



NORTH CAROLINA
State Board of Education
Department of Public Instruction

Report to the North Carolina General Assembly

Interim Report #3 (Transition Planning for Residential Schools: Eastern, North Carolina School for the Deaf, Governor Morehead School for the Blind, and North Carolina School for the Deaf)

SESSION LAW 2023-10 (HOUSE BILL 11)

Date Due: March 15, 2024

DPI Chronological Schedule, 2023-2024

**Submitted by the North Carolina Department of Public Instruction
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Overview

Pursuant to Session Law 2023-10 (House Bill 11), the state's schools for the deaf and blind will be governed by separate, independent boards of trustees, effective July 1, 2024. In preparation, the North Carolina Department of Public Instruction must develop a transition plan for the change in administration and submit interim reports to the State Board of Education and the Joint Legislative Education Oversight Committee by May 15, 2023, December 15, 2023, and March 15, 2024.

On-Going Planning

The Project Manager, who is part-time (working 20 hours a week since November) meets weekly with the Interim Director of Agency Schools and Alternative Learning and the Deputy State Superintendent for Educator and Student Advancement to identify, review/revise, and track progress as the transition plan is being implemented. The school directors also engage with the Project Manager bi-weekly or more frequently as needed to problem-solve and help ensure that key benchmarks are being met. Particular attention has been given to the policy development process. Using templates provided by the North Carolina School Boards Association (NCSBA), approximately 370 policies were updated to include general terminology/language related to the residential schools (e.g., replacing references to LEA, local superintendent, board of education, etc.). Each school's administrative team and board of trustees (in conjunction with legal counsel) will be responsible for building a comprehensive policy manual that will take effect July 1, 2024.

The Project Manager, the Interim Director for Agency Schools and Alternative Learning and the Deputy State Superintendent are continuing to gather, process, and disseminate information, including answers to transition-related questions posed by schools. The specific details provided by DPI unit staff are being cataloged into SmartSheets. This electronic tool allows for the recording, tracking, and sharing of information by school and/or department. Each school's SmartSheet is managed by the school directors. The Department of Public Instruction (DPI) maintains a separate SmartSheet, which is also accessible by the school directors.

Transition Planning Focus Areas

The eight focus areas below outline specific plans that will support the transition under House Bill 11 for Eastern North Carolina School for the Deaf (ENCSD), Governor Morehead School for the Blind (GMS) and North Carolina School for the Deaf (NCSD).

Facilities Management:

Repair and Renovations: The estimated costs are listed below and have been approved by the Office of State Budget and Management (OSBM) for the 2024-2025 budget year. After the 2024-2025 budget year, all capital requests will be facilitated by the boards of trustees and school directors and supported by OSBM.

| School | Repair/Renovation | Cost |
|--------|--|-----------------|
| ENCSD | Campuswide Lighting Replacement Phase II | \$432,000.00 |
| GMS | Primary Electrical Service Upgrades | \$1,350,000.00 |
| GMS | Lineberry HVAC | \$1, 981,000.00 |
| NCSD | Campus Roof Repairs | \$3,990,000.00 |

Governance:

Insurance: It is recommended that each school purchase directors and officers liability insurance for the appointed board of trustees. The coverage should be a minimum of 1 million dollars. The Department of Public Instruction will continue to maintain worker's compensation, property, liability, and professional liability for the schools and its employees, pursuant to 115C-150-11(b).

North Carolina School Boards Association (NCSBA): The residential schools are being offered the opportunity to become affiliate members of the NCSBA. The fee for the yearly membership is \$1500. The affiliate membership will provide each board of trustees policy support and board training.

Board Training: Board members were given an opportunity to attend NCSBA's Core Training in December, 2023. This training focused on board duties, roles, and responsibilities.

State Ethics Commission: The Commission has made a preliminary determination that the boards of trustees are subject to the State Ethics Act because their functions are non-advisory. Those functions include every aspect of operating the respective schools including establishing the academic program, admission criteria, standards for student performance and attendance, and key performance indicators and criteria; hiring the school's director and personnel; and administering federal funds received by the schools. Moreover, the Boards fit the criteria for a "State board" as they include members appointed by the President Pro Tempore of the Senate and the Speaker of the House of Representatives, are administratively supported by a State agency, DPI, and provide services to all State residents.

Human Resources (HR):

Maintenance Positions/Governor Morehead School: The FY23-25 Biennial State Budget (SL 2023-134) directs the Department of Health and Human Services (DHHS) to transfer certain facility maintenance positions (FTE + salaries + benefits) to DPI, effective July 1, 2024. The SL 2023-134 Conference Report (Money Report) provides funding to DPI for maintenance operations at the Governor Morehead School. This recurring budget provision is for \$1,395,547, beginning in FY 2024-25. DHHS disagrees with the total number of positions and funding to be transferred to Governor Morehead School and indicated they are intending to seek legislative intervention through a technical correction. In addition, there is uncertainty about the extent to which equipment, vehicles, materials, and supplies will be transferred. Proactive planning is critical to ensuring that GMS is able to establish a fully-operational maintenance team by July 1, 2024. At this point, however, we are in a holding pattern, awaiting additional information/clarifications from DHHS.

State Agency Resources/Training: The various agencies (Office of State Controller, Office of State Budget and Management, Department of Administration, Office of State Treasurer, and the Office of State Human Resources) will help identify job-specific training and provide appropriate access via the online resource hub. Training opportunities/modules are available for: the North Carolina Financial System (NCFS), Integrated HR-Payroll System, North Carolina Accounting System (NCAS), statewide accounting and statewide programs.

Legal:

Legal Representation: Legal support/outside counsel for the boards of trustees (which includes but is not limited to: guidance for open meetings, policy review, general legal advice, etc.) has been negotiated and will be provided from March until June 30, 2024, at which time the boards will decide whether to continue, terminate, or renegotiate services. Each residential school has provided initial funding to cover the costs, but funding may be limited due to other unexpected transition expenses.

Policy:

Policy Development: The residential schools are beginning to develop policies. Each school is utilizing the North Carolina School Boards Association policy framework with the required and recommended board policies. As stated above, the policies are being reviewed by school administration, boards of trustees and their legal counsel. It is recommended that the legislature authorize the boards of trustees to approve policies before July 1, 2024.

School Business:

Budget Process: Due to the change in governance structure on July 1, it is important that the residential schools have full authority over their budget requests that would be effective in the 2024-25 fiscal year. Based on guidance from OSBM, the residential schools will now submit their budget requests directly to the State Budget Education team. Two budget analysts from OSBM have been assigned to support the residential schools and will assist each school with the appropriate forms and requirements for submitting budget requests. The budget analysts will provide guidance, support and ongoing training to the school directors and business officers as they engage in this new process. This is the same budget request process that is used for North Carolina Center for Advanced Teaching.

Procurement: The procurement authority over state agencies is defined by 115C-150.16.

"Except as otherwise provided in this Article, the requirements of this Chapter shall not apply to the schools for the deaf and blind. Schools for the deaf and blind shall be considered a State agency, as defined in G.S. 143C-1-1, and shall comply with all requirements for State agencies unless otherwise specified in this Article. Schools for the deaf and blind shall not be considered local school administrative units." We have confirmed that this means the schools will follow all procurement guidelines for State agencies.

School Planning:

Vehicle Management: The residential schools' vehicles will be re-assigned to the appropriate schools by Motor Fleet Management. Each school will complete the required paperwork and identify an Agency Fleet Coordinator to facilitate the transition and day-to-day operations with Motor Fleet Management. Bus ownership will not change. Buses that support the residential schools are currently accounted for in each school's fixed asset report.

Technology (IT):

Email Domain: Each residential school will be assigned a specific email domain. This transition will take place in early spring. The DPI Technology Division will support this transition.

Software: Beginning with the 2024-2025 school year, residential schools will need to pay for software that is currently being used at each school site. This expense has previously been paid for by the DPI. The estimated cost for software not previously paid by the schools is approximately:

| Software Cost per School | Google Per month \$12 per FTE | Google Workspace \$5/year per ADM | HomeBase \$1/yr. per ADM | NCID Approx \$6 per month | Total New Cost for Software |
|---------------------------------|--------------------------------------|--|---------------------------------|----------------------------------|------------------------------------|
| ENCSD | \$17,424.00 | \$210.00 | \$42.00 | \$8,712.00 | \$26,388.00 |
| GMS | \$14,112.00 | \$231.67 | \$43.00 | \$7,056.00 | \$21,442.67 |
| NCSD | \$21,600.00 | \$341.67 | \$69.00 | \$10,800.00 | \$32,810.67 |

Proposed Legislative Actions for the Residential Schools

| Proposed Legislative Action | Rationale |
|---|--|
| Transfer existing contracts | <p>Due to the change in governance structure, the transfer of existing contracts from DPI to the boards of trustees in an effort to keep school operations and support in place as of July 1, 2024 and beyond.</p> <p>Recommendation is to provide flexibility to continue contracts immediately on July 1, 2024.</p> |
| Authorize the boards of trustees to approve policies and new contracts for the 2023-2024 year BEFORE July 1, 2024 | <p>The board of trustees will need approval to create and approve policies prior to July 1, 2024 to ensure each school has a policy manual with the appropriate policies that will support all areas of operation and learning on July 1, 2024.</p> <p>Recommendation is to give Trustees the ability to approve policies and new contracts by early May, so that they can go into effect immediately on July 1st.</p> |
| Sustain current employee designations (GS 126 employees (non-educators) and GS 115c (educators)) | <p>The current law would require three designations (G.S. 126 for legacy, unlicensed employees, 115c for educators –no change–, and 115c for newly-hired unlicensed employees).</p> <p>Recommendation is to maintain the 115c (educator) and 126-designations for ALL unlicensed employees but provide exemptions related to hiring and dismissal processes.</p> |

