

NORTH CAROLINA GENERAL ASSEMBLY



JOINT LEGISLATIVE STUDY COMMITTEE ON THE DIVISION OF LOCAL SCHOOL ADMINISTRATIVE UNITS (2017)

REPORT TO THE 2018 REGULAR SESSION of the 2017 GENERAL ASSEMBLY OF NORTH CAROLINA

APRIL 11, 2018

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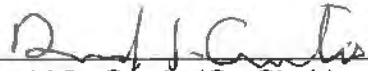
TRANSMITTAL LETTER

April 11, 2018

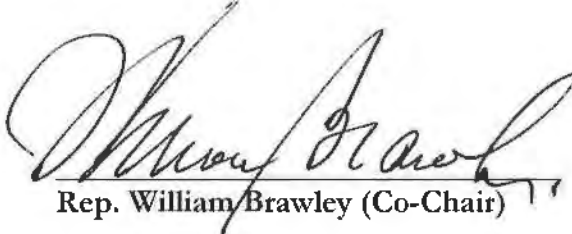
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TO THE MEMBERS OF THE 2018 REGULAR SESSION
OF THE 2017 GENERAL ASSEMBLY

The JOINT LEGISLATIVE STUDY COMMITTEE ON THE DIVISION OF LOCAL SCHOOL ADMINISTRATIVE UNITS (2017), respectfully submits the following report to the 2018 Regular Session of the 2017 General Assembly.



Sen. David L. Curtis (Co-Chair)



Rep. William Brawley (Co-Chair)

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COMMITTEE PROCEEDINGS

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The Joint Legislative Study Committee on the Division of Local School Administrative Units (2017) met five times after the 2017 Regular Session. The following is a brief summary of the Committee's proceedings. Detailed minutes and information from each Committee meeting are available in the Legislative Library. Additionally, handouts, audio files, and copies of Committee minutes can be found on the Committee's [website](#).

February 21, 2018

The Joint Legislative Study Committee on the Division of Local School Administrative Units held its first meeting on February 21, 2018, in Room 544 of the Legislative Office Building in Raleigh, NC. Representative Bill Brawley presided as chair of the meeting.

Kara McCraw, Staff Attorney with the Legislative Analysis Division of the North Carolina General Assembly, provided the Committee with an overview of the current structure for administration of public schools in the State. Ms. McCraw reviewed the relevant Constitutional and statutory provisions establishing county and city local school administrative units, and historical trends in those units to the present day. She then discussed the different statutes that establish a process for merger of units under various circumstances, and the lack of a current statutory process for division of units. Ms. McCraw concluded her presentation with information on the size of current units in the State, with comparison to national trends. A copy of this presentation can be found [here](#). Information on the current student enrollment for local school administrative units in the State can be found [here](#).

Brian Gwyn, Staff Attorney with the Legislative Analysis Division of the North Carolina General Assembly, next provided the Committee with information on academic outcomes of local school administrative units by size. Mr. Gwyn compared performance of units within certain size ranges on outcomes on the end-of-grade/end-of-course test performance composites, third grade reading end-of-grade scores, percentage of schools in the unit that had met or exceeded expected growth, graduation rates, and school performance grades. Mr. Gwyn provided data on both the median scores within each range, as well as the weighted average, to control for outliers in the sample. A copy of this presentation can be found [here](#), beginning on page 9 of the document.

Eric Moore, Fiscal Analyst with the Fiscal Analysis Division of the North Carolina General Assembly, presented information to the Committee on commonalities and differences in State funding for school districts. Mr. Moore provided a brief overview on the concept of average daily membership, which is used as the basis for funding for many State base allotments for education, as well as an explanation of other allotments that address specific student characteristics or local school administrative unit characteristics. He noted that county school units and city school units are treated identically in most circumstances. The

exceptions are Small County funding, which excludes city school units, and some calculation differences in certain allotments. Mr. Moore finally noted that the number of school units does have a fiscal impact on certain allotments using a base for each school unit, with the State realizing savings when school units are consolidated, but incurring costs when school units are deconsolidated. A copy of this presentation can be found [here](#).

March 13, 2018

The Joint Legislative Study Committee on the Division of Local School Administrative Units held its second meeting on March 13, 2018, in Room 544 of the Legislative Office Building in Raleigh, NC. Representative Bill Brawley presided as chair of the meeting.

Kara McCraw, Staff Attorney with the Legislative Analysis Division of the North Carolina General Assembly, described various decision-points related to timelines and governance if the General Assembly were to divide a school system into multiple units. The decision-points included:

- How much time is needed to transition between school systems?
- Should referendums be a component or option in the division process?
- Who should be on the interim board?
- What happens to the interim board on the official date of the new system?
- How should the permanent board be constituted?
- What authority should the interim board be given?
- Should July 1 be the official transition date for the system or should other dates be considered?

Ms. McCraw said the State's prior experience with district mergers may inform procedures for school district division. She said that in past mergers approved by the General Assembly, the transition period has been six months to two years, averaging about one year. She said that past transition plans for school administrative units have frequently used an "interim board" to bridge the move to the new system. The interim board is usually in place at least six to seven months prior to the official start date of the new unit. She said members of the interim and permanent board can be either elected by voters or appointed by another entity, such as the prior board of education, the county commissioners, or the General Assembly.

Ms. McCraw said that in past mergers, the General Assembly has empowered interim boards to do some or all of the following:

- Make the budget request for the initial school year
- Make contracting decisions
- Make decisions on capital needs
- Make student assignment decisions

Ms. McCraw said that all past changes to local school administrative units appear to coincide with the start of the fiscal year and school year (July 1). Most session laws have

used that as the official date to transition real estate holdings, contracts, claims, etc. to the new unit.

Ms. McCraw used Clark County, Nevada, as an example from another state of an attempted deconsolidation. In 2015, Clark County was the fifth largest school district in the United States, with more than 315,000 students. That year, the Nevada legislature studied whether this operational model was the best way to provide educational services. The state ultimately enacted a plan that keeps the existing county system for central services but makes each school within the large school district a "local school precinct" with greater authority. The local school precinct can select and hire school personnel, procure equipment, services, and supplies, and create an annual budget. Additional central authority can also be transferred under certain circumstances. Other services, such as salary and benefits negotiations, transportation, and food services remain centralized.

Ms. McCraw then focused on the transition of specialty schools that currently exist within school districts, such as magnet schools, cooperative innovative high schools, career academies, alternative schools, and schools that specialize in providing services for students with disabilities. She said in the short-term, students in these schools could be grandfathered to allow them to continue attending even after the transition. For the long-term, the new districts could form a memorandum of understanding (MOU) that could open access to all students in the various units. Additionally, if a unit no longer wishes to operate a specialty school, an opportunity could be provided for another area district or existing charter school to assume the program. She pointed out that other considerations include the funding needs of the specialty schools, as well as any capital issues.

A copy of this presentation can be found [here](#). A copy of the Final Report of the Findings and Recommendations of the Technical Advisory Committee to Develop a Plan to Reorganize the Clark County School District can be found [here](#). A copy of Nevada Assembly Bill 469, which relates to the reorganization of the Clark County School District, can be found [here](#).

Brian Gwyn, Staff Attorney with the Legislative Analysis Division of the North Carolina General Assembly, provided an overview of how school district division might implicate the Equal Protection Clause of the 14th Amendment. He said the most recent case law on this subject comes from *Stout v. Jefferson County Board of Education*, which was recently decided by the 11th Circuit Court of Appeals in early 2018. Mr. Gwyn cautioned that this decision is not binding on North Carolina, and, unlike Jefferson County Schools, none of the large districts in North Carolina are still under desegregation orders. Nonetheless, he said the court's rationale can still be informative.

Mr. Gwyn provided a detailed overview of the case. The 11th Circuit reversed the trial court decision that would have allowed the city of Gardendale, Alabama to secede from Jefferson County Schools and create its own school system. The trial court found that while there was evidence of a racially discriminatory motive for seceding, Gardendale could nonetheless form its own school system. The 11th Circuit affirmed the finding of racial discrimination, but reversed the decision regarding the remedy, stating that, because of the

desegregation order and the discriminatory motive, the district could not be allowed to secede.

Mr. Gwyn identified three lessons that North Carolina could learn from the Stout case. First, an Equal Protection violation is more likely to exist if a desegregation order is in place, because the school district division could be unconstitutional if it impedes the desegregation order. Without a desegregation order, a legal challenge would only stop the division if discriminatory intent could be shown. Second, he said that comments by government actors matter, even before they are government actors. It is important that public officials or those leading an effort for school division not make statements that suggest a discriminatory motive in dividing the school districts. Third, he said the discriminatory effect of the district division, such as increased racial segregation, can be used as evidence of discriminatory intent, but it is not likely to be sufficient to prove discriminatory intent without direct evidence. A copy of this presentation can be found [here](#).

Kara Millonzi, Professor of Public Law and Government at the UNC School of Government, described the process through which a school district's budget is adopted. First, the school board determines its financial needs. Second, the school board estimates State and federal funding that will be received. Third, the school board requests operating and capital funding from the county. Fourth, the county commissioners appropriate money for operating and capital. Fifth (optional), the school board initiates dispute resolution. Sixth, the school board is bound by county appropriation allocations.

Ms. Millonzi described the school funding responsibilities for counties. Most of those responsibilities, such as for school facilities, classroom equipment, and school maintenance, are directly delegated by statute. The North Carolina Supreme Court has said that the dispute resolution statute indirectly delegates funding responsibility as well.

Ms. Millonzi described the factors that impact a county's appropriation of school funds. Those factors include the following: educational goals and policies of the State and the local board of education; the budgetary request of the local board of education; the financial resources of the county and the local board of education; and the fiscal policies of the board of county commissioners and the local board of education. She pointed out that many counties consider more than the minimum resources required, providing supplemental funding for teacher supplements, additional teachers, teacher assistants, and special programs.

Ms. Millonzi identified the following three funds that impact the local relationship: the Local Current Expense Fund; the Capital Outlay Fund; and Fund 8 (catch-all fund for particular programs). Almost all county funding goes into the Local Current Expense Fund. Very few county funds (mostly those for pre-kindergarten programs) go into Fund 8.

Ms. Millonzi pointed out that for operating expenses, counties have the option of requiring that funds be spent in accordance with a particular purpose/function code, such as regular instructional services or support and development services. She said that in practice,

however, counties simply turn over lump sums of money without requiring that they be connected to a particular purpose/function code.

With regards to Capital Outlay funds, Ms. Millonzi said counties also have the option of turning over lump sums of funds, but in practice they usually break the funding down into three restricted categories. Category I is restricted to particular projects. Category II includes acquisition or replacement of furnishings and equipment, and districts have a bit more flexibility in how and where they spend those funds. Category III includes acquisition of school buses, activity buses, and other motor vehicles.

Ms. Millonzi said that in most cases the "resources" provided to school districts are money, but in practice counties sometimes also incur expenses on the schools' behalf. Instead of allocating money, the county pays the expenses directly. Examples of this approach include School Resource Officers (SROs) and nurses.

Ms. Millonzi said funding from the Local Current Expense Fund must be shared with charter schools on a per pupil basis. Additionally, she said that once money goes into the Local Current Expense Fund, Capital Outlay Fund, and Fund 8, there is a prohibition on moving money in and out of the Capital Outlay Fund, unless there is an emergency that is both unforeseen and unforeseeable.

In a county in which there are multiple school systems, the budgeting process is replicated for each school unit. Funds from the Local Current Expense Fund are apportioned to each school system in the county on a per pupil basis, but Capital Outlay and Fund 8 are based on unique needs, just as if you had a single county system.

Ms. Millonzi said that by statute there is a process that allows voters in each school district to vote on a supplemental school tax. The joint taxing authority is shared between the school board and county commissioners. For example, both Orange County Schools and Chapel Hill-Carrboro City Schools are "county" systems. State funding is apportioned equally to each district on a per pupil basis. However, Chapel Hill-Carrboro City Schools passed a referendum that allows the school board to request additional taxing authority from the county. Revenue from that supplemental school tax goes only to the "city" school units. The supplemental school tax does not follow a student who goes to a charter school.

Ms. Millonzi said the framework she described in this presentation applies to most districts, but by local act, there are other examples of county funding procedures. For example, there are at least two school districts in which the school board has taxing authority (Roanoke Rapids and Mooresville), and there are a few multi-county school districts where the unit cuts across two counties. A copy of this presentation can be found [here](#).

Gregory Gaskins, Deputy Treasurer for State and Local Government, Office of the State Treasurer, said the division of a large school unit into multiple units would not likely impact State debt. He said this would not be a problem because the same county would be doing the issuing for both districts. Further, he said there are already examples of counties with multiple school systems, so there are precedents in place. There are two principal ways

through which counties provide capital funding: general obligation bonds and limited obligation bond/certificate of participation. The general obligation bond requires a vote of the people and a pledge of property tax. The limited obligation bonds/certificates of participation is a mortgage type issue in which available revenue is used and some type of property is pledged, such as the school building. He added that disclosure requirements have been extremely important for municipal issuers in the United States and there might be an additional disclosure requirement, but the impact on credit should be minimal.

Dr. Maria Pitre-Martin, Deputy State Superintendent, Department of Public Instruction (DPI), gave a brief overview of the specific topics that would be discussed by various presenters from DPI regarding the logistical considerations associated with school district division. She said the various logistical considerations would include discussions of facilities, insurance, transportation, school nutrition, information technology, and legal issues.

Nathan Maune, Architect, School Planning Section of DPI, discussed implications of school district division for school facilities. He said some facilities and functions, such as administrative offices, building/vehicle maintenance shops, and motor fleet parking sites may require duplication in the new school districts. He said that part of the process would include deciding who gets what existing facility.

Eileen Townsend, Public School Insurance Section Chief, DPI, discussed the insurance implications of school district division. Ms. Townsend said that school district division could result in multiple insurance contracts within each school district to cover property and liability exposures, which might lead to higher insurance costs. However, this is just a high level estimate, and it is possible that, if managed well, costs could be lower for smaller units.

Kevin Harrison, Transportation Services Section Chief, DPI, discussed the school transportation implications of school district division. Mr. Harrison identified multiple options that could be chosen for handling transportation. First, there could be a single State-funded entity to handle transportation for the entire geographic region encompassing the divided school districts. Second, there could be multiple State-funded entities which fund a unified transportation system. Third, there could be multiple independent school districts operating their own bus fleets.

Dr. Lynn Harvey, School Nutrition Services Section Chief, DPI, discussed the school nutrition program implications of school district division. Dr. Harvey said the School Food Authority (SFA) is the responsible entity for the administration of the School Nutrition Programs. Each local education agency (LEA) must have an SFA to administer its non-profit School Nutrition Program. Each Local Board of Education is legally and financially responsible for its SFA. She said federal funding assistance is based on the service of reimbursable meals to students. The SFA is reimbursed based on the number of meals served daily.

Dr. Harvey identified several potential challenges related to the division of a large school system into smaller school systems:

- Cost
- Reduced efficiency
- Duplication of effort
- Start-up funding (meal reimbursements)
- Economic diversity may not produce sufficient revenues to operate/sustain the program
- Distribution of liquid and other assets
- Warehousing USDA commodities
- Must demonstrate capacity to operate programs
- Oversight costs to the State Education Agency

Dr. Harvey also identified multiple opportunities that could be presented by school district division:

- Establish LEA; authorize SFAs
- Empower LEAs and/or NCDPI to establish SFAs
- Establish an SFA Governance Council consisting of base boards of education
- Designate the local legal authority for SFAs
- Decrease administrative burden to smaller SFAs; possibly decrease costs
- Cross LEA agreements for School Nutrition Administration

Michael Nicolaidis, Chief Information Officer, DPI, discussed the information technology implications of school district division. Mr. Nicolaidis discussed the information technology landscape in North Carolina schools, which includes Enterprise Statewide Systems, Local Systems, Technology Infrastructure, and Cybersecurity. The Enterprise State Systems include Home Base, PowerSchool, Schoolnet, NCEES, EVAAS, and State Reporting systems. Local systems include email, local Human Resources and Financial Systems, Local Instructional Systems, Learning Management Systems, and Parent Portals. He said that cybersecurity must be taken into account when breaking up a secure system into smaller parts, because this is the time they are most susceptible to successful attacks. Mr. Nicolaidis also identified potential options for outsourcing IT needs.

Eric Snider, Staff Attorney, State Board of Education, discussed the legal implications of school district division. Mr. Snider identified several questions for consideration related to the various types of contracts school districts sign, such as what happens to employees who entered a contract with a term that extends beyond the date of dissolution. He identified several administrative questions that would have to be addressed, such as whether new onboarding should exist for teachers when they start in the new district. Mr. Snider discussed possibilities for how district property will be divided up. Mr. Snider then described what would happen with existing lawsuits. Mr. Snider also talked about the issues related to constitutional rights.

Mr. Snider discussed the implementation oversight procedures from the State Board's perspective. He identified the statute that assigns general authority to local boards. He

pointed out that the State Board has the power to alter the boundaries of city districts and approve consolidation and merger agreements.

A copy of DPI's presentation can be found [here](#).

March 28, 2018

The Joint Legislative Study Committee on Division of Local School Administrative Units held its third meeting on March 28, 2018, in Room 544 of the Legislative Office Building in Raleigh, NC. Representative Bill Brawley presided as chair of the meeting.

Dr. Kevin Bastian, Senior Research Associate and Associate Director of the Education Policy Initiative at Carolina at the University of North Carolina at Chapel Hill, and Dr. Eric Houck, Associate Professor of Educational Leadership and Policy in the School of Education of the University of North Carolina at Chapel Hill, presented research to the Committee on the correlation between school district size and school district efficiency.

Dr. Bastian discussed the historical perspective of school consolidation, including the goal of achieving economies of scale. From a research perspective, there is limited research on deconsolidation.

Dr. Houck presented the Committee with a theoretical framework for evaluation of school finance policies that highlighted the tensions between equity, efficiency, liberty, and adequacy as an initial starting point for consideration of the research. He indicated that there is a range in findings from these studies, and that most cost studies reflect a "u shaped curve," with inefficiencies in smaller districts that decrease as size increases, and then becomes inefficient again as size continues to increase. Dr. Houck stated that research suggests somewhere between 10,000 and 15,000 as the range for maximum efficiencies, but that the literature is somewhat inconsistent. Operational efficiencies continue to increase for larger districts, but at least one study suggests that transportation costs may offset those efficiencies.

Dr. Houck continued his review of literature that suggests smaller schools are more effective, but cautioned that there is limited research on the impact or connection in district size and school size. School recomposition can impact operational efficiencies as well, and could offset efficiencies gained, depending on the new composition. Studies have found that the composition of children with disabilities can also decrease the efficiencies of school districts, especially due to the capped State funding for children with disabilities. He stated that many of these issues related to efficiency are often addressed through school finance mechanisms.

Dr. Houck noted that some limitations have been raised related to past studies in this area, including focus on proficiency without consideration of growth. Additionally many studies have focused solely on the output of student performance, whether proficiency or growth, as the metric for determining efficiency. However, some researchers have noted that schools do not operate in a technical efficiency framework with only one output sought

and are often asked to produce several outcomes at once, such as student health, student safety, and student citizenship, that may not be captured in test scores. Rather, schools are practicing allocative efficiency, spending resources to achieve multiple goals simultaneously, which makes input-output analysis a disadvantage for reviewing the efficiency of schools. Studies using the allocative model have mixed findings, with a Texas study finding no relationship between efficiency and school district size, and a Georgia study finding no relationship with district size on some academic measures, but a positive relationship in district size with performance on state-administered graduation tests.

Dr. Bastian then provided information to the Committee on the production literature for consolidation of school units. He initially provided some limitations in the available research, including that there is not a sizeable body of literature, most studies are focused on test outcomes, and outcomes are often studied at the aggregate district or school level, rather than student level. The literature often operationalized district size in one of a few ways, including number of students enrolled in the unit or school, or focused on particular grade levels in the schools. Other researchers have taken the variable of school districts and divided it by ranges, and a few studies have operationalized district size by number of schools in the district. Few studies have looked for non-linear relationships related to district size. Finally, Dr. Bastian noted that much of the literature has been limited to examination of only a few states.

Dr. Bastian provided findings that were available from this research, initially noting the results were somewhat mixed. He indicated that several studies showed that smaller local school administrative units are associated with desired outcomes, noting studies from Texas (higher attendance when fewer schools in district), California (higher school level achievement in elementary and middle schools in smaller districts), and New Jersey (higher school level achievement in districts with smaller numbers of schools).

Dr. Bastian indicated that some studies show that socio-economic status is also a factor in the impact of district size. As socioeconomic status increased, the effect of the size of the local school administrative unit on student achievement moved from negative to positive. School unit size was also positively connected in some studies to higher test scores (Texas), improved passing rates on state tests (Georgia), and greater progress in implementing standards-based reform based on the capacity of larger districts. An international study from Denmark also showed that students in larger municipalities were more likely to complete post-high school education.

Dr. Bastian then provided an overview of the literature from the deconsolidation perspective. He cautioned that much of the data for these studies comes from the 1980s and 1990s, when the available data sets were more limited than currently used in research, and that many of these studies did not control specifically for district size in predicting certain outcomes. Another caution was that many of the studies reviewed school or school unit level data, but not individual student level data, so variability was not explored. The interaction of the size of the school unit and individual school size was also not a focus for much of the research, with more focus on individual school size showing that small schools produce better outcomes. Much of the work on district size and outcomes is also static,

focusing on a single year of data and proficiency rather than growth, and does not show relationships between district size and growth. Finally, the lack of "natural experiments" to study, due to the limited number of deconsolidation of units, limits the conclusions that may be drawn from existing research.

Dr. Bastian noted that the combined conclusions of the literature review were that there is no optimal size, and the optimal size for a school unit may differ based on the desired outcome, group, and values. He indicated that for very large districts such as Charlotte-Mecklenburg Schools and Wake County Schools, division into multiple smaller districts would be needed to capture any potential benefits, and the impact of individual school size would still need to be a consideration.

The combined presentation for Dr. Bastian and Dr. Houck can be found [here](#). Additional information on exceptional children's funding in North Carolina can be found [here](#).

April 4, 2018

The Joint Legislative Study Committee on Division of Local School Administrative Units held its fourth meeting on April 4, 2018, in Room 643 of the Legislative Office Building in Raleigh, NC. Representative Bill Brawley presided as chair of the meeting.

Vance County Schools

Dr. Anthony Jackson, Superintendent of Vance County Schools, and Stephanie Ayscue, Principal of Advance Academy, presented information to the Committee on innovations in service options for at-risk learners in Vance County Schools. Dr. Jackson stated that the unit has chosen to be different by design and create a portfolio of opportunities for students, including alternative programs.

Ms. Ayscue next spoke about Advance Academy, the alternative program for Vance County. She reviewed the core values of the schools, including a focus on relationship building and the unique contribution of each child. Ms. Ayscue explained that students enroll in Advance Academy for reasons including discipline issues, attendance issues, academic course recovery, and by choice. The school provides flexible scheduling in the morning, mid-day, and evening, and personnel that provide social and emotional support. Ms. Ayscue stated that a blended learning model is used to provide personalized pathways of instruction that permits credit recovery of courses. The school also requires service learning and provides recognition for students.

Ms. Ayscue stated that Advance Academy uses several key performance indicators for the school, including graduation rate, dropout rate, and number of short-term and long-term suspensions. Dr. Jackson stated that over the last three years, the district has seen positive results in all three measures, and provided specific examples of changes in each area. He stated that, in addition to the impact on the district as a whole, Advance Academy has a graduation rate of 95% or greater.

Dr. Jackson next spoke about key partnerships with the community, including local businesses and nonprofits, faith-based organizations, juvenile services, and Vance-Granville Community College, that have improved opportunities for students and created better connections and relationships with the community, but most importantly have instilled pride in their students.

Dr. Jackson reviewed challenges for the program, including funding, lack of calendar flexibility, the need for greater capacity to serve all students who might benefit, changing mindsets towards the students served, expanding opportunities for students, and the current method for calculation of dropouts for State reporting.

The Vance County Schools presentation can be found [here](#).

Lenoir County Schools

Frances Herring, Associate Superintendent for Lenoir County Public Schools, Amy Jones, Career and Technical Education and High School Director for Lenoir County Public Schools, and Rhonda Greene, Principal of Contentnea-Savannah K-8 School, next spoke to the Committee about the Contentnea-Savannah K-8 STEM School (CSS).

Ms. Jones provided historical context on CSS, which was formed from a merger of an older elementary and middle school into a K-8 school in 2008. Ms. Herring provided an overview of the structure and demographics of Lenoir County Public Schools, and noted that the population of the unit has been in steady decline over the last few decades. Ms. Greene next explained the demographics of CSS, which is a Title I School with more than 70% of the students qualifying for free or reduced lunch.

Ms. Greene and Ms. Jones discussed the strengths of CSS, a Science, Technology, Engineering, and Mathematics (STEM) certified school since 2013-2014, with two active STEM labs. CSS has numerous clubs and activities to involve students in STEM activities and the school facility has a "farm to fork" program with 27 raised garden beds where classes can grow crops in multidisciplinary lessons. They noted that challenges for the school have included student poverty levels, overcapacity, and teacher turnover.

Ms. Greene and Ms. Jones also discussed the school's positive behavior and supports program that provides incentives and support for positive student behavior, and noted examples of parental and community involvement in the school. Ms. Herring discussed several grants received by CSS that have supported additional programming, including funding by Burroughs-Wellcome for summer STEM camps and robotics programs.

The Lenoir County Schools presentation can be found [here](#).

Surry County Schools

Dr. Travis Recves, Superintendent of Surry County Schools, next presented to the Committee on Next Generation High Schools (NGHS). Dr. Reeves discussed the

philosophy that the new norm is education beyond the high school diploma, leading to a redesign of the high school experience in Surry. He provided an overview of the demographics of Surry County and explained the components of the NGHS, including college credit offerings, flexible scheduling, optional pathways, personalized and customized learning, work-based learning, and most of all choice that begins in middle school.

Dr. Reeves explained that this transition began in 2012, with the creations of the Surry Virtual Academy taught by local teachers which provides courses with flexible scheduling for students and allows opportunities for college credit and credentials outside the traditional schedule. Dr. Reeves showed the trend in increasing enrollments in these virtual courses and high completion rates and enrollment tripling in Career and College Promise courses, with 43% of juniors and seniors enrolled in college courses, in addition to early college students. Dr. Reeves noted that this has also resulted in tuition savings for families. Other positive outcomes of the program include graduation rates that have increased overall to more than 90%, and have increased across all demographic groups, including economically disadvantaged and Hispanic students.

Surry has also received a Golden LEAF Grant to create the Next Generation High School Career Academy to provide internships and apprenticeships with local business and industry partners leading to employment, flexible scheduling, and the opportunity to earn industry related career credentials. Dr. Reeves provided examples of students successfully matched with local employers for internships that may lead to future employment.

Dr. Reeves discussed obstacles to this innovation, including lack of funding flexibility. He explained that local and grant funding has been needed to cover some positions related to counseling and to fund college textbooks. He noted that funding was also not available for the virtual academy courses or a principal position since it is not a brick and mortar school. Some transportation costs provided in the program during the school day are also not covered under the State formula.

The Surry County Schools presentation can be found [here](#).

Buncombe County Schools

Janet Greenhoe, Principal of Community High School (CHS), presented to the Committee next on the Buncombe County alternative program. Ms. Greenhoe provided information on the demographics of the program, which serves students with a number of at-risk factors, including 82% of students qualifying for free and reduced lunch, and 42% of students who are homeless. The school is a school of choice by application, but provides for emergency placement and superintendent placement. The school is small, serving 170 students with individual classes of 15 or less, operating on a three-block schedule, and providing a number of support services. CHS also houses PASS, a licensed mental health facility serving about 17 students. Access is available to twilight school courses, and transportation to CHS is provided for students from traditional high schools in Buncombe

County and Asheville High School. The school also provides an alternative learning environment for students on short-term suspension.

Ms. Greenhoe noted that CHS is a priority school that has received a school improvement grant used to enhance instructional resources and enhance teacher capacity. She discussed core beliefs of the school, and teacher modeling of behaviors for students, using resiliency models that helps teach students how to control anger. Teachers also receive training to understand the impact of trauma on students. Ms. Greenhoe explained that CHS uses outcome-based grading, allowing students to demonstrate mastery of concepts in a different manner than traditional grading. CHS also uses an alternative accountability model to assess student progress.

Ms. Greenhoe reviewed some of the ongoing challenges for CHS, including improving parent involvement and student attendance. She noted that funding can be a challenge to cover all needed services, as can transportation, since CHS does not have its own buses and relies on transportation from other schools. Ms. Greenhoe stated that another challenge was hiring teachers to work with at-risk youth, the increasing need for mental health services for students, and the homelessness that many students faced. She noted that increasing student growth and achievement was also a challenge due to significant gaps in past learning and development of many of the students.

Ms. Greenhoe notes the CHS has many community partners, including student mentors from Warren Wilson College, food for needy families from Manna Food Bank, and funding for special opportunities for students provided by local businesses and civic clubs. Ms. Greenhoe noted that the current school facility has a number of limitations, but that a new structure is underway and the school will be moving in the spring of 2019.

The Buncombe County Schools presentation can be found [here](#).

Charlotte-Mecklenburg Schools

Dr. Clayton Wilcox, Superintendent of Charlotte-Mecklenburg Schools (CMS), next provided information to the Committee on Project LIFT. Dr. Wilcox explained that Project LIFT is a public-private partnership focused on the attendance zone for West Charlotte High School that aims to eliminate educational disparities by improving teacher talent, increasing learning opportunities, using technology as a force multiplier, and improve parent and community engagement. Project LIFT provides an additional \$1200 for each student as a result of \$55 million in donations from the philanthropic community, in addition to the more than \$50 million provided for these schools from Charlotte-Mecklenburg Schools.

Dr. Wilcox noted that Project LIFT has increased the graduation rate for West Charlotte High School from 50% to 88%, and has also increased the number of scholarships earned by graduates. Overall academic scores have also increased, and suspension rates have declined in these schools, as well as across the system. Dr. Wilcox stated that Project LIFT schools were considered hard to staff, but now have qualified staff in all positions and

started this school year fully staffed. Retention of teachers in these schools has also improved.

Dr. Wilcox noted that the Project LIFT model is being replicated in BEACON schools in CMS, as well as in other school units across the country. Project LIFT uses the opportunity culture model that provides teachers with opportunities to step into leadership roles without leaving the classroom and allows principals to become more entrepreneurial in resource allocation. He noted that the multi-classroom leader role is showing positive impacts in mathematics in particular and positive indications of impact on school culture.

Dr. Wilcox states that they are also developing a type of school within a school known as LIFT academies for at-risk students, and that this concept has spread to other schools in CMS and across the country. Project LIFT has also made huge strides in eliminating the digital divide. CMS is a 1:1 digital device district, where all students have access to Microsoft tablets. Within Project LIFT, more in-home Internet connections have been created through partnerships with Sprint.

Dr. Wilcox noted that Project LIFT has not seen the overall success initially hoped for and that increased funding is necessary but insufficient alone to produce the desired outcomes. He noted that there may have been unrealistic expectations on the time it would take to produce desired results, and CMS is fundraising to try to sustain the work. He noted that leakage in successful teaching staff to other CMS schools and other districts and in other students experiencing early success to other school choice options has also been a big challenge for the Project. Other challenges have included frequent leadership transitions in superintendents and principals, as well as demonstrating growth under the State model that focuses more heavily on proficiency.

Dr. Wilcox noted that Dr. Watts, the Associate Superintendents over Project LIFT indicated that the size of CMS has no impact on the program. Dr. Wilcox states that he disagreed with this and believed that the district funding and central services, such as human resources and financial services, have assisted in the program. He concluded by noting that size is not the enemy of innovation.

Sugar Creek Charter School

Richard Vinroot, former board member for Sugar Creek Charter School (Sugar Creek), next presented on that school. Mr. Vinroot provided information on the history of the creation of Sugar Creek, focusing on inner city minority students with poor performance. Since formation, Sugar Creek has had significant success with economically disadvantaged and minority students. Mr. Vinroot also mentioned another charter school, Henderson Collegiate, and noted the success of that school with the same subgroups and that Sugar Creek had learned from their experiences. Mr. Vinroot discussed the intent of the school to provide all students with the opportunity to learn and pointed to successful administration and teacher commitment as keys to success.

Mr. Vinroot then provided information on the demographics of Sugar Creek. Parental involvement is more limited in some cases because many students are from single-parent families. Sugar Creek opened a high school three years ago and have the first senior class graduating this spring. All of the 30 students in the graduating class have been accepted to college.

Mr. Vinroot then shared performance data for the school for all students, as well as subgroups, in comparison to the State and CMS. He indicated that the problem is not race, but poverty, and that the Sugar Creek principal has studied ways that schools across the nation address the needs of students in poverty and implemented new curriculum based on those assessments.

Mr. Vinroot stated that Sugar Creek focused on three pillars: academic preparation, high school/college/career readiness, and life skills for success. As part of the life skills curriculum, Sugar Creek employs six full-time character education teachers in grades K-8, and then begin a career and college readiness program in grades 8-12, with five full-time counselors that meet with classes once a day.

The Sugar Creek Charter School presentation can be found [here](#).

April 11, 2018

The Joint Legislative Study Committee on Division of Local School Administrative Units held its fifth meeting on April 11, 2018, in Room 544 of the Legislative Office Building in Raleigh, NC. Senator David Curtis presided as chair of the meeting.

Kara McCraw and Brian Gwyn, Staff Attorneys with the Legislative Analysis Division of the North Carolina General Assembly, briefly reviewed the Committee Proceedings section of the report. Rep. Bill Brawley presented the Findings and Recommendations section of the report. The Committee debated and adopted the report.

FINDINGS AND RECOMMENDATIONS

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Based on information presented to the Joint Legislative Study Committee on the Division of Local School Administrative Units (LEAs) during its regularly scheduled meetings, the Committee makes the following findings and recommendations to the 2018 Regular Session of the 2017 General Assembly:

1. Academic Research on LEA and School Size

The review of literature and existing studies does not document a relationship between LEA size and student educational performance. However, a strong inference can be drawn that smaller school size contributes to improved student performance.

2. Innovative School Programs

Presentations by several LEAs documented improvements in student outcomes through the use of innovative programs and practices, such as: operating outside of traditional hours; offering classes in multiple locations and contexts (such as virtual learning); offering community college classes; utilizing local employer resources; and measuring student progress in innovative ways. These programs customize educational offerings to meet students where they are. The schools implementing innovations are deliberate in advancing the education of their students to achieve their highest potential. These innovative programs and practices provide multiple approaches to helping students based on their needs, including those needing remediation, those who are at grade level, and the most advanced students.

3. Decision-Points to Consider

Several decision-points were identified that would arise if an LEA were to be divided into smaller LEAs. These decision-points were identified in the following presentations:

- [Implementation and Governance Issues](#), Kara McCraw (March 13, 2018)
- [Logistical Considerations in Counties with Multiple School Units](#) (March 13, 2018)
 - Dr. Maria Pitre-Martin, Deputy State Superintendent, Department of Public Instruction (DPI)
 - Nathan Maune, Architect, School Planning Section of DPI
 - Eileen Townsend, Public School Insurance Section Chief, DPI
 - Kevin Harrison, Transportation Services Section Chief, DPI
 - Dr. Lynn Harvey, School Nutrition Services Section Chief, DPI

- Michael Nicolaides, Chief Information Officer, DPI
- Eric Snider, Staff Attorney, State Board of Education

The Committee did not have sufficient time to develop answers to these decision-points.

4. Concerns about Equality

Concern was expressed that dividing a LEA into smaller geographic units could decrease equality in buildings, programs, and teacher quality. Explanations of why this would not be an artifact of existing inequality within a large LEA were not offered. Division of LEAs into smaller LEAs should take care to ensure equality.

5. Additional Study Needed

Any future legislation considered by the General Assembly to create a procedure by which citizens may initiate the breakup of large LEAs will require additional study.

6. Consolidation of Certain Services

Support functions such as providing nutrition, insurance, transportation, maintenance, and other functions have higher costs per student in smaller LEAs. Presenters suggested that consolidation of these support functions on a regional basis could improve cost and efficiency. **The Committee recommends that previous studies into consolidation of components of support functions or shared services be reviewed by the relevant legislative committees and relevant departments at the Department of Public Instruction to determine the success of implemented recommendations and consider merit of unimplemented recommendations to reduce costs and increase efficiency in operating schools. Previous studies include:**

- **2007 North Carolina LEA Case Study: Shared Services**
- **2010 Task Force on Childhood Obesity Final Report**
- **2011 Program Evaluation Division Report: Child Nutrition Programs Challenged to Meet Nutrition Standards, Maintain Participation, and Remain Solvent**
- **2012 House Select Committee on Childhood Obesity Report**
- **2011-2013 North Carolina State School Technology Plan**
- **2015 North Carolina Digital Learning Plan**

7. Exceptional Children Funding

The State allotment of funds for Exceptional Children (EC) programs is limited to 12.75% of the average daily membership in the LEA. There are 60 LEAs whose costs for these services exceed the State limit and require additional funds from local sources. **The**

Committee recommends that the information generated regarding the I.EAs with EC populations in excess of 12.75% be shared with the House Education Subcommittee on Education Appropriations and the Senate Education Subcommittee on Education Appropriations.

COMMITTEE MEMBERSHIP

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2017-2018

President Pro Tempore of the Senate
Appointments:

Sen. David L. Curtis (Co-Chair)

Sen. Deanna Ballard
Sen. Chad Barefoot
Sen. Louis Pate
Sen. Joyce Waddell
Sen. Dan Bishop (Advisory Member)

Speaker of the House of Representatives
Appointments:

Rep. William Brawley (Co-Chair)

Rep. Rosa U. Gill
Rep. Jonathan C. Jordan
Rep. Chris Malone
Rep. Sarah Stevens
Rep. John R. Bradford, III (Advisory Member)
Rep. Edward Hanes, Jr. (Advisory Member)

COMMITTEE CHARGE/STATUTORY AUTHORITY

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**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017**

**SESSION LAW 2017-198
HOUSE BILL 704**

**AN ACT TO ESTABLISH THE JOINT LEGISLATIVE STUDY COMMITTEE ON THE
DIVISION OF LOCAL SCHOOL ADMINISTRATIVE UNITS.**

The General Assembly of North Carolina enacts:

SECTION 1. There is established the Joint Legislative Study Committee on the Division of Local School Administrative Units (Committee). The Committee shall consist of five members of the Senate appointed by the President Pro Tempore of the Senate and five members of the House of Representatives appointed by the Speaker of the House of Representatives. The President Pro Tempore and the Speaker of the House of Representatives shall each appoint a cochair of the Committee from among its membership. The Committee and the terms of the members shall expire when the Committee submits a final report to the General Assembly. Members shall serve at the pleasure of the appointing officer.

SECTION 2. The Committee shall study and make recommendations on the following:

- (1) The feasibility and advisability of enacting legislation to permit local school administrative units that were merged from separate units to be divided into separate local school administrative units once again.
- (2) The varied and best ways by which the division of a local school administrative unit could be achieved.
- (3) Whether legislation permitting the division of local school administrative units should require as a prerequisite to the division a majority vote of the qualified voters of the county through a referendum or election.
- (4) Whether legislation permitting the division of local school administrative units should require as a prerequisite to the division a petition from a certain percentage of the qualified voters of the county and, if so, to what entity the petition should be delivered.
- (5) Any other issue the Committee considers relevant to this study.

SECTION 3. The Committee shall meet upon the call of its cochairs. A quorum of the Committee is a majority of its members. No action may be taken except by a majority vote at a meeting at which a quorum is present. The Committee, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and Article 5A of Chapter 120 of the General Statutes. The Committee may contract for professional, clerical, or consultant services, as provided by G.S. 120-32.02. Members of the Committee shall receive per diem, subsistence, and travel allowance as provided in G.S. 120-3.1. The expenses of the Committee shall be considered expenses incurred for the joint operation of the General Assembly.

SECTION 4. The Legislative Services Officer shall assign professional and clerical staff to assist the Committee in its work. The Director of Legislative Assistants of the House of Representatives and the Director of Legislative Assistants of the Senate shall assign clerical support to staff the Committee.

SECTION 5. The Committee shall submit a final report on the results of its study, including any proposed legislation, to the members of the Senate and the House of Representatives on or before May 1, 2018, by filing a copy of the report with the Office of the President Pro Tempore of the Senate, the Office of the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, and the Legislative Library. The Committee shall terminate on May 1, 2018, or upon the filing of its final report, whichever occurs first.

SECTION 6. This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 30th day of June, 2017.

s/ Philip E. Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

This bill having been presented to the Governor for signature on the 30th day of June, 2017 and the Governor having failed to approve it within the time prescribed by law, the same is hereby declared to have become a law. This 31st day of July, 2017.

s/ Karen Jenkins
Enrolling Clerk