

Approved by the Charlotte-
Mecklenburg Board of Education
April 12, 2011
Regular Board Meeting



Charlotte, North Carolina

December 14, 2010

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

The Charlotte-Mecklenburg Board of Education held a Regular Board Meeting on December 14, 2010. The meeting began at 5:31 p.m. and was held in Room CH-14 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 Ms. McGarry, the Board voted unanimously for approval to go into Closed Session for the following purposes:

- To consult with the Board's attorneys on a matter covered by the attorney-client privilege concerning a pending personal injury claim; and
- To consider a personnel matter.

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 5:31 p.m. until 5:42 p.m. in CH-14.

Chairperson Davis reconvened the Regular Board Meeting at 6:00 p.m. in the Meeting Chamber 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 6:00 p.m. and he welcomed everyone to the Board's first and only meeting of the month.

RECOGNITION: Chairperson Davis recognized Coach Joe White who has had a long career as a teacher, coach, public servant, and soldier. It is an honor to have our own Joe White to add another title to his longstanding service to this community, our children, and the State. Coach White was recently selected as President of the North Carolina School Boards Association and in a state that is largely dominated by rural districts this is even more a significant honor and credit for Charlotte-Mecklenburg Schools. Coach White's career taps the two highest callings anyone could achieve, a soldier defending our freedom and an educator preparing our children for tomorrow. Chairperson Davis invited everyone to join him in thanking Joe White for his service as President of the North Carolina School Boards Association. Coach White thanked Chairperson Davis for his kind words. He said few people have been blessed to be able to make a living for a lifetime doing what they enjoy. Coach White said he and his wife, Bobbie, have been most fortunate to be able to do that and work to educate children. It is an honor, in his final year as a CMS Board member, to be able to serve as President of our State's School Boards Association.

A. Pledge of Allegiance

Chairperson Davis called upon Joe White to introduce Andrew Jaegar, a 5th grade student at Bain Elementary School, to lead those present and in the viewing audience in the Pledge of Allegiance and to speak on the December character trait of *honesty*. Mr. White said interesting facts about Andrew include he is in Mrs. Treadwell's 5th grade class; a member of the school's Safety Patrol; enjoys sports, and likes to play baseball. This past summer, Andrew worked to create art to sale to help raise money for his church and the program *Room at the Inn*. By helping his church, he was able to do the things he loves: help others and create artwork. Accompanying Andrew were his principal, John LeGrand, and his parents, Eric and Lori Jaegar. Andrew invited everyone to stand and join him in reciting the Pledge of Allegiance. Following the pledge, Andrew said everyone at Bain Elementary strives for honesty; honesty is viewed as being truthful and sincere; and people who are not honest lose their ability to be trusted. Andrew encouraged everyone to strive to be honest.

B. Adoption of Agenda

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

Dr. Waddell moved that the Board adopt the agenda as presented, seconded by Ms. McGarry, and a discussion followed.

Mr. Tate asked the Board to pull agenda item I. D. (Budget Information Update by state of North Carolina Governor's Office Representative) because the person presenting the information was unable to attend the meeting.

Chairperson Davis asked the Board to adopt the agenda as amended.

The motion to adopt the agenda as amended passed upon unanimous Board vote.

C. Election of Board Chairperson and Vice-Chairperson

Chairperson Davis called upon Dr. Gorman to conduct the election for Chairperson and Vice-Chairperson. Dr. Gorman reviewed Bylaw BDB which provides that a Chairperson and Vice-Chairperson shall be elected at the first Regular Board meeting in December and shall assume the office immediately upon election. The election of the Chairperson and Vice-Chairperson will proceed according to the following procedure:

- Call for nominations. The nominations will continue until every member has had the opportunity to place a name in nomination.
- Call for a motion to close the nominations.
- Following the close of the nominations and if there is more than one nomination for the seat, the votes will be called for in the order in which the nominees were nominated. The first person to receive the majority of the votes of those Board members present will be elected as the new Chairperson or Vice-Chairperson and will assume the office immediately.

Dr. Gorman opened the floor for nominations for Chairperson of the Board of Education.

Joe White nominated Eric Davis to continue as Chairperson of the Board.

Kaye McGarry nominated Trent Merchant. Trent Merchant declined the nomination.

Dr. Gorman called for a motion to close the nominations.

Mr. Tate moved that the nominations be closed on the said one name for Chairperson, seconded by Mr. Morgan.

Dr. Gorman declared the nominations for Board Chairperson closed and he called for the Board vote to elect Eric Davis as Board Chairperson.

The Board voted 6-3 in support of electing Eric Davis as Chairperson.

Ayes: Board members Merchant, White, Lennon, Tate, Davis, and Morgan.

Nays: Board members McGarry, McElrath, and Waddell.

Dr. Gorman congratulated Eric Davis on being elected Board Chairperson and he turned the meeting over to Chairperson Davis to continue the election process. Chairperson Davis reviewed the procedure for the election of Vice-Chairperson of the Board of Education and called for the nominations for Vice-Chairperson.

Joe White nominated Tom Tate to continue as the Vice-Chairperson of the Board.

Richard McElrath nominated Kaye McGarry, Member At-Large.

Rhonda Lennon nominated Tim Morgan, District 6 representative.

Chairperson Davis called for a motion to close the nominations.

Dr. Waddell moved that the nominations be closed for Vice-Chairperson on the said three names, seconded by Mr. Morgan.

Chairperson Davis called the nominations closed and called for the Board vote for the nominations for Vice-Chairperson in the order of their nomination. Chairperson Davis called for the Board vote for Tom Tate as Vice-Chairperson of the Board of Education.

Tom Tate received five votes which was the majority of the Board and Mr. Tate was elected as the Vice-Chairperson of the Board of Education.

Ayes: Board members Davis, Merchant, White, Tate, and Morgan.

D. Budget Information Update by State of North Carolina Governor's Office Representative

Item deleted with the adoption of the agenda.

II. REQUEST FROM THE PUBLIC

Chairperson Davis said the Public Request section is an opportunity to hear from the public and gain valuable feedback. Chairperson Davis outlined the speaker and audience protocol. He encouraged the audience to be mindful of showing respect to the speakers and to refrain from either showing support or displeasure. Generally, personnel, confidential or specific school level matters are not proper subjects to discuss during the public comment period. Instead, those matters are more appropriately addressed in accordance with the appeal rights supported under North Carolina General Statutes. Each speaker will be given three minutes to address the Board. Chairperson Davis asked the speakers to direct comments to him as the representative of the Board and to refrain from comments directed at staff members.

Janice Booth, executive director of Classroom Central, highlighted the contributions that Classroom Central provides the students, teachers, and the community. Classroom Central is a huge resource for CMS and equips students to effectively learn by collecting and distributing free school supplies. They understand it is a difficult budget year but it is their hope they can be reinstated in the budget.

Blanche Penn shared her concerns regarding student assignment, student suspensions, and Board votes and discussed how she is working to fight for the children and to help the community understand the school system.

Two parents discussed concerns regarding the changes to Magnet Transportation due to budget reductions.

- Elyse Dashew, parent at Smith Academy of International Languages, discussed the impact they may have on economically disadvantaged students having access to Magnet Programs. Magnets are a valuable asset to our community and are succeeding because they help children be globally competitive and decrease the achievement gap. She encouraged the Board to not place a disproportionate budget burden on the high achieving students and to be mindful of what can be gained and lost.
- Linda McDonald, parent of three students in three Magnet schools, discussed concerns that Magnets will become an elitist institution because many families will not be able to afford transportation or be able to meet the transportation changes. She encouraged the Board to let the community help develop options to reduce costs and to consider an annual Magnet meeting to share concerns and ideas to help Magnets reach high standards.

Four people discussed concerns regarding the November 9th Board vote to close E. E. Waddell High School and they encouraged the Board to review that decision.

- Levester Flowers, founding president of Save Our Schools Initiative, discussed the petition they have submitted because it will be costly to this community and negatively impact the community.
- Veronie Gamble, president of the PTSA at E. E. Waddell High School, expressed concerns that the Comprehensive Review decision was not budget related and will cause hardships to the Waddell students; the school will lose a \$3.5 million grant; create hardships for parents; and the students will have to attend a school further away.
- John Maye discussed concerns regarding the decision noting that what you do for the best students, teachers, and employees you must do for the rest.
- William Kennedy, parent of a 10th grade student at E. E. Waddell, said he is interested in his child's education and expressed concern that the decision was not about money and created a fight between the Harding University and E. E. Waddell students.

Seven people discussed concerns regarding the Comprehensive Review decisions and related budget reductions.

- Valerie Vanderhall, represented an international organization that provides scholarships to students, expressed concerns that the majority of the budget cuts will affect African-American and Hispanic children and discussed safety concerns about placing K-8 students together.
- DeShawna McLamb, parent of a CMS student and minister in the community, expressed concerns regarding the impact of the Board decisions on the north side of the County, wasteful spending, lost of jobs, and poor performance by CMS. The Board's mission is to provide the best education possible and the decisions do not represent that statement but is making money more important than educating children.
- Erika Ellis-Stewart said the community is reeling from the November 9th Board votes but they are moving forward. The Board must focus on academic excellence; transparency and governance; shared sacrifice of the solutions; and operational effectiveness for the community to move forward. The Board must share a comprehensive plan with the community of how to make these budget cuts and ensure the process is clear, comprehensive, and ideas and decision making incorporate community concerns.
- Mary Covington discussed the importance of school reform, how to fix our schools, institutional racism, and discriminatory housing laws. She expressed concern about closing neighborhood schools.
- Tammy Hill asked the Board to review the decision to make some schools a K-8 configuration because she believes that decision is a violation of the right to a sound basic education and will negatively impact the community.
- Marina Reggio said the Board spent time discussing guiding principles to ensure equity, home schools, busing, diversity, stability, and predictability and expressed concern that the decisions did not incorporate those criteria. She expressed concerns regarding school safety, teachers being laid off, and Board decisions.
- Niksa Balbosa said some parents and students were thankful but 50,000 students were sad because they lost their school. She expressed concern that the Board decision to close schools was not the decision of the community and the decision is demeaning to the children.
- Dawud Rashadin El said he presented a proposal to the Board to request the use of a

closed school facility to be used for the students in the community. He discussed the debt of the nation, the falling infrastructure of the nation, his proposal is a solution to help CMS because they will not have the money to continue do a lot of thing for students, and he would use the school to teach students a trade to help rebuild the infrastructure.

Chairperson Davis closed the Request From the Public at 6:58 p.m.

III. CONSENT ITEMS

A. Recommend approval of Closed Session meeting minutes:

- October 28, 2010.
- November 18, 2010.
- November 18, 2010.

B. Recommend approval of Open Session meeting minutes:

- June 8, 2010 Regular Board Meeting.
- November 9, Regular Board Meeting.
- November 19, Work Session.

C. Real Estate Items:

1. Recommend approval of a lease to Mecklenburg County for a small area of land behind Garinger High School's baseball field to install a small building to monitor air quality. This is required by the Environmental Protection Agency.

This agreement is entered into solely for the purpose of permitting the use of portion of the Property, i.e., a small area located near the southwestern corner of the Garinger High School Campus located at 1100 Eastway Drive in Mecklenburg County, North Carolina, owned by Mecklenburg County but leased to CMS, for the placement of an air quality monitoring station which consists of three primary components:

A) An air monitoring equipment shelter which measures 11.5 feet wide, 20 feet long, and 9 feet high; B) A meteorological tower which measures 33 feet tall and 22 inches wide at the base; and C) A security fence around the perimeter of the monitoring station which measures 26 feet wide, 30 feet long, and 9 feet high; such placement of items A, B, & C to be designated by CMS. Fiscal Implications: None.

2. Recommend approval for Charlotte-Mecklenburg Board of Education to sublet property located at 324 N. McDowell Street, Charlotte, NC to Medquest Associates, Inc.

- *CMS vacated the Central Learning Community office located at 324 N. McDowell Street, Charlotte, North Carolina. This lease obligation expires on June 30, 2012.*
- *The space was offered for sublease since June 2010 as the landlord was unwilling to terminate the lease. Medquest Associates, Inc. desires to sublease the space. The landlord approves of the subtenancy.*
- *The term of this sublease is December 1, 2010 to July 31, 2011 with two renewal options that, if exercised, will coincide with the lease expiration.*
- *Fiscal Implications: Medquest Associates will pay CMS \$6,328.33 per month for the term of the lease. CMS will continue to pay the landlord the lease obligation until lease expiration.*

D. Recommend approval of School Improvement Plans.

Per State Board of Education policy, all local LEA's are required to approve School Improvement Plans. Board members were provided copies of the 2010-2011 School Improvement Plans.

- E. Recommend approval of licensed/non-licensed hires for November 2010 and licensed/non-licensed promotions for November 2010.

Monthly hire report includes prior month(s) hires not processed when report was presented to the

Board of Education last month.

- *Total Hires July 1, 2010 - June 30, 2011: 2,083. (Licensed Hires: 1,141/Non-Licensed Hires: 942).*
- *Total Promotions July 1, 2010 - June 30, 2011: 175. (Licensed Promotions: 66/Non-Licensed Promotions: 109).*

F. Recommend approval of Alternative Schools Local ABC Option Goals.

State Board of Education policy allows for alternative schools to participate in the ABC's accountability system using a different model based on their unique circumstances. The school must choose three goals from a list of categories provided by the State. The State also applies two academic achievement goals. The school selects, with input from the Zone Superintendent and the Office of Accountability, the targets for these goals based on the baseline performance of the school in the previous school year. The Board is asked to approve the proposed goals for Turning Point and Midwood for the 2010-2011 school year.

- *Midwood High School goals are School Safety/Student Conduct; Student Progress and Proficiency; and Community Involvement.*
- *Turning Point Academy goals include Student Progress and Proficiency; School Safety; and Community Involvement.*

G. Recommend approval of the naming of Bradley Middle School's Softball Complex.

As outlined in CMS Policy FF and Regulation FF-R, the process has been completed for naming the Francis Bradley Middle School's Softball field to The Cheryl Burwell Softball Complex. Coach Burwell worked at Bradley from 1998 until her retirement in 2009-2010, completing twenty years of teaching. She was the first Athletic Director and helped to build a strong tradition of academic and athletic excellence. Cheryl Burwell continues to dedicate her time to Bradley Middle.

H. Recommend approval of the adoption of a resolution authorizing the Director of Storage and Distribution to dispose of surplus school property by way of on-line bid in auction format.

The on-line auction time span will encompass the January 1 through January 16, 2011 period. GovDeals, (www.govdeals.com) an experienced and proven on-line government surplus sales service provider will facilitate the process. These auctions usually generate \$6,000 to \$15,000 in revenue.

I. Recommend approval of electrical contract for lighting retrofits at various schools.

The lighting retrofits project was bid on October 21, 2010. Staff recommends approval of the contract to lowest responsive bidder, Associated Electrical, Inc., in the amount of \$263,525.32. The project scope includes installation of T12 to T8 lighting retrofits (bulbs and ballasts) to the existing fixtures in classrooms and other spaces at the following schools: Allenbrook Elementary, Berryhill Elementary, Collinswood Middle, Eastway Middle, Huntersville Elementary, J.T. Williams Middle, Matthews Elementary, Northwest Middle, Olympic High, Paw Creek Elementary, Tryon Hill Elementary, Westerly Hills Elementary, Piney Grove Elementary, and Steele Creek Elementary school. The project is partially funded via a grant from the 2009 American Recovery and Reinvestment Act (ARRA) through the North Carolina State Energy Office Block Grant Program. The grant requirement is a 50/50 match. The Project is scheduled for completion by summer 2011 and the grant closed by December 31, 2011. Fiscal Implications: Local Funds in the amount of \$131,762.66 and ARRA Funds in the amount of \$131,762.66.

J. Recommend approval of contract for demolition of the old Barringer Elementary School.

The old Barringer Elementary School demolition project was bid on October 26, 2010. Staff recommends approval of the contract to the lowest bidder, CST Environmental, Inc. in the amount of \$162,800. The project scope includes demolition of old Barringer Elementary School, a facility with approximately 50,000 square feet. Additionally, the contract will include associated grading, grassing, and erosion control, as well as additional backfill to reduce the slope between the old Barringer and current Barringer Elementary schools and stabilization of the parking lot. The work is scheduled to be completed by March 2011.

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

Dr. Waddell requested Consent Items I. and J. be pulled for discussion.

Chairperson Davis called for a motion to adopt Consent Items A. through H. excluding I. and J.

Mr. Tate moved that the Board adopt Consent Items A. through H. excluding I. and J., seconded by Mr. Morgan, and the motion passed upon unanimous Board vote.

The Board discussed Consent Item I.: Dr. Waddell asked clarifying questions regarding the schools included in the project, the amount of money in the contract, if J. T. Williams was included in the original project, and the bidding process. Guy Chamberlain, Associate Superintendent for Auxiliary Services, reviewed the names of the schools in the project noting that J. T. Williams was bid prior to the vote of the Board and that work may not be completed; the project is partially funded via a grant from the 2009 ARRA funds and the balance is from local operational funds; the project was put out to bid through the purchasing department; and the project was awarded to the lowest bidder who is a minority contractor.

The Board discussed Consent Item J.: Dr. Waddell asked clarifying questions regarding the bidders for the project and the reason the lowest minority bidder was rejected. Mr. Chamberlain said CMS rejected the lowest bid and the second low bid contractors because they were deemed non-responsive. CMS requires all bidders to complete a contractor's qualifications statement and those contractors did not complete the documents. Dr. Waddell asked is CMS meeting the goals for the Minority, Women, and Small Business Enterprise (MWSBE) Program? Mr. Chamberlain said, yes, this is reported annually to the Board and CMS is above the aspirational goals outlined in the MWSBE Program.

Chairperson Davis called for a motion to adopt Consent Items I. and J.

Mr. Tate moved that the Board adopt Consent Items I. and J., seconded by Mr. Morgan, and the motion passed upon unanimous Board vote.

RECOGNITION: Chairperson Davis noted that included with the approval of the Consent Agenda was the naming of the Bradley Middle School's Softball Complex in honor of Coach Cheryl Burwell. Chairperson Davis recognized Cheryl Burwell; her husband, Tom; principal at Bradley Middle, Laura Rosenback; and athletic director at Bradley Middle, Leisa Christian, who were attending the meeting. Chairperson Davis commended Coach Burwell for her service to CMS, the students, and the community and he wished her well in her retirement.

IV. ACTION ITEMS

- A. Recommend Approval of audio-taping Board of Education closed session meetings, as requested by Kaye McGarry, At-Large Board member

Chairperson Davis called upon Kaye McGarry to present the recommendation. Ms. McGarry said this is in response to a Board vote made in closed session on September 28, 2010 to not tape closed session meetings. Ms. McGarry said she would like to make a

motion and based upon how she interprets the open meeting laws of North Carolina, she would like the vote taken in open session.

Ms. McGarry moved that the Board approve audio-taping the Board of Education Closed Session meetings as she interprets the open meeting laws, seconded by Mr. McElrath, and a discussion followed.

- Ms. McGarry reviewed that on September 28, 2010, the Board voted in closed session to discontinue taping closed session meetings. The way she interprets the open meeting laws is that item was not on the agenda for closed session. The Board should have either returned to open session to put it on the agenda to discuss and vote on in closed session or the Board should have taken the vote into open session and put it on the agenda to vote upon in public. Ms. McGarry said this may be a technicality to some people but she is a proponent of doing the business of the public in public. This is not a confidential item and it was not on the agenda for the Closed Session meeting. She said the Board should be transparent in how we do our business and the vote should be taken in public.
- Mr. Merchant reviewed that when the Board made the decision to begin taping closed session meetings it was done without an open or closed session vote and it was a procedure that was started by the chairperson at that time. The Board does not have a policy regarding this topic and the Board has an able clerk who takes accurate notes. In the interest of transparency, the vote taken on September 28th was not in response to a sudden desire to stop taping closed session meetings but a reaction to one Board member stating they were taping the meetings for their own purposes. Mr. Merchant encouraged the Board to not take affirmative action on this item in open session because he is concerned it could set a precedent in which other administrative matters, such as this, would then need to be handled in this manner which is a step the Board should not take especially in the absence of policy.
- Ms. Lennon reiterated that the Board has a clerk who takes detailed minutes that are available for the Board to review. Ms. Lennon said it is her understanding that once an item becomes a matter of public record those minutes are available. There is a written record of the items discussed in closed session and at some point, based upon statute, may become available to the public. There is transparency and accountability with the closed session minutes and this request is only an individual's interpretation.
- Ms. McGarry said in the last year she has requested two decision comments that were made in closed session and she was told it was consented in the minutes but they were not included in the minutes. The minutes do not include every detail and that is why you have the taping to back up some of that additional information. The minutes are well done but this motion is to have a tape for backup. The Board has a bylaw regarding closed session and open meetings and it includes the motion shall state to go into closed session, the general purpose of the closed session, and that must be approved by a vote of the majority of those present and voting. This item was not on the agenda for the September 28th meeting and it may seem like a technicality but it is important to be more transparent and open to the public.

Chairperson called for the Board vote on the motion to approve audio-taping Board of Education closed session meetings as the open session meeting law is interpreted by Ms. McGarry.

The Board voted 2-7 and the motion failed.

Ayes: Board members McGarry and Waddell.

Nays: Board members Davis, Merchant, White, Lennon, McElrath, Tate, and Morgan.

V. REPORT/INFORMATION ITEMS

A. Report on Financial Statements for October 31, 2010

Chairperson Davis called upon Dr. Gorman to present the report. Dr. Gorman reported agenda items V.A. and V.B. are the monthly reports and are as presented.

B. Report on Budget Amendments for October 2010

Agenda Item V. B. was presented with V. A.

C. Management Oversight Report on Transportation

Chairperson Davis called upon Dr. Gorman to introduce the report. Dr. Gorman reviewed that this is the Management Oversight Report on Transportation and a part of the process of staff providing the Board management oversight on key components of the CMS operations. Dr. Gorman called upon Carol Stamper, Executive Director of Transportation, to provide an overview of the Transportation Department. Dr. Gorman also introduced Derek Graham, Section Chief for Transportation Services for the North Carolina Department of Public Instruction, to provide an overview of the State perspective on the funding formula and the impact on school transportation in CMS. Dr. Gorman said the management oversight process provides an overview of key components of the program that include the history, governance, budget, goals and measures, major initiatives, and results and the management oversight reports are posted on the CMS Website. Most reports presented to the Board follow this same format. The Transportation report will provide a summary of that data and highlight costs related to transportation. Some of the budget information is in response to requests by Board members and that information will be used as we move forward in the budget challenges.

Ms. Stamper provided an overview of the CMS Transportation Department. The 2007-2008 CMS Transportation Business Improvement Plan provided the foundation for initiatives and strategies that have significantly enhanced the efficiency and effectiveness of the transportation operations and services in recent years. Continual departmental evaluation based on defined key performance indicators and industry benchmarks assists in developing and implementing current and future initiatives to support the Board of Education's Guiding Principles and the CMS *Strategic Plan 2014*.

• Overview:

- The Transportation Department's primary functions are to schedule and provide safe, timely, reliable and compliant services for CMS students eligible for transportation.
- At the beginning of the 2010-2011 school year, more than 115,000 students were assigned to 1,096 buses scheduled to travel more than 20 million annual miles.
- CMS Transportation is the largest pupil transportation operation in North Carolina and the ninth largest in the nation. More than 1,400 staff members support the department's five major business functions: transportation service operations, routing and scheduling, safety and training, maintenance, and fiscal accountability.

- In recent years, CMS transportation has experienced significant reductions in total department funding and incurred atypical adjustments in the provision of services to our customers. Based on the economic forecasts, this trend will likely persist. Business improvement strategies that have been implemented are highlighted within this report, as well as future potential initiatives that may be essential to support budget reductions and/or continual improvement opportunities.
- Funding: \$58.6 million budget for 2010-2011. Funding Sources: 82% State, 18% local.
 - CMS Transportation is primarily funded by the State. In 2009-2010, an estimated 82% of the total department expenditures were funded by the state, compared to 75% in 2007-2008.
 - Difficult economic climate, operational efficiencies, quality management techniques and tighter controls on spending has forced CMS Transportation to cut more than \$6.5 million from its budget over the past three years. An additional \$4.6 million is expected to be cut during 2010-2011. Further reduction of the budget would likely require severe adjustments in service levels and access to the classroom for students and/or significant alterations in current bell schedules.
- Governance: The Transportation Department follows local, State, and Federal guidelines.
 - Local level governance is primarily the transportation eligibility of students and that is dictated by the student assignment policy adopted by the Board that includes transportation eligibility for original assignments, transfers, and reassignments.
 - Federal policy and regulations include The National Highway Traffic Safety Administration; The Federal Motor Carrier Safety Administration; *No Child Left Behind Act of 2001*; *The McKinney-Vento Homeless Assistance Act*; and The Individuals with Disabilities Education Act of 2004.
 - State policies and regulations provide the primary governances and include transportation funding and proper use of dollars, school bus specifications, scheduling and routing guidelines, who can ride the buses, capital replacement, tort claims, how to train bus drivers, and requirements for bus driver certifications.
- Goals:
 - Successfully execute transportation operations related services to fully support the Board's Core Beliefs and Mission and the *CMS Strategic Plan 2014*.
 - Support applicable annual changes in the student assignment plan, student growth, opening of new schools, and adjustments in programs with timely and safe transportation services for scheduled eligible students.
 - Regularly review and evaluate the Transportation Continuous Improvement Plan (CIP) strategies and recommendations to enhance department efficiencies and effectiveness.
 - Conduct compliant operational practices that support environmental efforts.
- Objectives:
 - Attain on-time bus arrivals and departures for students transported.
 - Increase student awareness of the benefits of using yellow bus transportation and improve ridership ratios.
 - Implement approved budget initiatives and service adjustments required to meet the expected local and state budget reductions.
 - Continue to enhance transportation safety through defensive driving instruction and

- reducing preventable accidents involving school buses
- Achieved Initiatives:
 - Implemented common stops within neighborhoods.
 - Increased walk distances for students to bus stops.
 - Implemented shuttle stops for full Magnet schools (middle and high).
 - Networked transportation for designated schools.
 - Adjusted bell schedules and added new bell tiers for routing efficiency.
 - Eliminated grandfathered transportation services.
 - Installed GPS (Global Positioning System) solution on every yellow bus, activity bus, and service vehicle.
 - Installed a digital video surveillance camera system on 170 buses.
 - Conducted certified-defensive driver training using the Smith System for all bus drivers.
 - Installed Child Checkmate Systems to assist post trip inspection.
 - Developed and implemented a No Fault Attendance Program.
 - Developed and implemented a bus driver balanced scorecard which will be used in the performance evaluations from this point forward for bus drivers.
- Results: Increased Efficiency and Effectiveness in the past three years.
 - 15% reduction of overall transportation operating budget or \$11.1 million.
 - 16% decrease or 4 million annual miles, from 24.5 million to 20.5 million.
 - 12% reduction of assigned buses from 1,231 to 1,075. In three years, CMS has parked 156 buses while maintaining the quality of services for our students.
 - 40% reduction or 16,000 bus stops, from 40,000 to 24,000.
 - Average *increase* of students per bus from 70 to 79.
 - Average reduction for AM (morning) ride time from 22 to 16 minutes.
 - Overall improvement for on-time AM arrivals from 88% to 95.6%. This is measured by the Data Dashboard and every bus arrives between ten and thirty minutes prior to the bell.
 - Reduction of preventable accidents from 11 to 6.6 occurrences per million miles. The national industry average is 15-20 accidents per million miles.
 - 34% improvement in annual state fleet audit inspection score. CMS is improving the condition of buses on a daily basis.
- Future Initiatives:
 - Ensure a minimum of 95% of all buses arrive on time to school.
 - Campaign to promote interest and confidence that the safest, most reliable, and environmentally sound form of transportation to and from school is the school bus.
 - Reduce total annual excessive vehicle fleet idling time and reduce emissions.
 - Network and share best practices with school transportation leaders at the local, state, and national levels.
 - Continue to seek improved department efficiencies and effectiveness.
 - Analyze use of extended or altered bell tiers and/or adjustments in services.
 - Consider outsourcing options if proven more cost efficient and maintain customer service expectations. Customer service expectations are high and the department must ensure children are provided appropriate services.
 - Minimize down time of buses through compliant preventive maintenance programs and maintaining skilled bus technicians.
 - Constant improvement in accurate, professional, and caring customer service.

- Matrix of potential 2011-2012 budget reductions: Ms. Stamper outlined proposed changes to transportation that could yield savings of up to \$18.5 million. The changes included implementing a 1.5 mile no transportation zone for every CMS school, eliminating extensive miles for students attending non-home schools, and adjusting bell schedule tiers. The matrix reviewed information regarding budget items previously suggested by the Board. Ms. Stamper encouraged the Board as they go through their decision making process to strive to make timely decisions regarding the recommendations in order for staff to perform adequate planning and be able to communicate any service level changes in a timely fashion for the opening of school next year. The decisions the Board will make will likely impact the required resources and the State funding that CMS receives (currently 82% of the transportation budget is State funded). Any changes made to the service levels, resource requirements, number of buses, number of students served, and dollars in the operating budget all impact the result of the State funding formula budget rating and the amount of allotted money to CMS transportation. As the Board reviews the initiatives or budget strategies, staff will attempt to project the impact it will have on funding.
 - State Funding Formula is impacted by two measures: Cost per student and Buses per 100 riders.
 - Comparison of CMS and Wake County:
 - CMS cost per student is less than Wake County (CMS \$632.65 compared to Wake County \$744.80). But, after applying the State formula's site characteristics, Wake County's cost per student is less due to a higher inflation of the number of buses required to transport the same 100 students in CMS (Wake County \$483.98 compared to CMS \$496.94).

Derek Graham provided an overview of the State funding formula, the importance of school bus transportation, and the State formula funding implications for CMS. Mr. Graham commended CMS, the Board, and Ms. Stamper for the availability of detailed data because not many districts in the State are making such data-based decisions. He also commended CMS and Ms. Stamper for being nationally recognized as the 2010 winner of the Leland E.G. Larson Quality Student Transportation Award which is presented by the National Association for Pupil Transportation (NAPT). Mr. Graham highlighted the following points of information.

- Importance of school bus transportation: The big picture.
 - Helps the environment: Reduced pollution, costs, and traffic.
 - Gateway to education: Provides equal access for students and meets parental needs.
 - Keeps kids safe: Buses are the safest vehicles, driven by dedicated professionals.
- What if school buses were not on the road?
 - School buses keep an estimated 56,000 cars off the roads surrounding schools each morning and afternoon in Mecklenburg County.
 - Community Savings is estimated at 7 million gallons of fuel per year.
 - Community Savings is estimated at \$20 million versus widespread carpooling.
 - Carpooling creates unnecessary vehicle idling, higher emissions, wasted fuel and money, and safety concerns.
- Transportation funding formula: The State funding formula has been studied a number of times and most recently by the Joint Legislative Study Committee on Public School Funding Formulas. The December 6, 2010 Consultant Report quoted the following:

- “We were concerned about the possible impact of the fact that when the transportation formula was created twenty years ago it was built on individual district spending levels at the time. While this could have created an equity issue – that wealthy districts may have been spending more than poorer districts – the current correlations between wealth and total spending for transportation and local spending for transportation, while positive, are low.”
- The committee did not recommend the method of funding be overhauled and believed formula did an adequate job.
- Transportation Funding, step-by-step:
 1. Determine Funding Base:
 - Previous year’s eligible expenditure (how much was spent last year).
 - Eligible State (excluding equipment line items) and Local Transportation Expenditures for transporting students to and from school grades K-12.
 - Capped Expenditures: When state and local eligible expenditures exceed expected increases (ADM growth, fuel, legislated salary increases) the State allows expenditures to increase by the amount of salary, fuel, and enrollment increases. When expenditures grow faster than that through the infusion of local money, then those expenditures are capped.
 2. Determine Budget Rating.
 - Inputs: Eligible expenditures, students transported, buses operated.
 - Key Measures: Cost per student, buses per 100 students.
 - Adjustments for Site Characteristics: Average distance from School, street network, and pupil density (students per mile of roadway). This process levels the playing field for each school district.
 3. Multiply (1) x (2) and Adjust for the current year. This determines the amount of funding for each school district in North Carolina in a given school year.
 - Adjustments: Add funding for (positive) growth in students transported. Adjust for legislated increases/decreases.
- State Transportation Budget Rating Calculation Comparison: North Carolina has 100 counties.
- CMS Funding Student Count:
 - CMS has trimmed the number of buses significantly while maintaining the number of students transported which reduces the costs and helps the budget rating.
 - Note: All students transported are counted. Not just those required to be transported. School districts are required to transport students who live beyond 1.5 miles from school but this can be impacted by safety reasons because there are schools in which every student within 1.5 miles cannot walk safely. School districts receive credit for transporting students who live within the 1.5 miles radius and operationally they are the least expensive students to transport.
 - CMS Capped Expenditures: In previous years, CMS was spending \$7, \$6, and \$5 million in which they did not get credit but currently CMS will get credit for most of the local money being spent in the State funding formula.
 - CMS State Transportation Funding: The State funding for CMS has been on the rise but in the past several years has remained constant.

Board members were invited to ask questions and make comments.

- Mr. Merchant thanked Mr. Graham for the informative presentation because in the past

the Board has struggled to understand the formula and he now understands the formula better. Mr. Merchant expressed concern that Ms. Stamper has previously presented an analysis for operationalizing potential transportation efficiencies to save CMS \$6 to \$8 million but making those changes caused the local funds to increase. Mr. Merchant asked if all the students counted and CMS moved to a 1.5 mile no transportation zone would the buses per 100 adjusted students increase? Mr. Graham said without reviewing the data it appears that scenario would hurt CMS both ways and the cost per student would increase. CMS would not be able to save the cost for the students who live closer because they are the least expensive to transport. Mr. Merchant asked why is there a range of \$5 to \$6 million in projected savings for a 1.5 mile no transportation zone? Ms. Stamper said the numbers will show a potential cost savings but it is quickly offset the following year when the revised number of buses and number of students is applied to the State formula. It would result in a minimum of a 15% drop in the CMS State budget rating and, therefore, a drop in the State dollars that would be allotted to CMS. While on paper it looks like a cost savings, it would be offset the following year and subsequent years continuing in a loss of State funding and that may result in an increase in local funding depending on the total operating budget to transport students that are still eligible and require services. Mr. Merchant asked what is the goal of the State funding formula? Mr. Graham said the goal is to equitably fund transportation for each of the 100 counties (115 school systems) in North Carolina, to treat each of those school systems the same, and to fund to the level of efficient operations. It is not necessarily the goal for each county to have 100% budget rating as in the past there have been years in which only one third of the counties had a 100% budget rating. Our goal is to ensure that as the funds appropriated by the general assembly are distributed to the counties, it is done in an equitable manner and up to the level of efficiency. Mr. Graham said with a budget rating of 92% a school district has two options: either make up the difference in local funding or generate the savings to live within the State dollars. Mr. Merchant said he understands the need to have equitable and predictable formulas ahead of time because that provides some direction to help boards make decisions. Mr. Merchant expressed concern that the budget projections from Raleigh indicate a tremendous decrease and he asked if there was any potential for a waiver or adjustment if a LEA identified significant taxpayers' savings or the possibility of a judgment call outside of a math formula? Mr. Graham said this has not been reviewed by staff and we have strived to ensure the same formula is followed for everybody. He understands boards and superintendents are making tough choices but this has not been addressed. Mr. Merchant discussed the potential disconnect of the judgments at the State legislative level as well as the Governor's level that impact the funding decisions and the judgment at the local boards' level and the union of those two based upon a math formula that is devoid of judgment. Mr. Merchant discussed concerns regarding the formula and applying the same formula to all the counties in the State because they are not equal, and he encouraged the State to review the formula.

- Ms. McGarry expressed concern that previously CMS considered transportation efficiencies but that penalized CMS because it resulted in less money from the State but an increase in local funding from the County. She believes this should be the beginning of the story and the Board should march to Raleigh to say, "This must change." She express concern that this feels like Mecklenburg County cannot be trusted to have a sum of money and determine how to efficiently transport those monies because the process includes layers of a formula, the Department of Public instruction, and Raleigh to

disburse those funds. CMS is different from the other school districts in the State and should have influence on the \$58 million CMS budget item because every dollar spent on transportation takes away from instruction. CMS can do better but needs help from Raleigh. Ms. McGarry asked does this include transportation for PreK? Mr. Graham said, no, this is K-12 education. Ms. Stamper clarified that CMS transports PreK students and is reimbursed for those expenses. Ms. McGarry asked does the State allow school districts to explore outsourcing transportation? Mr. Graham said, yes, there is nothing that prohibits that and some school districts are currently outsourcing transportation for special needs students. The formula is designed to be flexible and school districts have ultimate authority of how they are going to spend their allotment of State dollars as long as it is for transportation to and from grades K-12. Before a school district receives line item funding and in order to move dollars in the budget from fuel to bus drivers, the district has to get approval from the office in Raleigh. Mr. Graham said this block grant allows school districts the ability to move dollars on contracting fuel, drivers, and routing, etc. Ms. McGarry expressed concern that the projected annual transportation savings is just \$2 to \$3 million and that does not seem like a lot in a \$58.6 million budget.

- Mr. White said whether we understand the formula or not, it is difficult to make predictions of where it is going. The public will understand if we say we are not going to pick up students who live within the 1.5 mile walk zone and they will understand very quickly about the safety of students. He expressed concern that this will result in CMS telling students in kindergarten through junior high that they will have to walk in certain areas that may not be safe for them to walk. Mr. White said because of safety concerns regarding traffic, a vicious dog, or a child molester there are areas in this community in which it is not safe for our children to walk and this could be a dangerous decision. Mr. White said previously when CMS required students to walk to school they were not getting to school until 10:00 a.m. because they were playing in the woods instead. CMS found out it was cheaper, more efficient, and more productive for education to transport them on the bus and get them to school on time. Providing transportation for students improves safety, gets students to school on time, and positively impacts clean air. Mr. White said we discuss privatization every year and he has been a part of several studies on privatization but their ultimate goal is to make money. Mr. White said the goal of CMS is to serve kids and there could be a danger to privatizing transportation for students.
- Mr. McElrath asked clarifying questions regarding the potential savings for Magnet transportation. Ms. Stamper said this involves potential savings for partial and full Magnets, and should the Board decide to eliminate transportation for full Magnet students, the potential savings would be \$6.7 million. If partial Magnets were added, the potential savings would be an additional \$2.8 million. If those students elected to go back to their home schools and need transportation, there is an offset cost to those savings. If every child in Magnet programs elected to return to their home schools and CMS provided them transportation to their home school the net savings would be \$4.4 million.
- Ms. Lennon said she will advocate with her State representative to give school districts more flexibility in their funding. She believes the funding formula is outdated and it does not work with the current economy. CMS must cut its budget and it is difficult to cut the budget knowing that budget efficiencies will result in fewer dollars. Ms. Lennon said because CMS must operate under this archaic formula she does not believe

implementing a 1.5 walk zone will result in much savings because those are the students that can be transported the cheapest. Ms. Lennon would like more information on the students who are the most expensive to transport because that may result in true savings. Ms. Stamper said that information is provided on the worksheet that the Board members received. Ms. Lennon will not support the "no transportation zone" option because her district does not have sidewalks and it would be unsafe for those students to walk to school. Ms. Lennon encouraged the Board to work with the new legislators in Raleigh on flexibility and funding.

- Dr. Waddell discussed concerns regarding the potential impact and interdependencies of the decisions and she encouraged the Board to establish a timeline for the decisions. The decisions will impact Magnet transportation for the 2011-2012 school year and the Magnet fair in January for teachers. Dr. Gorman said as part of the budget presentation, staff will review a timeline and projected dates for the decisions. Dr. Waddell said the projected impact on the State budget rating and the State allotment for 2011, 2012, and 2013 will impact parents' decisions on Magnet schools and transportation. Dr. Waddell said a large portion of the \$58 million budget is for bus drivers' salaries and she suggested that perhaps their duties could include other services such as cafeteria workers or teacher assistants. Ms. Stamper said previously bus drivers did have combination jobs but now the average route for our bus drivers is 7.25 hours and those shared jobs would create overtime situations.
- Mr. Morgan said an example of the bell tier and becoming more efficient occurred in his district last year with Hawk Ridge Elementary School in which buses are now able to service five schools. Mr. Morgan said if CMS implemented the 1.5 mile transportation zone, what would be the impact on the local road network and the schools' operations because he would envision more parents taking their children to school? Ms. Stamper said there is not a tangible dollar to this scenario but it would cause a domino effect because 51,000 students would no longer receive services. There would be increased traffic and congestion; inadequate parking facilities for loading and unloading students; increased number of parents taking students to school, road congestion, and emissions; and the timeliness of students getting to school on time would be impacted. Mr. Morgan believes some of the \$5 to \$6 million savings could be reduced because CMS would have to create stacking lanes and work with the Charlotte Department of Transportation to accommodate the increased traffic. Dr. Gorman said this would be on a site-by-site basis because some facilities are more prepared to handle stacking lanes than others and some schools were built as walking schools but that is no longer applicable because it is now based on attendance boundary. Mr. Morgan asked Ms. Stamper to provide clarification regarding the Child Checkmate System and post trip inspection which are steps that CMS has implemented to ensure a child is not left on the bus. Ms. Stamper said the driver's ultimate responsibility is to check the bus and the Child Checkmate System is a tool to ensure no child is left on the bus. As a safety precaution, the entire CMS management team reviewed the issues surrounding children being left on the bus and immediately put a proactive plan in place. All CMS drivers have gone through a training exercise of walking from the front of the bus to the back of the bus and how to properly check the bus including looking under the seats. All CMS buses have been installed with a Child Safety Reminder System that requires bus drivers to walk to the back of the bus to turn off a buzzer. Ms. Stamper believes this will be an effective safety measure and a deterrent of having children accidentally left on the bus. Mr. Morgan asked Dr. Gorman to explain why CMS has the ability to have a two-hour

delay school start time due to inclement weather which was not available in the past. Dr. Gorman said CMS can now have a two-hour late start due to inclement weather and that will give bus drivers time to let the roads clear. This ability could be an inconvenience for some families because they may not have supervision for their children during that extended time. There are also potential challenges for CMS because routes are timed based on traffic patterns two-hours earlier and that could cause some delays. In addition, schools have set schedules and the delay could cause timing issues with block scheduling and the meal programs. Dr. Gorman said a two-hour delay is a better choice than scheduling a make-up because using make-up days that are designated as a vacation day are low attendance days.

- Mr. Tate asked if CMS was able to save \$10 million in transportation costs would that count toward the CMS savings from the State? Mr. Graham said the first savings that CMS would accrue would be the local dollars and those would equate to real dollars that CMS would save because that would bring CMS further below the cap of spending. As savings are accrued and as expenses go down the budget rating goes up. Generating savings and reducing the number of buses are two ways to increase the budgeting rating which translates into the percentage from the State. Mr. Tate is not sure if CMS saved money it would actually save State money. Mr. Graham said total expenditures are considered (how much is spent from State and local money) and that is compared to other districts across the State. When CMS reduces that whole expenditure by \$5 million they will not spend the \$5 million local dollars first. The State transportation funding stays within transportation and cannot be applied to other line items. There is merit in achieving total transportation savings to achieve better efficiency while providing the same service. CMS has trimmed buses and trimmed costs but they are still transporting the same number of students. Mr. Tate said CMS implemented shuttle stops and he asked how did that impact the CMS efficiency rating and the State funding? Mr. Graham said that is a part of the overall savings and it probably resulted in a reduction in the total local transportation expenditures. The risk of implementing a policy like that is it could drive ridership down and that could reduce student count. CMS sustained the ridership and reduced costs with shuttle stops but most of that was a reduction in local money. Mr. Tate said CMS is required to transport students outside the 1.5 miles radius to their home school and he asked does that also include Magnet schools. Mr. Graham said that is not addressed in State law and parents need to understand when they agree to attend another school, if there is not transportation or a shuttle transportation required, that CMS is offering them a full transportation option to their normally assigned school. It is not in State law but there are school districts that are offering modified transportation for choice schools such as magnet schools. Mr. Tate said this includes the school that they are assigned to and these students are assigned to a Magnet school as well as a home school and CMS has made their Magnet school their assigned school.
- Ms. McGarry asked how does CMS keep track of the students who say they will ride the bus but do not ride the bus to make that information more accurate? Ms. Stamper said drivers complete a roster bus run updates on a regular basis and when students do not ride the bus for a period of time they are dropped from the bus assignment. There is technology that provides a tracking system for students and it would be a viable feature for CMS but there is a cost to have that feature. Ms. Stamper said she is reviewing the schools for which we have the least amount of ridership and we will begin a campaign with those schools and parents to encourage families to ride the bus. This year, CMS

began the year with 1,096 buses and we currently have 1,074 buses because we have dropped some bus stops and consolidated some buses. Ms. McGarry expressed concern that CMS is the largest transportation system in North Carolina and we spend so much time, effort, and money on transportation. She encouraged CMS to refocus that energy and money on student achievement and to explore what other large school systems in the country are doing to outsource transportation to help understand our options to spend less on transportation. Ms. Stamper said per your request at the last Board meeting, we researched Memphis City and we have a lesser cost per student, a better time arrival, and they only transport about 17% of their student population compared to 62% in CMS. Ms. McGarry said Memphis is only one system and she would like to know what other systems that are successful are doing. Dr. Gorman said staff will review other districts but staffed reviewed Memphis because you mentioned Memphis.

- Mr. McElrath wants to ensure the process includes that parents are notified when students are dropped from the bus roster because they may not know their children are not riding the bus. Ms. Stamper clarified that the bus driver and school are in communication with the parents.
- Chairperson Davis asked Mr. Graham if number of students transported meant actual students on the bus and not number of students eligible for transportation. Mr. Graham said, yes, a student count is conducted the last week in September and that is the number of students averaged over a five day period. Chairperson Davis asked what can we learn from the school districts in the southwest portion of the graph and what they are doing to be more efficient? Mr. Graham said CMS is learning and it is all about incentive. There are some counties that operate completely off of State funds. The CMS data is moving in the right direction and CMS is improving as the fleet is reduced. Chairperson Davis asked are there two or three specific things such as routes, types of vehicles, or techniques of transportation that districts are doing to be more efficient that we should adopt? Mr. Graham said the majority of the CMS budget is routing and that is drivers and fuel. There are a number of counties that do not pay the wages that CMS is paying and a part of that is their local economy, they do not have to, and they design their budget to only operating on State money. Mr. Graham said strategies that would reduce the overall expenditures and the number of buses would reduce costs. Mr. Graham said this is a complicated question and he will provide some additional information at a later time. Chairperson Davis said any additional information and advice would be helpful. Chairperson Davis thanked Mr. Graham for attending the meeting noting that the State and CMS are in a similar position of having to explain how the process works in North Carolina around public education. This is one more example, for all the right intentions, of how public education in our State is inclined to benefit rural counties and rural school districts. Chairperson Davis expressed concern that the equity part of the funding formula helps rural counties and he believes there should also be an urban funding formula that recognizes the characteristics and needs of the communities like Mecklenburg County that are fundamental different. Chairperson Davis said the Board would love to work with the North Carolina Department of Public Instruction and legislators to realize the difference because that flexibility would better help the students in CMS.

Dr. Gorman asked Mr. Graham to share any comments on how Magnet transportation impacts the formula or when a student chooses to attend a school other than their home zone school? Mr. Graham said in general those students live further away and it will bump

that number up which actually helps CMS but it does not compensate that those distances translate into more expenses on a cost per pupil basis. School districts that have had long standing Magnet Programs have had that amount built into their funding base over the years and CMS has been receiving credit for transporting Magnet Students but it does increase the distance that students live from school which is more costly.

D. Report/Update on Formative Assessments

Chairperson Davis called upon Dr. Gorman to introduce the report. Dr. Gorman called upon Robert Avossa, Chief Accountability Officer; Dr. Lynne Tingle, Executive Director of Performance Management; and Farrah Santonato, Director of Measurement, to provide an update report on Formative Assessments. Dr. Gorman said the ultimate goal of formative assessments is to give our teachers better diagnostic information to make judgments in the classroom to modify instruction. This is an area in which CMS has made a significant investment to give teachers a tool that helps them in the classroom.

Mr. Avossa said the Office of Accountability is charged with providing a series of tools, processes, and methodologies designed to improve academic outcomes for students, better inform decision makers, and keep the public informed of those metrics. One such tool is Thinkgate, the formative assessment platform. Dr. Tingle provided an overview of how Thinkgate fits in the CMS framework, the planning process, and implementation.

- Cycle of Continuous Improvement Initiatives:
 - Transparency: Superintendent Portals, Balanced Scorecard, Data Dashboard, Teacher Portals, Principal Portals, and School Progress Reports.
 - Pressure: Program Evaluation, Surveys, Department Scorecards, personnel Evaluations, School Improvement Plans, and School Quality Reviews.
 - Support: Coaching Support, Grants, Self-Evaluation Plans, Data Wise, and Formative Assessments.
 - The formative assessments were revamped during the 2009-2010 school year and the changes were implemented at the start of this school year. This is a service CMS provides to the schools for teachers to have student level data to make informed instructional decisions in the classroom.
- Planning Phase: Prior to the 2009-2010 school year, a Formative Committee was formed to outline the CMS dream of having a great formative assessment system.
 - During the 2009-2010 school year, CMS ran two tracks:
 - ✓ Old System which had limited item analysis and limited reporting capabilities.
 - ✓ New System introduced new capabilities which included item characteristics such as difficulty and discrimination and moving into higher level psychometrics.
 - Request for Proposal (RFP) was created: Ten vendors submitted proposals and of those ten Thinkgate was awarded the contract.
 - Tactic within the Performance Management Charter that covered the formatives.
- Implementation Features:
 - Professional item writers: CMS works with a company who ensures the items meet the needs of CMS and are approved by the CMS Curriculum and Instruction Department.
 - Individualized student information:
 - ✓ District assessments.

- ✓ School-wide assessments.
- ✓ Classroom assessments.
- Both online testing and scanning capabilities.
- Results are available by North Carolina Standard Course of Study objective.
- Reports assist with differentiating instruction.

Ms. Santonato provided an overview of the philosophy of the logic model, examples of the reports, and usage results.

- Logic Model – Data Wise: The Logic Model helps to ensure processes are aligned to existing CMS infrastructure and shows how the Data Wise process of continuous school improvement connects to the use and application of the new assessment platform (Thinkgate). Within the Data Wise network, Thinkgate supports the use of targeted assessments to drive instructional design to ensure students’ needs are being met at all levels. The Data Wise process represents the team’s work and the establishment of an assessment literate District, ensuring CMS has an inquiry process to review multiple data points with a critical eye and linking it to teaching with reflective practice.
 - Goal: Teachers will use targeted assessment information to design instructional improvements to meet students’ needs. This can be characterized as the two bookends of successful teaching. What do we want children to know and be able to do and how will we know if they have achieved it?
 - Strategies: Create District-wide Assessment Literacy Program; use effective data overview for inquiry; identify learner-centered problems; develop robust, rigorous, aligned district assessments; and use of Item Response Theory to ensure item performance.
 - Intermediate Outcomes: Data-driven instructional decisions; intermediary team-developed common assessments, common understanding of instructional standards, and collaborative school-based team planning.
 - Ultimate Outcome: Increased student learning.
- Implementation Comparison – Old versus New Curriculum.
- Implementation comparison – Old versus New System.
- Usage Results:
 - To date, 110 district formative assessments have been developed which has allowed 52,889 classes to use this platform. The number of tests administered is 238,138 and teacher usage is 10,874.
 - Supported over forty schools that have begun to use the platform for site-based common assessment development including monitoring student learning targets.
- Budget: The formative assessment system, through Thinkgate, cost \$1.2 million for the 2010-2011 school year. The cost in upcoming years will be under \$1 million.

Dr. Tingle reviewed an example of using Item Response Theory to evaluate the new formative assessments. CMS is moving away from percent correct, which is under the classical test theory, into Item Response Theory. These statistics will provide a difficulty level that takes student ability levels, discrimination of items, and guessing parameters into account. Item Response Theory provides a range of items that span from very easy to very hard which allows teachers to differentiate instruction and provides them items which gives them information across a range of student ability levels. The statistics for every test and

every item will be reviewed which is a new capability for CMS.

Mr. Avossa said the easy part about the tool is how it works, why we use it, and who is using it. The most difficult part of the job lies ahead and we must begin to reshape the culture of CMS; reshape behaviors at the classroom level, school level, and District level; and reshape expectations. The information and tests are only as good as when teachers, principals, and others are using them in the way they were intended. This process will take time but we believe it is the right thing to do for our students.

Dr. Gorman said this is also the right thing to do for our teachers. We are focusing more on effectiveness and if we are going to raise the stakes we must provide tools for individuals to be more effective, and this is one of those examples.

Board members were invited to ask questions and make comments.

- Mr. Merchant asked who develops the tests? Mr. Avossa said CMS contracted with an organization called Thinkgate and they use a professional item writer organization called Measurement Incorporated who writes the tests based upon specifications provided by CMS. CMS staff quality control those tests to ensure they are in alignment.
- Chairperson Davis said teachers have used the tests 10,874 times and he asked do we know the number of teachers using the tool? Mr. Avossa said, no, but he will provide that information at a later time but there are less than 10,874 teachers in the District. Chairperson Davis asked how widespread is this tool being used and how do we know teachers are buying into this process? Mr. Avossa said our teachers are using the tool and we will continue to focus on reshaping the culture of CMS to encourage teacher mind shift and support. There will not be a 100% teacher usage because we do not have a test for every subject and every grade yet. As we continue to work with this and it evolves, enhancements will be developed and usage will be expanded. Chairperson Davis said he would like to know for the teachers who teach subjects for the 110 tests, the number of teachers using the tool and commentary from those teachers regarding the effectiveness of the tool. This will provide a sense of return on our investment. Mr. Avossa said that is a part of the ready plan for this summer and that information will be shared with the Board in upcoming reports. Chairperson Davis said as we progress through the budget process there are fewer and fewer dollars and very few dollars reserved for strategic initiatives. This is an example of a Strategic initiative that we are investing in to drive the effectiveness of teachers. This is an important investment in the future of our school system and our teachers.
- Mr. McElrath believes the more confident a teacher would be the more they would use this system and this would be helpful to the Strategic Staffing Schools. Dr. Gorman said the Strategic Staffing Schools were the first schools to receive the Data Wise training and those schools are being targeted.

E. Report on Teacher Incentive Fund – Leadership for Educators’ Advanced Performance (TIF-LEAP)

Chairperson Davis called upon Dr. Gorman to introduce the report. Dr. Gorman said CMS received a Teacher Incentive Fund Grant four years ago and this has included a number of partners such as Community Training and Assistance Center (CTAC). We have progressed through this process, made great accomplishments, and the work has become a learning lab

for our work on teacher effectiveness. For example, we are now using multiple measures within the process of the Teacher Incentive Fund. Dr. Gorman called upon Ann Clark, Chief Academic Officer, and Susan Norwood, Executive Director TIF-LEAP, to provide an update on the Teacher Incentive Fund-Leadership for Educators' Advanced Performance (TIF-LEAP) project. Susan Norwood provided an update on the TIF-LEAP project.

- Overview:
 - Charlotte-Mecklenburg Schools won a five-year Teacher Incentive Fund (TIF) Grant that began in the 2007-2008 school year. The program is called Leadership for Educators' Advanced Performance (LEAP). To support this important initiative, CMS partnered with the Community Training and Assistance Center (CTAC), a national leader in the field of performance-based compensation system development and evaluation.
 - Since 2007, the TIF-LEAP initiative has established a performance-based compensation system in twenty of the District's highest-need schools. The Teacher Incentive Fund (TIF) was authorized in Public Law 109-149, the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006, Title V, Part D. Federal Appropriation: \$99,000,000.
 - CMS was awarded a five-year TIF grant in 2007 to launch a Pay for Performance Program within the District. The program was given the name *Leadership for Educators' Advanced Performance* (TIF-LEAP). Grant Amount: \$11,880,267.
- CMS TIF-LEAP Goals: Aligned with the United States Department of Education Teacher Incentive Fund Goals.
 1. Create a differentiated compensation system for teachers and principals that provide differentiated levels of pay based on student achievement gains and teacher/principal evaluations, including multiple observations.
 2. Support the recruitment and retention of qualified teachers and principals in hard-to-staff schools and subjects.
 3. Align and improve support systems to achieve these goals.
 4. Increase the number of highly effective teachers and principals to levels that allow for expansion, evaluation, and sustainability of a district-wide, achievement-focused compensation system.
- Organization Chart/Steering Committee: Broad stakeholder involvement across the District that includes principals, instructional support staff (teacher based), Student Learning Objective Design Team, and Human Resources/Finance staff. The committee includes members from every department in CMS.
- Schools:
 - Year 1 (2007-2008): Billingsville Elementary, Martin Luther King, Jr. Middle, Sedgewood Middle, Shamrock Gardens Elementary, Bishop Spaugh Middle, and J.W. Wilson Middle.
 - Year 2 (2008-2009): Druid Hills Elementary, Highland Renaissance Academy, John Taylor Williams Middle, and Reid Park Elementary.
 - Year 3 (2009-2010): E. E. Waddell High, Math & Science at Garinger, New Technology at Garinger, Leadership and Public Service at Garinger, Business and Finance at Garinger, International Studies at Garinger, West Charlotte High, West Mecklenburg High, Berryhill Elementary, and Lincoln Heights Elementary.
 - Year 4 (2010-2011): CMS will continue with the twenty schools notwithstanding

the schools that have been slated to close next year.

- TIF-LEAP Components: This project is striving to identify and reward effective teachers. Unlike other CMS initiatives, we are not just providing a reward at the end. This process includes a two-prong or component process that will translate to higher effectiveness in the classroom.
 - Improving Instruction: Through extensive data analysis, teachers identify learner-centered problems and develop specific Student Learning Objectives (SLOs) to address and assess demonstrated needs.
 - Increasing Achievement: A District developed value-added growth measure that seeks to isolate a teacher's contribution to raising his/her students' test scores is being piloted in TIF-LEAP schools.
- TIF-LEAP Accountability: The Grant requires performance evaluations be the threshold of eligibility.
 - Principals and assistant principals must earn "proficient" or above on each overall standard of the *NC School Executive: Principal/Assistant Principal Evaluation Process*.
 - Teachers must earn "proficient" or above on each overall standard of the *North Carolina Teacher Evaluation Process*.
- TIF-LEAP Budget:

Year	TIF Grant Award	CMS Match	Total Incentives Budget (Grant plus Match)
(1) 2007-2008	\$1,987,589.00	\$410,104.00*	\$970,302.00
(2) 2008-2009	\$3,061,279.00	\$1,211,813.00*	\$2,897,648.00
(3) 2009-2010	\$3,154,594.00	\$1,395,636.00*	\$3,312,111.00
(4) 2010-2011	\$1,865,648.00	\$2,727,415.00	\$3,737,415.00
(5) 2011-2012	\$1,811,157.00	\$2,886,359.00	\$3,848,359.00
Totals	\$11,880,267.00	\$8,631,327.00	\$14,765,835.00

- * For years 1 through 3 of the CMS Match funds, other existing CMS incentive programs (such as High School Challenge, Master Teachers, and STAR Teacher) were used to meet the match and no new funds were obligated from CMS.
- 2010-2011 Budget: This year's total initiative including the grant and local match is \$4.5 million.

2010-2011 Budget		
Personnel Costs	\$352,850.00	
Bonuses	\$865,351.00	
Fringe Benefits	\$230,374.00	
Travel	\$45,135.00	
Supplies	\$9,395.00	
Contractual	\$191,646.00	
Other	\$30,700.00	
Indirect Costs	\$138,196.00	
Grant Funds		\$1,865,649.00
Local Match		\$2,727,415.00
Total Incentive		\$4,593,063.00

- TIF-LEAP Student Achievement Measures:
 - AYP: Percent of Adequate Yearly Progress Goals Met.
 - Percent Proficient: End-of-Grade / End-of-Course proficiency
 - ABC Growth: North Carolina Accountability Basic Skills Local Control growth calculations.
 - VAM: District value-added percentile ranking
- TIF-LEAP Differentiated Compensation:
 - Year 1 (2007-2008): Merit-based supplements equated to \$468,177.00. This was based on End-of-Grade scores and the amount of growth made based upon the State model.
 - Year 2 (2008-2009): The grant changed to include Recruitment Bonuses to participating schools/hard to staff schools as well as Professional Development and Leadership Stipends to help teachers understand the new model that was being implemented and reward them for accomplishing their training recommendations. Recruitment bonuses equated to \$489,808.00; Professional Development/Leadership Stipends equated to \$122,784.00; and Merit-based supplements equated to \$820,256.00.
 - Year 3 (2009-2010): This year the Value-added Measurement was added. Professional Development and Leadership Stipends equated to \$348,170.00; Merit-based supplements equated to \$2,773,352.00 (SLOs \$2,521,662.00 and VAM \$251,690.00).
 - Year 4 (2009-2010): This year there will be a more even distribution (50/50). CMS will be investing in building capacity and rewarding the teachers who are most effective.
- Summary/Next Steps:
 - Focuses on improving the quality of instruction and increasing student achievement.
 - Combines recruitment and retention support with student achievement-based financial incentives.
 - Builds on lessons learned from previous systems implemented by CMS.
 - Aligns critical instructional supports.
 - Provides an opportunity to gather data and study effectiveness to inform the development of *Strategic Plan 2014*'s Pay for Performance Model.

Board members were invited to ask questions and make comments.

- Mr. Merchant said of the twenty schools five will not exist next year and he asked will the amount that CMS is obligated to put forth towards the match be prorated? Ms. Santonato said the Department of Education has asked CMS to submit a plan for changing scope and there are a number of variables that are being considered including teacher allotments. Even though five of the twenty schools are closing, we do not anticipate a significant change in the number of overall participants because a number of the schools are changing to a K-8 configuration. As the schools transition to the K-8 Program we will need to retrain staff. Staff is reviewing options for seeking additional funds for the professional development and leadership stipends to ensure our teachers continue to have the support they need and that will be aligned with our direction toward pay for performance. The process will include CMS submitting a request for change of scope and the Department of Education will or will not approve it because CMS is still meeting the rules of the program. Mr. Merchant said of the twenty schools

there have been several principal changes at the schools and there will be substantive structural changes at the five schools that are not going to exist next year. Mr. Merchant asked how does that impact our ability to operationalize what we have learned? Ms. Clark said we are using TIF-LEAP as a building block for the long-range scale for pay for performance and the adjustment in the number of schools or which schools should not hinder our ability to continue that process for this year or the remaining year of the grant. We are always challenged to be able to tease out the particular impact of professional development or isolate a particular program. Instead, we are taking advantage of the opportunity to get valuable feedback from our principals, teachers, Central Office staff, and Curriculum and Instruction staff. Ms. Clark said she hopes the Student Learning Objective become a best practice District-wide because it is the focus of our business at the Professional Learning Communities and the formative assessment model Thinkgate which was just presented. This is focused on improving teacher practice, student achievement, and student achievement trends. Mr. Merchant discussed concerns regarding the challenges with the original schools; getting teacher buy in to do the Student Learning Objectives; the influence the principals had on the process and buy in; and how implementing this initiative with fidelity impacted the Strategic Staffing principals who were given freedom and flexibility with accountability. Ms. Clark said none of the schools signed on for the project; the schools were pre-selected; there was no input from staff at the school in terms of participation; and this was a decision made independent of school input or buy in. For the last two years, there has been no opportunity for increased compensation or salary based upon the freeze in salary for all employees. The teachers and principals at these schools were the only employees in our District that had the opportunity to earn a differentiated compensation through the leadership stipend, the Student Learning Objectives, and now the Value-added measure. Since the beginning year until now, the attitude towards this process and fidelity with which it was implemented has changed and the direct connection to teacher effectiveness and pay for performance has contributed to the improvements. Mr. Merchant hopes this is not creating a false positive because teachers know they are not getting an ABC bonus but this will compensate them for buying into this concept and he hopes this will not impact survey data. Ms. Clark said teachers are not being compensated for buying in. They are being compensated for a value-added measure and a high quality student learning objective for which they have success. This includes an independent audit process that reviews the student learning objectives to ensure we are maintaining quality. Mr. Merchant said a key piece of this that made it different from previous discussions of merit pay was it was something that needed to be done with teachers and not to teachers. He expressed concern that the economy has created a different type of incentive for teachers in this pilot to buy into the concept because those lessons may not transfer to a District-wide implementation in a different type of economic situation. He believes in order to get it past the pilot phase it is important to have true buy in from the field level up. Dr. Gorman said the economy impacts what is currently going on at the schools and this is the only opportunity to get a bonus besides Strategic Staffing, and this could impact the number of teachers participating in the project but that is the reality of our economy. Mr. Merchant said research has indicated that a pure financial incentive will not sustain over time and he hopes this is not a temporary bump that is making the financial incentive more powerful than it may have been otherwise. Mr. Merchant asked is the value the money or the teachers being able to write their own Student Learning Objectives and they really buy into value-added or

do they buy into more money in their paycheck? Dr. Gorman said there will always be a group that is driven by money but it involves multiple pieces for the bulk of our educators. Ms. Santonato said regarding changing the culture beyond student achievement, she believes TIF-LEAP has impacted that because we have seen an increased focus on curriculum, teachers asking for data and help interpreting the data, and instruction more aligned to the North Carolina Standard Course of Study. Our teachers were already required to do two Student Learning Objectives and they did not opt in for the extra money. This is impacting the overall culture and changing practices.

- Ms. McGarry asked in the budget what is fringe benefits at \$230,000 and travel at \$45,000? Ms. Santonato said fringe benefits include insurance and other items beyond direct payroll. The majority of the travel budget is for the grant partners such as CTAC to travel to Charlotte on a monthly basis. A small portion is for CMS staff to attend conferences and mileage for staff. Ms. McGarry said she believes CMS should be going toward pay for performance and she noted that some teachers have stated they are concerned this initiative may take away the State funding for Masters Degrees, etc.
- Mr. Tate asked regarding the program goals, has there been an increase in the number of highly effective teachers and principals? Ms. Santonato said for the first three years there were dramatic changes in the program design that caused the baseline measures and rules to change from year to year. Last year, a clear baseline was established that will be used going forward to determine and measure increases for years three, four, and five. Mr. Tate asked has there been an increase in the support for the recruitment and retention of qualified teachers and principals in hard-to-staff schools and subjects? Ms. Santonato said in years one and two recruitment bonuses were offered but in year three because of the reduction in force no one qualified because no one was hired. We asked the Department of Education if those monies could be redirected to the development of our value-added measure and they allowed us to rechannel those funds. We hope the fact that teachers have the ability to earn extra compensation is an incentive. CMS data indicates that there are not dramatic differences than the District average at retention but our least effective teachers are leaving TIF-LEAP schools more quickly than they are the average schools in the District. A part of the cycle of continuous improvement is ensuring we keep the best teachers and either help the other teachers improve or replace them.
- Dr. Waddell asked clarifying questions regarding teacher planning time, the use of multiple measures, and teacher observations and the evaluation system. Ms. Clark provided clarification noting that teachers use planning time to develop Student Learning Objectives and collaborate with other teachers teaching the same subject or grade level. Ms. Clark said the TIF-LEAP team is not involved in the evaluation of teachers and that continues to be the responsibility of the principal and she reviewed the criteria for teachers to earn additional compensation through the TIF-LEAP initiative. Dr. Waddell said teachers have expressed concerns about the amount of work they must do and the amount of pressure they are under, and she hopes this will be taken into consideration and they are allowed time for planning.
- Chairperson Davis asked regarding the program goals are there year-by-year measures or benchmark goals to demonstrate progress towards achieving the program goals? Ms. Santonato said she submits quarterly and annual reports to the Department of Education that measures the progress of obtaining the program goals but the rules changed during the first three years and it is difficult at this point to compare the first three years. Ms.

Clark said a valuable data point is the teacher and principal surveys, both in and out of the TIF-LEAP Program, and even though the measures have changed over the years we are able to track that feedback. Chairperson Davis said he would like to see more information about the progress towards achieving the goals and the gain we are making.

- Mr. McElrath said he has discussed this with teachers and they are concerned that a pay for performance program will pit teachers against teachers. Chairperson Davis said pay for performance is the focus of the next report. Ms. Santonato said the salaries in the TIF-LEAP Program are bonuses on top of what they already earn. Mr. McElrath believes any time some teachers have the ability to get more money than others it will pit teachers against teachers and they may not want to work together. Dr. Gorman said this is a different format and all the teachers in this initiative have the opportunity to earn a bonus and they benefit by working together in the team planning to obtain the goals.

F. Report/Update on Teacher Effectiveness

Chairperson Davis called upon Dr. Gorman to introduce the report. Dr. Gorman called upon Robert Avossa, Chief Accountability Officer, and Andy Baxter, Director of Pay for Performance, to provide the bi-monthly update on Teacher Effectiveness Initiative and the report will provide an overview of what has been accomplished since the last report. The information presented at the bi-monthly reports will be posted on the CMS Website and the Board and the public will be able to follow that progress.

Mr. Baxter provided an update on teacher effectiveness and the impact on students. The focus on measuring and rewarding teachers for their impact on students is centered on the students. It is focused on what the students in our district need and that is great teachers. Every child deserves a great teacher. Mr. Baxter reviewed research on the impact of National Board Certified Teachers, as requested by the Board, and an update on the Teacher Design Teams' work on designing the new system of Pay for Performance. .

- National Board Certification Teachers' impact on End-of-Course Tests: Do National Board Certified Teachers help students more than non-certified teachers? Based on research by the Harvard group from last year, Math NBCT teachers were a little better in helping their students on standardized tests than non-certified teachers but there were no real differences in Reading.
 - No difference found between Board Certifications: Are NBCTs who have certifications that align with the subject matter they teach more effective than non-NBCTs and NCBTs with more general certification?
 - There is not a satisfactory answer to this question because there is a lack of a sample size to drill down to this level for End of Course tests.
 - However, NBCTs with math or reading specific certifications were not more effective than other NBCTs in teaching End of Grade math and reading.
 - There was a significant difference in US History only when comparing NBCTs to non-NBCTs inside of their own school.
 - These differences are small compared to the differences between the top 25% and bottom 25% teachers.
 - NBCT differences in context: Days of average teacher instruction compared to difference in days of instruction provided by top 25% of Value-added teachers and bottom 25% teachers or NBCTs versus non-NBCTs. This equates to days of added

instruction needed to instruct students in the same subjects.

- Days of added instruction when comparing NBCT to non-NBCTs: Ranged from zero days in Reading and Algebra I; four days in Math; sixteen days in Algebra II and Geometry; and eighteen days in Biology.
- Days of added instruction when comparing top 25% percentile versus the bottom 25% percentile. Ranged from twenty-three days in Reading; fifty-five days in Math; seventy plus days in Algebra I, Civics, and Geometry; ninety-four days in Biology; and one hundred-four days in Algebra II.
- Update for Pay for Performance – Teacher Design Team:
 - Revisiting our Broken System:
 - Percentage of differences on impact of teacher effectiveness on student achievement (Value-added) not explained by their credentials (experience, advanced degrees, or NBCTs). This compared all the same subject teachers in the District and only a small percentage of the results could be explained by the teacher credentials.
 - Top 25% compared to bottom 25% Value-added teachers difference in days of instruction provided compared to difference in salary. Although credentials have little impact on the differences in teacher effectiveness on student achievement, credentials explain almost 100% of the differences in compensation.
 - This is the system that we are in now and this is the system that we want to fix. The Pay for Performance System will strive to line all the same subject teachers in order of their impact on their students' achievement.
 - ✓ The top 25% percent of the teachers in the District compared to the bottom 25% are providing approximately 86% more days of instruction for those students than the lowest 25% percent of teaches yet they are paid 8% more.
 - ✓ The ratio of their difference of impact is about 10:1 versus the difference in their compensation. In Biology the top 25% percent of the teachers are approximately 72% more effective but paid 5% less on average; in US History they are 75% more effective but paid 1% less; and in Civics, Economics, and Geometry they are approximately 50% more effective but paid 10% less.
 - ✓ These discrepancies will be fixed by changing the way the District looks at teacher effectiveness.
 - ✓ This will be accomplished by providing a highly effective teacher for every child.
 - Pay for Performance will increase student achievement by:
 - Providing every student with a great teacher.
 - Attracting talented individuals to teaching and supporting them on the path from novice to expert.
 - Encouraging highly effective teachers to stay in the classroom.
 - Providing teachers with professional development opportunities that meet their individual needs.
 - Encouraging teachers to work together to help all students make academic gains.
 - The initiative will recognize, recruit, reward, and retain effective teachers to remain in the system and let them know they do not have to work thirty years to receive compensation.
 - Building Blocks of the Plan: Measures of effectiveness, Professional Development,

Overall Evaluation, and Compensation.

- Getting the measures right: Classroom observations; Value-added (Individual, Team/School); Contributions to Professional Learning Communities; Student Feedback; and Other Measures.
 - Teacher and principal participation.
 - Designing the Plan: Design Teams, Focus Groups, Town Hall Meetings, and Surveys.
 - Teacher Design Teams.
- Every child deserves a great highly effective teacher.

Mr. Baxter said the next update to the Board will provide a status report and more definitive information regarding the measures. This initiative is about the student and the best way to help all our students learn. A great teacher is the number one component we, as a District, can give our students.

Board members were invited to ask questions and make comments.

- Ms. McGarry said teachers are concerned about where the funding for this initiative will come from and whether it will impact the State salary schedule. Dr. Gorman said no decisions have been made regarding compensation and that is what we must communicate. In addition, we must be careful that we do not get ahead of the Design Teams and the work that they are doing. Ms. McGarry said she understood that this would use the same funding that we currently have and it would not be new funding. Mr. Baxter said at the last presentation he said we would not rely on grant funding for this initiative and the system put in place must be financially sustainable in the future. He said he has heard that our teachers want to be assured that this will be promised and paid for and it will not end up like the State ABC bonus which was promised and then not paid. Ms. McGarry said this is based upon effective teachers and she hopes it is realistic to think that the process can be quantified throughout the district because teaching is a calling and it is difficult to quantify all teachers other than are they getting results because the qualities that make teachers effective are far different. Mr. Baxter said he believes that CMS can more reliably pinpoint which teachers are impacting and helping our students the most and from that we can determine what they are doing and share their practices. We will still use the language of effectiveness but it will be directed towards a much richer set of characteristics of the teachers.
- Mr. McElrath expressed concern that the process includes observations and that cannot be completed without being subjective. Mr. Baxter said it would be difficult to have a system that did not include subjective components because people are evaluated by their supervisors. In the Measuring Effective Teaching study, CMS is incorporating video observations which will be viewed by a second set of eyes and used to develop best practices. Mr. McElrath discussed concerns about teacher observations because he does not believe an observation will tell how effective a teacher is beyond them being unethical, illegal, or immoral in the classroom
- Mr. Merchant said he understands some of the concerns but he believes CMS is on the right path of designing a good system that will be easy to sell and the financial model will follow. He believes teachers had concerns about evaluations when the system emphasized managed instruction but now it is based upon a performance management culture. The new system incorporates a culture change that includes multiple measures that are protective of teachers. Mr. Merchant asked are the measurements being

identified to measure key competencies or determine reward measures? Mr. Baxter to identify key competencies of teachers. Mr. Merchant said this research has established that our effective teachers are more effective than we thought and our least effective teachers are less effective than we thought. In essence, this is a teacher achievement gap. Mr. Merchant believes identifying key competencies will help to more quickly identify the least effective teachers and he hopes the measures will also help to identify the middle group of teachers that can be moved to the top. Mr. Merchant would like more information regarding comparing the top 25% of teachers to the middle teachers. Dr. Gorman said it is also important, at some point, to become more comfortable with discussing the differences in effectiveness of teachers because that has an ultimate impact on our students achieving higher results. Mr. Merchant said establishing measures for key competencies for effectiveness and compensation reform will make the organization more attractive and that will create more competition and candidate choices. He hopes the key competencies established in the classroom for our existing teachers will translate to predictive characteristics that will help CMS target their recruiting efforts to improve selection and that behavioral and psychologically assessments can be tied to the competencies. Mr. Baxter and Dr. Gorman provided clarification on how recruiting efforts and assessments are being reviewed to consider criteria that will incorporate how to be an effective teacher.

- Ms. Lennon said her key points are related to students and parents and she wants to ensure they are incorporated in this initiative. She believes it is important that this include what parents and students think about a teacher because they know who the good teachers are and who gets the job done. She hopes this process will include flexibility because there is more than one way to teach a model and consider demonstrated methods to be effective such as being creative and engaging students.
- Dr. Waddell said there is a lot involved in this initiative and great teachers is the number one component. Dr. Waddell said the research indicates that there is very little difference in the effectiveness of NBCT teachers and non-NBCT teachers and she questioned why CMS strives to recruit NBCT teachers to high poverty schools because we assume they are the better teachers. Dr. Gorman provided clarification that we want NBCTs and other teachers to consider going to the more challenged schools but we do not automatically allot spots for them. This selection process includes an interview and a review of credentials and growth data. Dr. Waddell discussed the inconsistent distribution of high and low value-added teachers across the high and low performing schools. She also discussed concerns that the State salary schedule is incremental and established based upon years of experience but this initiative is not based on that format. Mr. Baxter said this process has helped to show that the areas that CMS is spending money on such as the credentials (years of experience, advanced degrees, and NBCTs) are not showing a huge return on investment in terms of how much they are helping students. This initiative is reviewing options to develop a system where compensation is more closely aligned with the performance of students. This is celebrating the work that teachers do and offering all teachers an opportunity to make more money.
- Mr. White thanked staff for their hard work. He discussed the importance of this work because if we do not reform public education, public education as we know it will not survive. This is a first step in reforming public education. This requires changing the culture and that is the challenge. The parents, students, and the other teachers in the school know which teachers are the good teachers. The principals know which teachers are the good teachers and if they are not good they need to move to another profession.

If we are going to reform we must be honest with our teachers. This initiative will have to move to a point that people will understand that we will reward excellence and achievement and we will not reward people hanging around for thirty years. The only people that are losing with an ineffective teacher are the students. We must move away from the idea of how a teacher is compensated because this initiative will reward achievement and students' learning.

- Mr. Tate said in the past the profile for an effective teacher included years of experience, advanced degrees, and certification. Mr. Tate asked are we at a point that we can describe the profile of an effective teacher? Mr. Baxter said, no, but we are moving in that direction because we have good student outcome data, we can identify huge differences among teachers on their impact, and we can begin to test that data to see what separates those teachers. Mr. Tate hopes this research will identify how effective teachers became effective teachers and that knowledge can be duplicated to help other teachers become effective.
- Chairperson Davis discussed the importance of developing multiple measures to establish teacher effectiveness, the constructive use of observations, and the fairness of this system helps to show the inherent unfairness of our current system because in many cases those who produce the most are paid the least. This is establishing that we recognize how unfair the current system is and it needs to be fixed. In addition, this initiative is recognizing the fear of the unknown and it provides opportunity for staff and the public to get involved to shape the future to make it better for our staff and our students.

G. Report/Work Session on 2011-2012 Charlotte-Mecklenburg Board of Education Operating Budget

Chairperson Davis called upon Dr. Gorman to introduce the Work Session on the 2011-2012 Board of Education Operating Budget. Dr. Gorman called upon Sheila Shirley, Chief Financial Officer, to assist in the presentation. Dr. Gorman provided an overview of the Board of Education Budget trends and the 2011-2012 Budget.

- Context of Budget Challenges:
 - North Carolina Public School Funding Trend:
 - In the 1969-1970 school year 52% of the State's budget went to public school education compared to 35% in 2009-2010 which is comparable to the 2006-2007 school year.
 - Race to the Bottom: North Carolina is actually a low per pupil spending state when compared to other states. Based upon the most recent National Education Association rankings, North Carolina is 42nd in per pupil spending. The national average is \$10,190 and North Carolina is \$8,743.
 - CMS Sources of Revenue Trend: County, State, Federal, and other local. This funding includes flexible dollars and least flexible dollars. The most flexible dollars are County dollars and the least flexible are federal dollars.
 - Federal Funding:
 - ✓ In 2001-2002 CMS received approximately 5% of its budget from federal dollars compared to 8.5% in 2008-2009. The significant factor that increased the funding was Title I funds for the Free and Reduced Lunch program. In 2001, less than 41% of the CMS students qualified for the Free

- and Reduced Lunch Program compared to over 50% in 2008.
- ✓ In 2009-2010 the American Reinvestment Recovery Act dollars (stimulus funds) increased the federal dollars to approximately 14.6%. In 2010-2011 it was approximately 16.1% but these dollars will not continue.
 - State funds: In 2001-2002, CMS received approximately 58.9% of its budget from State funds compared to 55.2% in 2010-2011.
 - County Funds: In 2001-2002, CMS received approximately 35.0% of its budget from County funds compared to 26.3% in 2010-2011. This is a dramatic change.
 - CMS Cost Per Pupil Spending Comparison: In 2001-2002 the cost per pupil spending was \$7,149 compared to \$8,480 in 2010-2011.
 - Dr. Gorman provided an overview of what a dollar buys in 2001 compared to 2010 based upon a future value of money formula. If the formula had grown at a rate of 3% overtime CMS should have per pupil spending of \$9,328. If the formula had grown at a rate of 2% CMS should have per pupil spending of \$8,544. The consumer price index has increased approximately 2.2%.
 - The CMS cost increases have increased in different areas such as benefits and medical insurance at a much higher rate.
 - In 2001-2002 the per pupil dollars that CMS received from federal funding was \$358 compared to \$1,370 in 2010-2011. In 2001-2002 the per pupil dollars that CMS received from the State was \$4,207 compared to \$4,680 in 2010-2011 which is less than the amount CMS received in the 2006-2007 school year (\$4,835). In 2001-2002 the per pupil dollars that CMS received from the County was \$2,504 compared to \$2,228 in 2010-2011 which is below the amount received in 2001. The CMS buying power has changed.
 - K-12 Student Enrollment Comparison: The 20th day enrollment in 2001-2002 was 106,192 compared to 135,638 in 2010-2011. This is a 27.7% increase. The number of Economically Disadvantaged students has increased 70.7% or from 43,266 in 2001 to 74,042 in 2010. CMS now has approximately 54.3% of our total number of students living in poverty. The number of Limited English Proficient (LEP) students has increased 77.7% increase or from 8,035 in 2001 to 14,204 in 2010. This includes a peak in the 2008-2009 school year in which there were 18,407 LEP students. The CMS student make up has changed overtime and there are more students that need extra or more intensive services due to the challenges that they bring to school every day.
 - Number of Schools/Facility Square Footage: In 2001-2002, CMS had 142 schools and 13.6 million facility square footage compared to 178 schools and 20 million square footage in 2010-2011. It costs more to clean the additional space and provide upkeep for the additional facilities.
 - Changes in County Funding to Schools: CMS has experienced greater declines in county funding than neighboring counties or comparison districts. In addition, CMS is making greater cuts than surrounding counties. CMS experienced a \$33,999,394 or 9.7% decrease in 2009-2010 and a \$15,117,391 or 4.8% decrease in 2010-2011. CMS is making cuts with less flexibility than other districts that we are judged against.
 - Academic achievement: CMS has consistently increased proficiency and narrowed the gap in math and reading in grades 3rd through 8th and increased 12% in End-of-Course proficiency. In ABC results CMS has gone from sixteen schools meeting

high growth in 2005-2006 to 108 schools in 2009-2010 and from sixty-four schools meeting less than expected growth in 2005-2006 to nine in 2009-2010. Even in the midst of difficult economic times requiring strategic budget reductions CMS has continued to increase academic achievement. In addition, we have gone from trailing surrounding comparable counties to passing them in proficiency while having a decline in dollars and more restrictive use dollars.

- Historical Budget Data: Comparison of factors that have increased the budget from 2005-2006 to 2010-2011.
 - Factors that have increased the budget include new initiatives, new schools, growth, salary and benefits, retirement, and sustaining operations. These factors added together to employ the same staff (compensate them and pay for their benefits according to the State driven increases) is \$167 million dollars.
 - The number of students in 2005-2006 was 123,789 compared to 135,638 in 2010-2011 which is an increase of 11,849 students. Those new students needed teachers, supplies, support staff, and text books which cost \$81.5 million. That does not include items such as a new principal because principals are covered in another area if a school was added. It cost CMS \$81.5 million more dollars to educate those students.
 - New Schools: CMS has spent \$44.3 million in opening new schools which includes the 3.7 million square feet added from 2005-2006 to 2010-2011; staffing linked to the new school (principal, assistant principal, counselor, facilitator, and media specialist); as well as utilities, maintenance, athletics, telecommunications, etc.
 - New Initiatives: CMS has spent \$39.4 million in new initiatives and in the 2006-2007 school year staff committed to funding new initiatives with existing dollars or by cutting existing items. The initiatives included Learning Communities, Midwood, Managing for Performance, and Strategic Staffing.
 - The cost for growth, sustaining operations, and salary increases has exceeded the new dollars that CMS received and to cover those items CMS had to cut existing items. This has left \$669.3 million to do everything that CMS use to do with \$944 million. As a result, CMS has made cuts overtime (\$944.0M base budget net of \$240.3 million in reductions and \$34.4 million in revisions).
- Reductions and redirections 2006-2007 to 2008-2009: \$54.6 million. This included the Central Office Reorganization, Central Office staffing changes, cutting Central Office operating expenses; cut of fifty-two positions in maintenance, cuts to assistant principals by changing the formula, and cuts to media assistants.
- Reductions and redirections 2009-2010 through 2010-2011:
 - In 2009-2010 staff presented Tiers of reductions for \$106.6 million in reductions. The budget changed and CMS was able to reinstate \$19.8 million in reductions. This included a one-time sales tax increase which is scheduled to expire this year.
 - In 2010-2011 staff presented Tiers of reductions for \$79 million. The budget changed and CMS was able to reinstate \$20.3 million in reductions. This included borrowing from the lottery funds.
- Reductions and redirections 2009-2010 through 2010-2011: \$185.7 million. These reductions included an increase in class size for grades K-3, 4-5, 6-8, and 9-12; adjusted assistant principal allotment formula (forty-eight positions); reduced teacher assistants (thirty-one positions); adjusted teacher assistant allotment

formula; reduced bonus programs; elimination of middle school athletics; learning communities reorganization and staff reductions; Central Office staff reductions at \$10.2 million; reductions in maintenance positions, custodians, and contract services; and transportation cuts at \$10.6 million.

- Positions cut by area 2009-2010 through 2010-2011 (includes local and state positions):

	2009-2010		2010-2011	
	State and Local Budgeted Positions	Total Positions Reduced	State and Local Budgeted Positions	Total Positions Reduced
Central Office	999	(81)	920	(61)
Support	2,206	(87)	1,631	(80)
Schools	13,367	(799)	11,957	(675)
Total	16,572	(967)	14,508	(816)

- 2011-2012 Budget Outlook: CMS is heading into the 2011-2012 budget year with less flexibility and the items that have already been cut cannot be cut again. Student count increasing but budget is decreasing.

- State budget outlook:

- ✓ North Carolina budget shortfall of approximately \$3.8 million.
- ✓ Cause: End of federal stabilization funds; end of some State taxes; and end of non-recurring cuts.
- ✓ Economic recovery continues to slow.
- ✓ Public school budgets have been cut for three consecutive years. The budget dollars are decreasing but we are adding students.
- ✓ Approximately 40% of the State's overall budget is in public schools and it will be difficult to reach spending cut targets without impacting public schools.
- ✓ The size of the proposed budget cuts are significant and will cause hard to public schools and our students' future.

- CMS budget outlook: State agencies have asked CMS to provide budget reductions options of 5%, 10% and 15%. CMS has already experienced more cuts than other school districts and this adds to the challenge and the scrutiny that CMS faces. In addition, CMS is facing the challenges of the federal funding cliff and the County funding is unknown at this time. The proposed estimates do not include any additional amounts required to cover discretionary reductions from the prior year nor do they assume the non-recurring cuts will be reinstated.

Reduction	State Reduction	Federal Funding Cliff	County Growth/Sustaining Estimate	County Reduction	Total Potential Reduction
5%	\$32 M	\$15 M	\$15 M	\$15 M	\$ 77 M
10%	\$63 M	\$15 M	\$15 M	\$30 M	\$123 M
15%	\$95 M	\$15 M	\$15 M	\$45 M	\$170 M

- Process and Time:

- Process:

- ✓ Open and Transparent communication.
- ✓ Give parents and staff ample time to place for next year.
- ✓ Communicate early and often.

- Key dates for families:
 - ✓ Week of January 3rd 2011, all students will receive pre-lottery assignment information in the mail.
 - ✓ January 7, 2011, Magnet Lottery Application Opens.
 - ✓ January 8, 2011, Magnet Fair at Phillip O. Berry Academy of Technology.
 - ✓ Mini-magnet fairs throughout the County (January 25th at Cornelius Town Hall, January 27th at First Ward Elementary, and February 1st at South Mecklenburg High School).
 - ✓ February 7, 2011, Magnet Lottery Application closes at 10:00 p.m.
 - ✓ End of February, all families notified of the 2011-2012 school assignments.
 - ✓ Reassignment/transfer period for assignment for the 2011-2012 school year (February 21st through March 21st).
- Key dates for staff:
 - ✓ January 24, 2011, Employee Transfer Fair begins.
 - ✓ January 31, 2011, Enrollment projections given to schools.
 - ✓ January 14, 2011, Enrollment projections to Human Resources.
 - ✓ February 14 to March 17, 2011, Reduction in force criteria created and approved by the Board.
 - ✓ February 23, 2011, Staff allocations to schools.
 - ✓ April 12, 2011, Superintendent's Budget recommendation presented to the Board.
 - ✓ April 26, 2011, Public Hearing on Superintendent's Budget recommendation.
 - ✓ May 10, 2011, Board of Education's proposed 2011-2012 Budget approved.
- Key decisions for January: These decisions must be made by January if we are going to inform our families in a timely manner.
 - ✓ Transportation: Magnet transportation, Shuttle Stops, 1.5 mile walk-zone increase, and Bell Schedule Implications.
 - ✓ Bright Beginnings.
 - ✓ Weighted student staffing.
- Board Communication Efforts:
 - ✓ Reach out to community organizations.
 - ✓ Host "Budget 101" courses for parents, community, and media.
 - ✓ Budget Communications via Website, Social Media, and E-mail blasts.

Rhonda Lennon left the meeting from 11:05 p.m. until 11:13 p.m.

Dr. Gorman said we are striving to have the key decisions made by January 25th. This puts the Board in an awkward position because they must make decision without knowing the final numbers from the State and County budgets. To provide families and schools notification in a timely manner, the Board will have to make key decisions by January 25th based upon tentative budget data. There are challenges with this timing but key decisions must be made early because we have a lot of work to do in the short term. Dr. Gorman encouraged the Board to reach out to the community to share budget information.

Chairperson Davis believes the Board cannot do enough communication, information sharing, and educating the public and staff to lessen the degree of misinformation and to explain the complexities of how CMS is funded. It is imperative that the Board have a broad, deep, holistic communication effort around informing the public. Chairperson Davis asked Dr. Gorman to lead a communication effort to inform and educate the community as

part of the budget process.

Board members were invited to ask questions and make comments.

- Mr. Merchant agreed that communication is important. He believes CMS will be challenged to have the ability to cut \$100 million and Dr. Gorman is the guy that must lead that effort. He said if communication is going to be a top priority, the Board should be responsible for that effort and not staff because the Board has more opportunity to have those types of discussions. Mr. Merchant encouraged the Board to take on the role of communication, reach out to the community, and to make ourselves assessable and available to communicate to the public. Dr. Gorman hopes the Board will share the accurate facts with the public.
- Ms. McGarry expressed concern that this will include a reduction in force. She has not approved a reduction in force in the past two years because she believes Dr. Gorman has the authority to weed out the teachers who are ineffective or do not have a calling to teach. Dr. Gorman explained that does not work because people who are the low performers do not line up in the departments and areas that need to be reduced. If we do not implement a reduction in force we are not able to strategically take out the positions in the best interest of the students but only the teachers who are the easiest to remove. We must target both the positions that we do not need and the ineffective staff. With 85% of our budget in salaries and benefits we cannot reach the dollars needed by counting on areas other than people alone or on retirements and resignations in the areas that we need. Ms. McGarry expressed concern that she believes the reduction in force for the past two years was not based upon performance and she would need assurance that it will be based upon performance. Dr. Gorman provided clarification regarding Value-added data, assessments, and the reduction in force will be based upon performance that includes the evaluation tool from the State. Ms. McGarry would like further discussion in this area.
- Mr. Morgan said last year much later in the budget process, Dr. Gorman presented a list of potential cuts to the Board and he asked for direction from the Board. This Board could not make budget decisions for a number of those items that early in the process but ended up making those cuts later. Mr. Morgan encouraged the Board to be prepared to make early budget cut decisions in January because if they are not made in a timely manner it will have a larger impact on cutting those positions and programs at a later time and that will make the process more difficult for staff and the public.
- Mr. McElrath expressed concern that this process was dragged out last year and he would prefer that Dr. Gorman present scenarios of budget cuts or recommendations that will get the job done instead of the Board recommending items that will not even scratch the surface.
- Dr. Waddell expressed concern that the Board established dates to discuss the budget but the Board will have to make decisions before those budget discussions are completed. She stressed the importance of making timely decisions regarding budget cuts because the parents must make decisions for student assignment, Magnet transportation, and selection of courses for high school students. Dr. Waddell believes the Board should put the budget reduction recommendations in a prioritized order. Dr. Gorman said the process involves several pieces which include prioritization and notification of staff and parents and they run on a separate track. In addition notification includes when we will be notified because we must wait on the finalized

budgets from the State and County. The budget reductions that the North Carolina Department of Education put in place in their 5%, 10% and 15% budget scenarios included the elimination of all teacher assistants except in Kindergarten. If that is included in the allocation to CMS, CMS will need to find other items to cut in its place. Dr. Gorman said we will need to have a prioritization and a timeline and that will run on different paths because we may have to operationalize reductions in phases like we did last year. Dr. Waddell hopes the full Board will be available in making these decisions.

Dr. Gorman asked for clarification regarding community outreach and informing the public. Chairperson Davis said last year the Board approved budget reductions that included reduced funding for televising Board meetings. He believes it is important that the Board keep the community informed about the Board budget discussions through televising the Budget Work Sessions that take place outside of the Regular Board meetings. Chairperson Davis said would like those budget meetings televised as a measure to educate and inform the community. Dr. Gorman said staff is reviewing funding options, through grant or community related dollars, to pay for televising those meetings without using the CMS operating fund. Ms. Lennon encouraged the Board members to use their unspent travel dollars to pay for televising the Work Sessions. She believes the Board members should be prudent in how they spend the taxpayers' dollars. Chairperson Davis said he would also share his unspent travel money and he hopes the Board members will share theirs as well. Dr. Gorman said he would provide Board members information to share with the public.

H. Report on CMS Benefits as requested by Richard McElrath, District 2 Board member, and Kaye McGarry, At-Large Board member

Chairperson Davis called upon Dr. Gorman to introduce the report on CMS Benefits. Dr. Gorman said the report on CMS Benefits is at the request of Board members McElrath and McGarry and he called upon Hugh Hattabaugh, Chief Operating Officer, to present the information. Mr. Hattabaugh provided an overview of the CMS Benefits.

- Overview:
 - CMS offers a comprehensive benefits package for full and part-time employees per the Department of Public Instruction Benefits Manual rules.
 - Section 125 Plan provides pre-tax options for employee deductions on many plans.
- Governance: The Internal Revenue Service governs how these plans work and employers must adopt a plan in accordance with guidelines to provide pre-tax options.
- Human Resources Benefits Department Objectives:
 - Offer an appropriate comprehensive cost effective and well managed selection of voluntary benefits as part of the District's overall employees' benefits package. Focus on offering the best-in-class benefit options.
 - Develop a comprehensive program to meet the variety of needs of employees.
 - Utilize highly rated carriers.
 - Focus on employee education and communication regarding the various benefits offered.
- Employer Contributions: The total CMS employer contributions equate to over \$212 million annually which is approximately 18.5% of the overall budget. These are mandatory benefits that CMS is required to contribute to for the employees. These include the following:
 - Social Security: 7.65% or \$55.8 million.

- State retirement: 10.5% or \$76.2 million. In addition, employees are required to contribute 6% of their salaries. This is subject to change each year based upon the Treasurer's recommendation and the General Assembly action. It is expected to continue to increase in the coming years.
- Hospitalization/Medical: This is set annually based upon rates adopted by the General Assembly. It is currently set at \$4,929.60 per employee. This provides an employee only level coverage and employees must enroll to have the coverage. This CMS contribution exceeds \$79.4 million.
- Life Insurance: This provides each employee a \$9,300 policy which costs approximately \$9.24 per employee.
- Unemployment Insurance: This is not a rate or premium tied to each employee but is paid directly by CMS to the Employment Security Commission through the Department of Public Instruction. This costs CMS \$430,000 annually.
- Workers' Compensation: This is not a rate or premium tied to each employee but premiums are set aside to pay for claims. This costs CMS \$457,551 annually.
- Employee Contributions relative to salary: When reviewing the annual total cost for each benefit and a salary schedule for teachers, the additional compensation that employees receive on top of their salary for the various benefits (life, health, retirement, and social security) could range from \$11,000 on the low scale to \$16,000 on the top of the scale per employee.
- Current CMS Benefits Offered: Medical PPO (Preferred Provider Organization), Dental PPO, Vision, Term Life, Universal Permanent Life, Short-Term Disability, Long-Term Disability, Legal Services, Flexible Spending Accounts (Medical and Dependent Care), Voluntary Individual Supplement Plans (Accident, critical illness/cancer, medical bridge), State Retirement Pension, and Supplemental Retirement Plans (401(k), 403(b), 457, and ROTH).
- 2011 Benefits: CMS will make significant changes to many plans. The changes will be communicated to the employees in the spring 2011 for annual enrollment. The plan changes will be effective July 1, 2011. The changes will include enhanced benefit coverage on many plans; more options available to employees; and affordable coverage for employees and their families. This past summer, CMS had ten vendors participate in a Request for Information (RFP) for a broker to work on voluntary worksite benefits which would be inclusive of the Flexible Spending Accounts, critical illness, accident, hospital indemnity, and whole life. There were three finalists and Gallagher Services was awarded the contract based upon overall presentation, strength in the marketplace, and expertise in voluntary benefits. Gallagher Services received the 2010 Business Insurance Readers' Choice Award for Best Employee Benefits Consultants. Gallagher also completed a Request for Proposal (RFP) in conjunction with benefits' staff for the dental, vision, and all voluntary benefit products. Each RFP was done individually and evaluated as such. The strength of the company, the benefit design of the product, rates, and ability to meet CMS needs for administration were factors in the selection process. The selected vendors were put through a thorough bidding process to include multiple presentations with the broker Gallagher Services and CMS staff to determine whether they are the best fit. Even though CMS is not obligated to go through RFP services, the method used helps preserve the integrity of the process and to evaluate all factors fairly.
- The General Assembly governs the State Health Plan design and costs. Changes to the CMS plan will be predicated on any new legislature.
- 2011 Wellness Initiative: The State Wellness Initiative will continue and will require

all employees to attest to tobacco usage and Body Mass Index (BMI). If employees or covered dependents meet the tobacco or BMI requirements they may be able to enroll in a 80/20 Plan or by participating in a cessation and weight loss program as confirmed in writing by a physician. Otherwise, employees will be forced to enroll in a 70/30 Plan. CMS currently has 15,454 employees enrolled in the health plan.

- 2011 Dental: Cigna will be the new carrier and employees will have the option to participate in two PPO plans. Cigna provides a broader network of PPO dentists and their rates are the same or lower than the current rates and are guaranteed for two years. Employees may also participate in a Dental HMO Plan. CMS currently has approximately 13,713 employees enrolled in a dental plan.
- 2011 Vision: United Healthcare is the new carrier and employees will have the option to participate in two plans (basic plan and enhanced plan). CMS currently has 9,186 employees enrolled in the vision plan.
- Life Insurance: Employees are offered term insurance through Sun Life and it was revamped in 2009 to offer greater coverage limits and upgrades. Universal Permanent Insurance was added through Texas Life which provides employees individual policies that guarantee death benefit up to \$150,000. ING will offer employees a new product, Whole Life Insurance, in 2011. CMS currently has 16,869 employees enrolled in Term Life insurance through Sun Life and 2,149 employees enrolled in Texas Life.
- Flexible Spending Accounts. Employees can put money aside in pre-tax dollars for medical expenses. Flex Corp has been the administrator for the Flexible Spending plans for the past seven years and will continue in 2011.
- Hyatt Legal Plan: Subsidiary of MetLife and provides a comprehensive benefit for employees for \$15.75 per month and covers all members in the household. CMS has 393 employees participating in this program.
- Disability Insurance: The State provides short-term disability after one year of employment. The State also provides long-term disability after five years of service. Employees can purchase supplementary disability through The Standard, our provider for long-term disability insurance. CMS currently has 1,455 employees participating in long-term disability program offered by The Standard.
- Voluntary Worksite Plans: UNUM will provide the critical illness and hospital plans which is a sister company to the previous carrier, Colonial Life. ING will provide accident insurance. These are portable plans and pre-tax deductions.
- Retirement Benefits: As a school system, all permanent full time employees are required to contribute and participate in a State Retirement System. Employees contribute 6% in addition to the social security from their salary. Employees may also participate in Supplemental Retirement Plans and CMS has six vendors who provide 403(b) and 457 options. The total CMS pre-tax dollars for these six vendors equates to approximately, \$8.9 million and there are 5,732 employees who participate in those various programs.

Mr. Hattabaugh provided an overview of the product providers and carrier ratings of the various vendors providing benefits to CMS.

Rhonda Lennon left the meeting at 11:37 p.m.

Board members were invited to ask questions and make comments.

- Ms. McGarry thanked staff for providing clarification because there have been major

changes since last year. Ms. McGarry asked for the employees who currently have voluntary benefits through Colonial Life will they be allowed to keep them through pre-tax payroll deductions after July 2011? Mr. Hattabaugh said they may continue with that particular product but it will not be through a payroll deduction. Ms. McGarry expressed concern that employees cannot continue with Colonial Life as a pre-tax payroll deduction. She read a letter from an anonymous CMS employee who expressed concern that she and 5,300 other employees who have coverage through Colonial Life are being penalized by CMS because CMS will not allow them to continue to participate in pre-tax payroll deductions and that this step will actually cost CMS more in FICA Taxes. Ms. McGarry said this change will cost CMS more in taxes and she believes the Board should allow these employees to continue to have pre-tax payroll deductions with Colonial Life. Mr. Hattabaugh said he would discuss this with the CMS Benefits Department but he understands that Colonial Life has sent out a letter to that effect and circumvented the Benefits process. At this point in time, the sister company UNUM will be providing that product. Ms. McGarry said she believes if a CMS employee is voluntarily choosing to keep the same program they should be allowed to do so with a pre-tax payroll deduction. Ms. McGarry asked what is the CMS FICA cost for not allowing this pre-tax payroll deduction? Dr. Gorman said he would have to check that information for accuracy and he encouraged all employees to be open with their concerns and step up to take responsibility to help people understand because it is not necessary to send letters anonymously.

VI. REPORT FROM SUPERINTENDENT

Dr. Gorman did not have a report to present.

VII. REPORTS FROM BOARD MEMBERS

Joyce Waddell visited the schools at Garinger High School and she commended the staff and students on the programs they offer and the progress they are making. Dr. Waddell said the Board voted to close a number of schools which has created many changes in the community and caused some unrest. She encouraged the whole community to work together to have a healing to confront the unrest and talk about what is happening in order to move forward.

Kaye McGarry invited everyone to attend "Kaye About Town" on January 18th at Starbucks Coffee at 9211 North Tryon Street from 7:30 a.m. until 9:00 a.m. to discuss CMS related issues. She recognized Jacob Lappi, a Teach for America Teacher in the EC Department at Olympic High School, who is also working with the Broad Foundation and she is mentoring on the role of a School Board Member. She saw the movie *Waiting for Superman* which has created awareness for the need for true reform of public education in America. This awareness inspired her to create a blog and she invited the public to communicate with her on her new blog. Ms. McGarry said she wanted to go on record stating that after receiving overwhelming community support in the At-Large School Board races in 2003 and 2007 by voters in every precinct in this community, she felt one of the leadership positions needed to be an At-Large member. In view of tonight's votes by the Board of Education, she is disappointed. She will continue to work hard for the entire community with a commitment for resources in the classroom and to honor the ideas of the people in the community. She wished everyone a blessed Christmas and good health in 2011.

Tom Tate recognized Kathleen Stark, a third year teacher in the Teach for America Program at University Park Creative Arts Elementary School, who is also working with the Center for Reform of School Systems and he is mentoring on the role of being a School Board member. Mr. Tate thanked the Board for their support in reelecting him as Vice-Chairperson and he pledged to serve the Board and the students of the District.

Tim Morgan congratulated the Butler High School football team for winning their second consecutive Division 4 AA Championship. He noted that the current issue of *Valentine Magazine* includes a great article on School Athletic Directors and highlights three CMS athletic directors. Mr. Morgan commended the CMS athletic directors for their hard work because they are some of the hardest working people in our high schools.

ADJOURNMENT

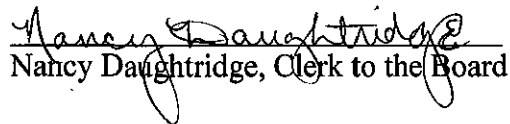
Chairperson Davis called for a motion to adjourn the meeting.

Mr. Merchant 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 11:59 p.m.



Eric Davis, Chairperson



Nancy Daughtridge, Clerk to the Board