr. Gauvreau said the Board does this every year and it is wrong to give everyone a blanket raise. He expressed concern that this approval is for a broad sweeping raise. He said it is Dr. Gorman's responsibility to manage these costs. He would prefer raises

based upon merit and performance. He encouraged the Board to not take another pay raise for themselves. He believes there are better ways to provide salary increases. He will not support this recommendation.

- Mr. Dunlap said the basis for the CMS Compensation Review would depend on their performance evaluation instrument. This is not providing everyone a blanket raise. Mr. Dunlap noted that teachers may only work ten-months per year but their bills are still due twelve-months per year.
- Ms. Leake agreed with Mr. Dunlap's comments. She said she appreciates corporate donations but she would like corporations during their collection campaign to inform the public where the items would be donated.

The Board voted 6-3 in support of the motion. Chairperson White, Ms. Griffin, Mr. Merchant, Ms. Leake, Mr. Dunlap, and Mr. Tate voted in support of the motion. Ms. McGarry, Mr. Gauvreau, and Mr. Gjertsen voted against the motion.

Mr. Gauvreau said he would not accept the pay increase again this year.

IV. REPORT/INFOMRATION ITEMS

A. Report/Update on Minority, Women and Small Business Enterprise (MWSBE) Program

Chairperson White called upon Dr. Gorman to introduce the report. Dr. Gorman called upon Guy Chamberlain, Associate Superintendent for Auxiliary Services, and Chiquitha Lloyd, Minority, Women, Small Business Enterprise Administrator, to present the report on Minority, Women, and Small Business Enterprise Program. Ms. Lloyd presented information on the MWSBE Program utilization for fiscal year 2007-2008. She reviewed the aspirational goals as established based upon the Disparity Study; eligible expenditures; expenditures by category; and the 2007-2008 utilization.

Aspirational Goals:

Category	MBE Goal	WBE Goal	MWSBE Goal
Construction	10%	6%	21%
Architecture, Engineering, and Surveying	4%	7%	16%
Contracted Services (other than construction)	5%	4%	14%
Goods	3%	3%	11%

Total Eligible 2007-2008 Expenditures:

Category	Analyzed	MWSBE Firms
Total Eligible Expenditure	\$311 M	\$65 M (MBE - \$12 M WBE - \$40 M SBE - \$13 M)
Construction	\$113 M	\$32 M
Architecture and Engineering	\$ 12 M	\$ 2 M

Contracted Services	\$ 65 M	\$16 M
Goods	\$ 12 M	\$14 M

2007-2008 Utilization:

Category	MBE	WBE	SBE	MWSBE
Construction	3.82%	22.6%	1.84%	28.4%
Architecture, Engineering, and Surveying	11.09%	5.63%	2.16%	18.21%
Contracted Services (other than construction)	8.73%	12.91%	3.69%	24.71%
Goods	.43%	4.66%	6.79%	11.82%

Ms. Lloyd said this represents our first year of achieving the overall goals in all four categories. Last year, the only area that was not increased was the Goods category. Last year, construction decreased in utilization primarily due to a larger MWSBE prime vendor going through a restructuring. In the Goods category there was a change with vendors because they were not the lowest bid and there were some service level changes. There was also a decrease in SBE construction utilization because one of the vendors graduated from the program and is no longer classified as a small business. This company is now classified as a general contractor and CMS recently awarded them one of the elementary schools to be the prime general contractor.

Accomplishments for the 2007-2008 year included the following:

- Increased MWSBE spending from 14% to 21% or \$44 million to \$65 million.
- Increased number of new MWSBE vendors since 2005 from 467 to 675.
- 57% of schools and 46% of departments purchased goods and/or services from MWSBE vendors three of four quarters.
- Increased outreach efforts
 - 14 procurements conferences
 - 3 technical assistance seminars
 - 5 group orientations
 - 145 individual orientations
 - 10,000 telephone/e-mail inquiries
 - 14,000 bid notifications

Ms. Lloyd said the next steps for the department include increase overall participation, leverage relationships, continue marketing and outreach initiatives, expand technical assistance, continue project performance surveys, and extend MWSBE Program Regulation DJA-R sunset provision five years. Staff will work with the vendors that have been used in the past but have a decrease in use by a particular department or school to identify the reason for the decrease and to ensure the vendor continues to visit the school system. Staff has requested an extension of the sunset provision for five years to allow staff the remaining two years of data gathering to see if the measures implemented have been successful. Following that, staff will make a recommendation to the Board as to whether the current goals should be increased, decreased, or eliminated.

Board members were invited to make comments and ask questions.

- Mr. Dunlap commended staff on the successes of the program. He said he has heard good things from the community on the outreach efforts and staff taking the time to educate vendors who could benefit from the program. Mr. Dunlap said he had some areas of concern. He asked as a result of the increased participation by MWSBEs, did staff find an increase in inferior work or the work to be less efficient? Ms. Lloyd said, no. Mr. Dunlap asked were there any problems associated with an increase in minority participation? Ms. Lloyd said, no, the only issue is that the market place is very competitive. Mr. Dunlap asked clarifying questions on African-American, minority, women, and small business classifications. Mr. Dunlap asked what is included in the minority group? Ms. Lloyd said minority includes African-American, Hispanic, Asia, and Native-American. Mr. Dunlap requested the trend data to be included in the report opposed to just the current year because that would show a progression over the years. Mr. Dunlap said CMS has struggled with the category Goods. He asked what could the Board do to help increase the participation with vendors for purchases in that group such as paper, etc? Ms. Lloyd said for example, paper could be purchased from the state contract which has a negotiated price. CMS had a minority firm who wanted to participate and who was not a state contract vendor. Purchasing put paper out for bid and received a better price than the state term contract. Unfortunately, that minority vendor was not the lowest bidder but CMS benefited from getting a better price than the state contract.
- Ms. McGarry said three years ago CMS received the report on the Disparity Study. At that time, she believed CMS was in line with the standards set by the state regarding MWSBE. She said regardless of that report, the Board chose to increase the participation and she is concerned that it duplicated services within the community. She asked how do the CMS goals compare to the state goals? Ms. Lloyd said the state goal for construction is 10% but the CMS goal is higher because it is based upon the availability within the market place. The state is in the process of doing a Disparity Study and is selecting a vendor to perform the study and review their goals. The CMS goal in each category is based upon availability. The minority goal for Goods at the state level is 10% but the goal for CMS is 3% because it is based upon availability within our market place. Ms. McGarry requested a copy of the state MWSBE Goals. She believes CMS is well within the state goals and CMS is spinning its wheels and duplicating services that are already in the community to educate those who want to participate in the program. Ms. McGarry said she understands the requirements of CMS are not the same as the City and Board of County Commissioners? Ms. Lloyd said the CMS goals and the County goals are about the same. The City of Charlotte has different goals because they have a Small Business Program and it is based upon their particular business units. The City, County, and the Board based their goals on the Disparity Study that was conducted.
- Ms. Leake requested a listing of the contractors by race, gender, and dollars spent by the district for the last five years. Dr. Gorman asked every contract? Ms. Leake said for building contractors building schools. She would like the name of the company, race and gender of the owners of the company, and the amount of money that CMS has spent with those companies over the last five years. Ms. Lloyd asked Ms. Leake if this request was construction or design. Ms. Leake said for design and construction. Ms. Leake would like to have the information by September 9th.

- Mr. Gauvreau encouraged the Board to eliminate these programs. He expressed concern that staff spends a huge amount of time focusing on contractual obligations and targeted goals that are racially and gender discriminatory. He believes this is a waste of the public's time and it does not help anyone. He encouraged the Board and CMS to loose its reliance on race because it is offensive. He expressed concern that this program contributes no educational benefit. He believes CMS could use the skills of its employees better. He hopes the program will be eliminated and the report will not be presented next year.
- Ms. Leake said this report provides the community an economic perspective of the support from CMS within the community through this process. She encouraged CMS to be fair in the process. She also would like to not have to deal with race but race plays a role in the community. She said America is more diverse than it ever has been and inclusiveness is greater because people want to make it better. This program is based upon the economics brought to the table. CMS must be fair with contracts and the Board must hold the Board accountable.

B. Report/Update on Opening of Schools

Chairperson White called upon Dr. Gorman to introduce the report. Dr. Gorman called upon Tyler Ream, Chief of Staff, to report on the Opening of Schools for the 2008-2009 school year. Mr. Ream provided a review of the opening of the 2008-2009 school year that included information on student enrollment, staffing, transportation, and other notable areas. CMS opened 174 schools including six new schools on August 25th. The first day of school was fairly smooth and included improvements over the previous years. Challenges for the day included wet streets, increased traffic, abundance of student transfer requests, and shifting textbooks from site to site. Staff is working to overcome any and all issues that may hinder the district's efficiency in the first few days of school. The CMS projected 2008-2009 student enrollment was 135,854 in grades K-12. School opened with 128,546 students which is 7,308 below projected. This drop was expected because CMS usually experiences steady increases until the 20th day (September 22nd). Enrollment patterns over the previous years have shown increases of one to two thousand students per day over the first five to seven days. The 20th day enrollment will be the official enrollment count. Prior to that date, staff is not likely to make any significant student enrollment related decisions. Mr. Ream reviewed staffing. CMS has 19,792 employees and that included 10,449 teachers (99.66% positions filled) and 8,762 non-instructional/support staff. Vacancies included 187 school-based employees: 16.2 teachers, 13 administrative (2 principals and 11 assistant principals), and 158.2 non-instructional staff. Mr. Ream was pleased to report that CMS started the first day of school with no bus driver vacancies. CMS has 1,256 buses in operation to serve 115,800 students. Bus scheduling is ongoing and the Transportation Department has received 21,000 student record change requests. Overall, there were minimal issues regarding school facilities. CMS opened six new schools at six new sites and they are all functioning at a high level with only minimal punch list items remaining. All sites were constructed on time and within budget. Mr. Ream commended staff for their efforts in preparing the new schools for a successful opening. The summer renovation projects were also completed on time and within budget. Mr. Ream said site-specific concerns are being addressed, transfer requests will continue to be processed, bus scheduling will be ongoing, and staff will continue to fill vacant positions. Enrollment numbers will be monitored and the Board will receive periodic updates through the

20th day counts. Staff allocations will be adjusted based upon the 20th day data.

Board members were invited to make comments and ask questions.

- Mr. Merchant asked why is enrollment 6% under projection? Dr. Gorman said there are a variety of reasons and it is disproportionate by area which is traditional. Ms. Griffin said a number of students could be sick or on vacation.
- Ms. Leake said this is an informative report for the public. It is important to parents that buses are on time, schools are open and staffed, and teachers are teaching. She commended teachers for getting their rooms prepared for the arrival of students. She believes this was the best school opening yet.
- Mr. Dunlap thanked staff for the report. He commended staff for ensuring the schools opened on time. He commended Dr. Gorman for putting an emphasis on starting school on a positive note. Mr. Dunlap asked what is the process for dropping students off enrollment? Mr. Ream said students who do not show up are dropped from the CMS enrollment on September 8th and CMS reports the official dropped rate to the state on September 22nd (20th day). Mr. Dunlap thanked the student placement staff for helping parents make last minute placement changes. Mr. Dunlap commended teachers for the great job they do to help students on a daily basis.
- Ms. McGarry visited Lebanon Road on the first day of school. She commended teachers and staff for a great first day. The school was fully staffed, there was commotion, and parents came with students not enrolled. Staff resolved each problem and that speaks well to the opening of schools.
- Ms. Leake believes it is important to properly train substitute teachers so there will not be a teacher vacancy in the classroom. She encouraged the public to apply for substitute teacher positions.
- Mr. Dunlap thanked the new Chief of Police, Rodney Monroe, who participated in the first day of school by walking three students to school.

C. Discussion of the Federal Free and Reduced Lunch Program as requested by Trent Merchant, Member At-Large

Chairperson White called upon Mr. Merchant to open the discussion. Mr. Merchant said he asked the Board to revisit the discussion on the Federal Free and Reduced Lunch (FRL) Program from the last Board meeting. He left the meeting more confused regarding FRL and he is concerned that the Board may have sent some incorrect messages. He wants to ensure the Board knows what this involves and they are sending a clear message to the community. He wanted to review how the applications for FRL are verified. He left the last meeting with the interpretation that there is not a criminal penalty for lying or falsifying a self-verified application. It has been brought to his attention that there is a North Carolina State Statute that there is a penalty for falsifying the application. Mr. Merchant said he asked that this be on the agenda so that the information could be verified and the Board complete the discussion publicly. Dr. Gorman called upon Guy Chamberlain, Associate Superintendent for Auxiliary Services, to review clarifying information on the FRL Program. Mr. Chamberlain said the primary focus of the presentation two weeks ago was to review the verification process which was stimulated by an article in the *Carolina Journal* which discussed the verification process that is required by law. CMS was reviewing a narrow field of data and when that is compared to the data during the verification process it does not reflect what is reviewed in determining

the final FRL number which then becomes the basis for other considerations including differentiated staffing. Mr. Chamberlain said he would review the verification process and the data used to determine the final FRL number. The verification process is required to be conducted from October 1st to November 15th. CMS calculates the enrollment data as of October 1st and the FRL data as of October 1st to determine a FRL ratio (in this case it was 44.5%) and that number is not the same as the final FRL number used for the other considerations such as staffing. There were 21,299 applications and 704 of those were sampled. Mr. Chamberlain said at the previous meeting he did not make it clear that an application could actually include multiple students. There were approximately 33,000 students who obtained Free and Reduced Lunch through the application process but there were only approximately 21,000 applications. This is about a 1.5 to 1 student ratio and that is why the previous numbers were a little misleading. CMS sampled slightly higher than 3% as requested by the guidelines. That ultimately resulted in approximately 62% being rejected because they did not respond or their income exceeded the threshold. CMS used an error prone application process which is an application within \$100 of the threshold amounts. Mr. Chamberlain said this process is not based upon annual salaries. It is based upon monthly salaries and there are families that cannot provide documentation of their salaries because they may not be making a salary. The FRL number that is finally used which is the basis for differentiated staffing, equity funding, etc. is determined by using the 40th day Pre-K-12 enrollment (usually mid to late October) and the October 31st FRL number of students to determine a student ratio. On the 40th day of school CMS had 134,995 students and 63,781 students eligible for free and reduced lunch which equated to 47.25% FRL. The error prone sample is not decided by CMS. It is dictated by the United States Department of Agriculture (USDA). The state dictates the dates for determining the FRL numbers. CMS has followed the guidelines of the USDA and state. Effective this year, the state has changed the data collection date to November 30th. Mr. Chamberlain said regarding fraud, there is not a federal program that disperses entitlements that does not have a clause that addresses fraudulently obtaining funds. Section §245.12 of the Code of Federal Regulations under Chapter 7 addresses Fraud Penalties as follows:

- a) Whoever embezzles, willfully misapplies, steals, or obtains by fraud any funds, assets, or property provided under this part, whether received directly or indirectly from the department shall if such funds, assets, or property are of value of more than \$100.00 be fined of not more than \$25,000.00 and/or five years in jail or less than \$100.00 be fined of not more than \$1,000.00 and/or one year in jail, and/or anybody who receives funds knowingly would also be subject to the same penalty.

Mr. Chamberlain said falsifying applications is against the law but the challenge here is what agency will enforce that ruling and what is the likelihood that anybody would want to pursue a conviction.

Board members were invited to make comments.

- Mr. Merchant thanked Mr. Chamberlain for the information. He asked does federal law prohibit CMS from checking and verifying more than 3% of those self-verified applications? Mr. Chamberlain said he closely reviewed the law and it does not expressly prohibit but it basically tells you don't. It tells you what you shall do but it does not tell you what you shall not do. The USDA manual does state that when

completing the verification they do not want 100% verification. Mr. Merchant said regarding the approximately 21,000 applications, they are self-verified and documentation is not required. Mr. Chamberlain said documentation is not required during the application process but it would be required if CMS should request that it be provided. Mr. Merchant said this information has provided him a better understanding of the FRL process. Mr. Merchant said regarding the 62% of the error prone sampling being rejected, he understands that staff does not believe that is suggestive of the rest of the pool that is not within the \$100.00 threshold. Mr. Chamberlain said he would not draw a conclusion only because it is not a random sample. We have been told to use a skewed sample and we are selecting from where we have been told to select. That is resulting in a high number of families that either did not respond and are automatically rejected or could not provide verification of the qualifying income upon request. Mr. Merchant said he does not want to go after families who say they need assistance to feed their children because that is not the point of this process. He said the federal government and the state mandate the method of verifying this process. He expressed concern that CMS has this data set but is prohibited from verifying it because it requires no verification upon application. CMS then uses that data to allocate resources in the budget. A student on free and reduced lunch status counts as 1.3 students. Mr. Merchant said he is ultimately concerned about this matter because CMS has a \$1.2 billion budget and CMS has a paradigm for funding that is based upon that data set. He wants to believe that number is correct but he is concerned there is no way to verify its accuracy. Dr. Gorman reviewed information regarding the percent of students proficient on their End-of-Grade tests and the percent of the students economically disadvantaged in elementary, middle, and high school. He said there is a clustering along the line of correlation in this district based upon the percentage of students that qualify for the free and reduced lunch as well as the percent proficient by school. It is not a perfect match but it is a close match. Dr. Gorman said staff is reviewing and working with an outside research firm (Education Resource Strategies (ERS)) to address what to use for level of resources, type of resources, assignment of resources, and exploring ways of measuring that related to academic need rather than FRL. Staff is reviewing the options and ERS is beginning their work to consider other measures that can be used. Dr. Gorman said the CMS data does indicate there is some relationship between academic need and free and reduced lunch. Mr. Merchant asked what is the timeline for the research by ERS? Dr. Gorman said this is being completed in two phases. First, they are reviewing recommendations related to weighted-student staffing which should be available for the next budget cycle. They will also review considerations regarding freedom and flexible and how financial resources will be allocated to particular schools. They will also review considerations in evaluating the budget which will take longer and that information will not be available well into the next school year. Mr. Merchant said do we anticipate additional or different information to be available for the next budget cycle? Dr. Gorman said, yes, staff will have more information to share with the Board regarding other options. Mr. Merchant asked do the other considerations include multiple inputs instead of a single input? Dr. Gorman said staff has discussed multiple inputs and have researched a variety of scenarios that have included relationships to neighborhoods, using different factors, and the one that is promising is academic performance of an individual upon entry into a school. Mr. Merchant said that information helps with some of his concerns. He said CMS has looked at FRL as an indicator of academic achievement but

we also have a lot of testing data that serves as a record of academic achievement. He hopes CMS will review that data. He believes aggregation of poverty matters but that data leaves him wanting more because it does not take enough information into account for him to feel comfortable in allocating over a billion dollars. He said if CMS was having great success he would feel comfortable. But, when half of the African-American students in 3rd through 8th grade cannot do math he is not comfortable with allocating funds based upon the free and reduced lunch status. When there is a 40% achievement gap between black and white in Algebra I and it is growing every year, we are not solving the problem by continuing to allocate resources using this flawed single input. He said he believes this is important but we are being shortsighted and not going as far as we should to help target resources to ensure they go where they need to go. Mr. Merchant encouraged Dr. Gorman to accelerate the process of reviewing options for other inputs. He said he would make this a priority as a Board member.

- Ms. Leake said she has been a Board member for eleven years and this has been discussed previously. CMS uses the FRL numbers because the federal government dictates that we use it for determining specific allocations. Dr. Gorman said we must use those numbers for determining Title I funding and *No Child Left Behind* Achievement Gap. Ms. Leake said this does not equate that students who are on free and reduced lunch cannot learn. There are a lot of variables in the process of reviewing why students do not excel and this includes white students, black students, and other students. She does not believe parents would purposely fraud the federal government in this process.
- Mr. Gauvreau said he hopes this is closure for Mr. Merchant. He believes the actual number of students who should not be on the Free and Reduce Lunch Program could be in the thousands. He would like the actual numbers brought to the Board because there is fraud in the program and this should not be overlooked by CMS. He believes this should be a management task and Dr. Gorman's responsibility. He believes accurate information should be collected during the enrollment process. He is not going after students but he does believe CMS must review the credibility of the data because more than half of the students in the sample review did not meet the requirements and the Board should not allow this to continue.
- Mr. Gjertsen said in 2002, the USDA completed a survey and developed strict rules that must be followed. CMS is doing what the USDA requires. CMS may not have the authority to use other indicators for some reporting items but he would be happy to consider other indicators for allocating resources for the other categories in which CMS uses the FRL number as a funding allocation. He wants to ensure the integrity of the FRL number and how \$1.2 billion is allocated. CMS verified what it is required to verify and that resulted in approximately 20% fraud. Mr. Gjertsen encouraged the Board to focus on the budget and the allocation of funds using other indicators instead of FRL.
- Mr. Tate said CMS followed the government guidelines and verified what it was required to verify. He believes there has been too much emphasis on the use of the FRL numbers and the Board's focus should be on educating students. He believes there is a correlation regarding the data for free and reduced lunch, economic disadvantaged, and student achievement. He does not believe the free and reduced numbers are faulty because they relate to economic disadvantaged students. He believes aggregation of poverty does matter and research has indicated that correlates with lower efficiency. He encouraged staff to review what else contributes to lower efficiency such as the neighborhood environment, whether parents finished high school, and the family job status. He

believes there are many factors that correlate to free and reduced lunch. He encouraged the Board to not focus on fraud but focus on children not getting an education because all children can get an education, although, some students may need more resources. He encouraged the Board to focus on staffing and ensuring there is a high quality teacher in every classroom and in every school. He recently visited a classroom with no air conditioning on a hot day and that may not have been a good learning environment. CMS must do better to provide an equitable education for all students in all schools. He encouraged the Board and CMS to use this number to do the best for all students.

- Mr. Merchant said this is an emotional item and it is important to have better data. CMS is only looking at one number and he encouraged staff to look at other inputs because that would help to be more accurate in distributing dollars. He also believes neighborhoods and family status could contribute to student achievement and those considerations should be reviewed. Mr. Merchant asked Dr. Gorman if CMS could conduct a random sample of self-verified applications and how much would that cost? Dr. Gorman said, yes, and the 3% sampling that has already been conducted cost approximately \$100,000.
- Mr. Gjertsen said conducting a 3% sample would address the concerns of Mr. Gauvreau and Mr. Merchant, and provide more data. It would be the job of any corporate board to find more accurate data. Mr. Gjertsen encouraged staff to conduct an additional audit. He said if they disagree, he would request this recommendation be placed on the agenda for the September 9th Regular Board meeting. Dr. Gorman said he would take this recommendation under consideration.
- Mr. Merchant asked Dr. Gorman why would it not be prudent to conduct another sample audit? Dr. Gorman said he would think about the recommendation. Mr. Merchant said the Board is scheduled to vote upon the 2008-2009 Budget at the September 9th meeting. He believes this is directly related to student achievement and it is the Board's responsibility to distribute dollars based upon hard data. He encouraged the Board and staff to spend the pennies needed to get accurate data regarding free and reduce lunch status. He expressed concern that not completing the sample would be willful neglect because we do not want to know the answers. He said this is not about not feeding those who need to be fed. He wants to ensure there is not waste. He encouraged Dr. Gorman to conduct the sample.
- Ms. McGarry said it is the job of the Board to ask questions. These numbers could result in the misallocation of millions of dollars. She said many people believe students on free and reduced lunch cannot learn and that is wrong. Many students on free and reduced lunch have achieved great strides in student achievement. She would like CMS to review student achievement based on what these students have achieved and not because they are on free and reduced lunch. She believes it is important to find other indicators to use because millions of dollars are allocated and they could potentially be misdirected. She looks forward to the research data that will be provided by ERS.
- Ms. Leake expressed concern that the Board uses poor children as a means to an end and they are labeled as people who commit fraud, cannot learn, and thugs. She encouraged the Board to focus on the education of all children. She discussed the importance of funding education versus incarceration, supporting the weakest children, and ensuring all schools have quality teachers. She expressed concern regarding the continued discussion that the district is committing fraud. She said CMS is a wonderful school district and school districts throughout the country praise CMS on educating children. She encouraged the Board to move forward with providing the funds necessary to educate all

children.

ADJOURNMENT

Ms. Leake moved that the Board adjourn, seconded by Mr. Merchant, and by consensus, the Board agreed to adjourn the Regular Board meeting.

The Regular School Board Meeting adjourned at 8:12 p.m.

Joe I. White, Jr., Chairperson

Nancy Daughtridge, Clerk to the Board