

**NORTH CAROLINA GENERAL ASSEMBLY
JOINT LEGISLATIVE STUDY COMMITTEE ON PUBLIC SCHOOL FUNDING
FORMULAS**

Study of Public School Funding Formulas and Distributions

REQUEST FOR PROPOSALS

May 5, 2009

Proposals subject to the conditions made a part hereof will be received until **5:00 p.m. EST June 22, 2009**, for furnishing services described. Please send all proposals to the following:

**Mr. Brian Matteson
Fiscal Research Division
General Assembly of North Carolina
Room 619 Legislative Office Building
300 N. Salisbury St.
Raleigh, NC 27603**

Phone: 919-733-4910

Email: brianm@ncleg.net

NOTE: Indicate firm name, "Technical Proposal" or "Cost Proposal" on the front of each sealed proposal envelope or package.

NOTE: Questions concerning the specifications in this Request for Proposal may be submitted in writing to the email address listed above until May 29, 2009. No questions will be taken after 5:00 p.m., May 29, 2009. A summary of all questions and answers will be posted at the following address: <http://www.ncleg.net/Applications/Blog/Blog.aspx?blogID=22>

Introduction

The Joint Select Committee on Public School Funding Formulas (Committee) was created by an Authorizing Letter effective November 26, 2007, and signed by Marc Basnight, President Pro Tempore of the Senate and Joe Hackney, Speaker of the House of Representatives. (The Authorizing Letter is attached as Appendix A.) The Authorizing Letter directed the Committee to “perform an extensive study of all public school funding formulas and distributions.”

The Committee articulated its vision for the study in its Interim Report to the 2008 Regular Session of the 2007 General Assembly (attached as Appendix B). On page 15 of this report, the Committee “recommends an independent study of all major State public school funding formulas. The study should evaluate the efficiency, equity, and efficacy of State public school investments.”

The Authorizing Letter provided that the Committee would terminate December 31, 2008, or upon the filing of its final report, whichever occurred first. However, Part XXXVII of Session Law 2008-181 (attached as Appendix C) extended the duration and scope of the Committee, enabling it to continue its work by evaluating any modifications to school funding formulas that are enacted by the General Assembly upon the recommendation of the Committee.

In order to conduct an independent study, and pursuant to the Authorizing Letter, the Committee now is seeking a Contractor to study and evaluate the State’s system for providing State funding to North Carolina’s public schools.

Background

The Committee is comprised of 24 members, 12 appointed by the Speaker of the House and 12 by the President Pro Tempore of the Senate. The Committee is co-chaired by a Representative and a Senator who collaborate in presiding over its work and alternate in leading its meetings.

The Committee is required to study the State Board of Education’s model for projecting average daily membership and focus particularly on how well this model projects average daily membership in rapidly growing school systems with highly mobile populations. The Committee also is directed to perform an extensive study of all of the State’s public school funding formulae and distributions. They include, but are not limited to:

- School Capital Fund
- Lottery School Construction Formula
- Children with Disabilities
- Limited English Proficiency
- At-Risk Student Services/Alternative Schools
- Improving Student Accountability
- Disadvantaged Students Supplemental Funding
- Low-Wealth Counties Supplemental Funding
- Small County Supplemental Funding
- Transportation of Pupils
- Academically or Intellectually Gifted
- Number of school systems funded per county

To get a clearer understanding of these formulae, the Committee directed Fiscal Research Division (FRD) staff to provide in-depth briefings on each item. These presentations were delivered in public meetings held on December 13, 2007 and January 30, 2008. The Committee then sought external counsel for its deliberations. Local school administrative unit (LEA) superintendents and finance officers testified on the utility of the current State funding system and offered recommendations for potential improvement. National experts also appeared before the Committee to advise about national K-12 education trends and public school funding studies conducted in other states.

After receiving external advice and follow-up presentations from FRD staff, the Committee held meetings to define its short-term objectives, interim recommendations, and direction for a potential long-term study. These recommendations and the decision to pursue an external long-term evaluation of the State public school funding system were approved on May 15, 2008 within the Committee's Interim Report. The seven public meetings and the Interim Report set the foundation for the external evaluation sought under this Request for Proposals (RFP)¹.

Project Description

The Contractor will conduct a comprehensive review of North Carolina's current system for providing State support to LEAs for K-12 education. North Carolina currently uses a system of basic and supplemental allotments to allocate State funds to LEAs.² This type of education funding structure is sometimes referred to as a teacher allocation system. Position allotments for school-based administrators, teachers, and instructional support make up the foundation of this system. The State allots positions to LEAs for a specific purpose. LEAs, in turn, pay whatever is required to hire certified teachers and other educators based on the State salary schedule, without being limited to a specific dollar amount. LEAs also receive additional funds through dollar allotments. These funds can be used to hire employees or purchase goods for a specific purpose, but the LEA must operate within the allotted dollar amount or supplement with local or other resources.

In addition to its support for the current operations of North Carolina's public schools, the State also provides some support for public school capital needs through the Public School Building Capital Fund (PSBCF). The PSBCF is supported both by corporate income tax proceeds and forty percent of the net proceeds of the North Carolina Education Lottery. The distribution of State funds for public school capital purposes will also be included in the comprehensive review.

The Contractor will evaluate North Carolina's current funding structure to determine whether it clearly allocates funds among LEAs in a manner that:

- Targets student achievement;
- Encourages efficient use of resources;

¹ All Committee materials and reports may be found at:
<http://www.ncleg.net/gascripts/DocumentSites/browseDocSite.asp?nID=37>.

² Allotment Policy Manuals, which provide descriptions of the various allotments, are available at:
<http://www.ncpublicschools.org/fbs/allotments/general/>.

- Ensures that all children, regardless of race, gender, ethnicity, disability, socioeconomic status and geography, are provided the opportunity to receive a sound basic education³; and,
- Minimizes complexity so that funding is provided in a transparent, understandable manner

This evaluation shall include, without limitation, an analysis of best practices carried out in other states and an examination of how exemplary school systems that are high-performing and low-spending are funded, with consideration given to demographic similarities. Particular attention should be paid to what results have been experienced by states that have recently changed funding structures. In addition to the allocation of funds, the Contractor will also consider the level of flexibility provided by the current allotment system.

The Contractor should solicit input from various stakeholders across the State in evaluating North Carolina's current funding structure, including, but not limited to:

- The State Board of Education
- Department of Public Instruction
- School administrators, such as superintendents, finance officers and principals
- Teachers
- Various North Carolina professional organizations related to school personnel
- School boards
- Representatives from The University of North Carolina System, the North Carolina Community Colleges System, and the Office of North Carolina Independent Colleges and Universities
- The Hunt Institute
- North Carolina Justice Center
- Z. Smith Reynolds Foundation
- Public School Forum of North Carolina

The Contractor will describe the strengths and weaknesses of the current funding system as well as alternative funding structures (such as foundation systems, teacher allocation/foundation hybrids, etc.). The Contractor will also provide a recommendation on whether:

- The current funding system meets the four goals outlined above and should be continued; or,
- The current funding system should be continued with modifications; or,
- The State would be best served by transitioning to an alternative funding structure given the potential for significant improvements in achieving these goals

³ Definition of "sound basic education" as enumerated by the North Carolina Supreme Court in 1997 (Leandro v. State of North Carolina, 346 N.C. 336) may be found at:
<http://www.aoc.state.nc.us/www/public/sc/opinions/1997/179-96-1.htm>

Timing

The project will be completed no later than eight months after the contract is signed.

Qualifications

Potential Contractors submitting proposals must demonstrate their extensive knowledge of public school funding formulas, state finance study processes, and the capacity needed to retain and manage data collections necessary to provide the information and the recommendation mandated by this study. Contractors submitting proposals must demonstrate the capability to produce clear, well-written reports by providing multiple examples of completed projects.

Deliverables and Report Requirements

The final report shall:

- Adequately reflect the study's methodology, sources of information, purpose and scope, analyses, evaluation assessments, recommendations, and conclusions
- State any known deficiencies or limitations of the study
- Be presented in both a printed form and electronic version

At the completion of the study, the Contractor shall submit a written report to the Committee per the requirements of the "Project Timeframe" in the next section. The Committee may, at the discretion of its Co-Chairs, require up to four formal presentations of this report. The Contractor will provide an electronic version and 100 written copies of the final written report to the Committee. In addition, the Contractor will provide interim electronic and written reports on a monthly basis to the Co-Chairs to update them on project progress.

Project Timeframe

Key dates and deadlines associated with this study are listed below:

Activity	Date
RFP Distributed	Tuesday, May 5, 2009
Proposals from Vendors Due	Friday, June 22, 2009
Award Contract	Friday, July 24, 2009
Interim Progress Reports	The final Friday of each month of the project duration, beginning August 28, 2009
Project Completed/Final Report	Thursday, March 25, 2010

Required Contents for Proposal

The proposal package should include a “Technical Proposal” and a “Cost Proposal”. Please limit Technical Proposal to 50 pages or less, excluding examples of prior work.

Technical Proposal

The Technical Proposal shall consist of the following sections:

- a) Executive Summary
- b) Corporate Background and Experience
 - 1. Background information on the organization and details of experience with similar projects
 - 2. A list of at least three references, including contacts and telephone numbers, for whom similar work has been performed
 - 3. Samples of work products
- c) Financial Statement

This section shall include the Contractor’s most recent financial statement or similar evidence of financial stability.
- d) Project Staffing and Organization
 - 1. Proposed staffing, deployment and organization of personnel to be assigned to this project
 - 2. Resumes of key personnel who will actually be assigned to the project, describing experience with similar projects and the responsibilities to be assigned to each person. Experience with similar projects shall specifically include work being done for the North Carolina General Assembly, the North Carolina State Board of Education, and the North Carolina Department of Public Instruction currently and within the past three years
 - 3. How the study will be planned, organized and conducted
- e) Approach to Study

This section shall include narrative, outline, or graphic information setting forth the Contractor’s approach to the tasks outlined in the Project Description section. A description and schedule for each task shall be included.
- f) Statement of Intent to Conform with Ethics Act

This section applies to all Contractors performing work on this project. Contractors will be required to complete a brief training program covering requirements of this act conducted by the Research Division of the General Assembly. For specific requirements, see G.S. 120C-100(6) and G.S. 138-A-3(21) and as summarized in this RFP under the *Terms and Conditions of Resulting Contract* item 5.

Cost Proposal

The cost proposal must be submitted in a separate sealed package and must contain the following information:

- 1. Personnel costs (including hourly rates and total hours)
- 2. Travel and subsistence expenses
- 3. Office space, telephone, and other support needs, if any, anticipated from the North Carolina General Assembly
- 4. Subcontractor costs (if any)

5. Other costs
6. Total cost for completing the project
7. Rates for additional analyses requested during the project period

Proposal Submittal Process

- a) Two original and 10 copies of the proposal plus electronic copy, PDF preferred
- b) Each original shall be signed and dated by an official authorized to bind the Contractor
- c) Other guidelines for the submission of proposals and questions concerning the RFP are addressed on Page 1

Proposal Evaluation Process

Proposals submitted in response to this RFP will be evaluated according to the following criteria:

- a) Ability of Contractor and staff
- b) Experience with other relevant projects
- c) Content
- d) Completeness
- e) Cost

At their option, the evaluators may request oral presentations or discussion with any or all Contractors for the purpose of clarification or to amplify the materials presented in any part of the proposal. However, Contractors are cautioned that the evaluators are not required to request clarification; therefore, all proposals should be complete and reflect the most favorable terms available from the Contractor.

Proposals will be evaluated based on the listed criteria. The selected proposal, if any, will be one deemed to provide the best combination of technical and cost values to the State of North Carolina.

General Conditions Related to Submittal of Proposals

1. Right to Reject

The *Joint Legislative Study Committee on Public School Funding Formulas* (Committee) reserves the unqualified right to reject any and all proposals when such rejection is deemed to be in the best interest of the State of North Carolina.

2. Right to Accept Part of Proposal, Negotiate Content and Cost

The Committee reserves the right to accept part of any proposal, and to divide any proposal into parts deliverable in stages over an extended time period. The Committee reserves the right to negotiate and alter the content, form, schedule, and deliverables of any proposal or portion of a proposal accepted. The Committee reserves the right to negotiate the cost of any proposal or portion of a proposal accepted.

3. Time for Acceptance

Each proposal shall state that it is a firm offer that may be accepted within a period of 60 days from the date of submission.

4. Unsolicited Proposal Changes

Any unsolicited change to a proposal that is received after the closing date of this request for proposals will be rejected.

5. Responsibility to Make Timely Submission

The Contractor is responsible for assuring the timely delivery of a proposal. Late proposals will be rejected without review.

6. Cost for Proposal Preparation

Any costs incurred by Contractors in preparing or submitting offers are the Contractor's sole responsibility. The Committee will not reimburse any Contractor for any costs incurred prior to award.

7. Elaborate Proposals

Elaborate proposals in the form of brochures or other presentations beyond that necessary to present a complete and effective proposal are not desired. Contractors must limit proposals to 50 pages or less (not including examples of work products).

8. Oral Explanations

The Committee shall not be bound by oral explanations or instructions given at any time during the competitive process or after award.

9. Confidentiality of Proposals

In submitting its proposal the Contractor agrees not to discuss or otherwise reveal the contents of the proposal to any source outside of the Committee or its staff until after the award of the contract.

10. Form of Proposal

Proposals shall be submitted in a form that, in the opinion of the Committee, may be incorporated verbatim into a contract.

11. Exception to Terms

Any exception, interpretation, or suggestion for clarification by the Contractor to any of the terms and conditions of this request for proposals must be clearly stated by the Contractor.

12. Competitive Offer

Pursuant to the provision of G.S. 143-54, and under penalty of perjury, the signer of any proposal submitted in response to this request for proposals thereby certifies that this proposal has not been arrived at collusively or otherwise in violation of either Federal or North Carolina antitrust laws.

13. Right to Submitted Materials

All responses, inquiries, and correspondence relating to or in reference to this request for proposals shall become the property of the State of North Carolina when received.

14. Contractor's Representative

Each Contractor shall submit with its proposal the name, address, telephone number, and email address of the person(s) with authority to bind the firm and answer questions or provide clarification concerning the Contractor's proposal.

15. Proprietary Information

All Contractors' information submitted in the proposal has the potential to become public information. Contractors are cautioned that any proprietary information contained in the proposal may not be protected as confidential and should not be submitted in response to this request for proposals.

16. Historically Underutilized Businesses

Pursuant to General Statute 143-48(a), the North Carolina General Assembly invites and encourages participation in this procurement process by businesses owned by minorities, women, disabled, disabled business enterprises and non-profit work centers for the blind and severely disabled.

17. Titles

Titles and headings in this request for proposals and any subsequent contract are for convenience only and shall have no binding force or effect.

Terms and Conditions of Resulting Contract

The following are terms and conditions that will be included in the contract for conducting the project. Other terms and conditions may be added prior to the signing of the contract.

1. Contractor

The contract is between the Committee (subject to the approval of the Legislative Services Commission) and the selected Contractor (hereinafter referred to as "Contractor").

2. Contract Period and Schedule

The terms of the contract shall begin at its signing and shall end on March 25, 2010, unless extended or terminated as provided herein.

The Contractor agrees to the following reporting schedule:

Interim Reports: Final Friday of Each Month of the Project Duration Beginning
 August 28, 2009

Final Report: March 25, 2010

3. Availability of Funds

Any and all payments to the Contractor are dependent upon and subject to the availability of funds to the Committee for the purpose set forth in this agreement.

4. Additional Contract Expenses

The contract for the project is not a time and materials agreement. Any expenses of the Contractor in addition to those contracted for, or above the contract amount, are the sole responsibility of the Contractor.

5. Applicability of State Government Ethics Act

Pursuant to G.S. 120C-100(6) and G.S. 138A-3(21), the Contractor is subject to the ethics requirements of Chapter 138A of the General Statutes (State Government Ethics Act) that are applicable to legislative employees. These ethics requirements include, but are not limited to, the prohibition on the acceptance of most gifts from lobbyists and lobbyists' principals and the mandatory ethics training required for all legislative employees. Also, if the Contractor is a business entity, the business entity will need to identify the individuals assigned to the project so that these individuals' names can be provided to the State Ethics Commission for inclusion on the list of legislative employees subject to the lobbying laws. The Contractor shall familiarize itself with these and all other requirements of the State ethics law and shall ensure that it and its individual employees comply with these requirements.

6. Governing Law

This contract is made under and shall be governed and construed in accordance with the laws of the State of North Carolina.

7. Situs

The place of this contract, its situs and forum, shall be Wake County, North Carolina, where all matters, whether sounding in contract or tort, relating to its validity, construction, interpretation and enforcement shall be determined.

8. Termination and Default

(a) Mutual Termination. – Upon mutual written agreement of the Committee and the Contractor, the contract may be terminated at any time.

(b) Committee Termination. – The Committee has the right to terminate the contract at its discretion with 10 days written notice. In the event of termination under this subparagraph, the Contractor will be paid or reimbursed an amount commensurate with work completed or expenses incurred up to the date of termination. In the event that the Contractor has received funds in excess of the amount commensurate with work completed or expenses incurred, the Contractor shall repay the excess funds to the Committee.

(c) Contractor Failure To Perform. – If, for any reason, the Contractor shall fail to fulfill in timely and proper manner the obligations under this agreement, the Committee shall thereupon have the right to terminate this contract by giving written notice to the Contractor and specifying the effective date thereof. In that event, all finished or unfinished deliverable items under this contract prepared by the Contractor shall, at the option of the Committee, become its property, and the Contractor shall be entitled to receive just and equitable compensation for any satisfactory work completed on these items. The Contractor shall not be relieved of liability to the Committee for damages sustained by the Committee by virtue of any breach of this agreement, and the Committee may withhold any payment due the Contractor for the purpose of setoff until a time that the exact amount of damages due the Committee from the breach can be determined. In case of default by the Contractor, the Committee may procure the services to which it is entitled under this contract from other sources and hold the Contractor responsible for any cost occasioned thereby.

(d) Liability of Contractor. – In the case of termination or default, the total liability of the Contractor shall not exceed the total contract amount.

(e) Force Majeure – No party to this agreement shall be deemed to be in default of any obligation hereunder if and so long as it is prevented from performing the obligation by any act of war, hostile foreign action, nuclear explosion, riot, strikes, civil insurrection, earthquake, hurricane, tornado or other catastrophic natural event or act of God.

9. Independent Contractor

The Contractor shall be considered to be an independent contractor and as such shall be wholly responsible for the work to be performed and for the supervision of its employees. The Contractor shall hold and save the Committee harmless from any and all claims, demands, or causes of action that may be asserted due to the activity of the Contractor under this contract. The Contractor represents that it has, or will secure at its own expense, all personnel required in performing the services under this agreement. Such employees shall not be employees of, or have any individual contractual relationship with the Committee or the Legislative Services Office.

10. Key Personnel

The Contractor shall not substitute key personnel assigned to the performance of this contract without prior written approval by the Committee. The individuals designated as key personnel for purposes of this contract are those specified in the Contractor's proposal.

11. Subcontracting

Work proposed to be performed under this contract by the Contractor or its employees shall not be subcontracted without prior written approval of the Committee.

12. Bankruptcy

Upon the filing for bankruptcy or insolvency by or against the Contractor, the Committee may terminate the contract, and the provisions of paragraph entitled "Termination and Default" shall apply.

13. Performance Bond

The Committee may require either a performance bond up to the full amount of the contract or another performance guarantee.

14. Confidentiality

The Contractor agrees to protect the confidentiality of any files, data, or other materials provided by the Committee and to restrict their use to the purpose of performing the contract. The Contractor shall comply with the provisions of Article 17 of Chapter 120 of the North Carolina General Statutes regarding confidentiality between the Contractor and members of the General Assembly. For the purposes of this contract, employees of the Contractor and any subcontractors for this study shall be considered "legislative employees" as defined in G.S. 120-129(2).

15. Care of Property

The Contractor shall be responsible for the proper custody and care of any files or other property furnished by the Committee. The Contractor shall take all steps necessary to safeguard any property, including data, files, reports, or other information from loss, destruction, or erasure. Any costs or replacement expenses, or damages resulting from the loss shall be borne by the Contractor when the loss occurred through its negligence.

16. Copyright

No deliverable items produced in whole or in part under this agreement shall be the subject of an application for copyright by or on behalf of the Contractor or any employee of the Contractor.

17. Access to Persons and Public Records

The State Auditor shall have access to persons and records as a result of all contracts or grants entered into by State agencies or political subdivisions in accordance with General Statute 147-64.7. The Contractor shall retain all records for a period of three years following completion of the contract.

18. Transfer or Assignment

The contract shall not be transferred or assigned to a third party.

19. Compliance with Laws

The Contractor shall comply with all laws, ordinances, codes, rules, regulations and licensing requirements that are applicable to the conduct of its business, including those of federal, state, and local agencies having jurisdiction or authority.

20. Equal Opportunity Statement

The nondiscrimination clause contained in Section 202 Executive Order 11246, as amended by Executive Order 11375, relative to equal employment opportunity for all persons without regard to race, color, religion, sex, age or national origin, and the rules and regulations prescribed by the Secretary of Labor, are incorporated herein. The program for Employment of the Handicapped (Affirmative Action) Regulations issued by the Secretary of Labor of the United States in Title 20, Part 741, Chapter VI, Subchapter "C" of the Code of Federal Regulations, pursuant to the provisions of Executive Order 11758 and Section 503 of the Federal Rehabilitation Act of 1973, are incorporated herein.

21. Worker's Compensation Insurance

The Contractor shall obtain, pay for, and keep in force, for the duration of the contract, workers compensation insurance, as required by the laws of North Carolina, covering all of the Contractor's employees engaged in any work pursuant to this contract performed in this State.

22. Advertising

Contractor agrees not to use the results or existence of the contract, or the products produced pursuant to the contract as a part of any news release or commercial advertising without the prior written approval of the Committee.

23. General Indemnity

The Contractor shall hold and save the State of North Carolina, its officers, agents, and employees harmless from liability of any kind, including liability from all claims and losses accruing to any other person, firm, or corporation furnishing or supplying work, services, materials, or supplies in connection with the performance of this contract, and from any and all claims and losses accruing to any person, firm, or corporation that may be injured or damaged by the Contractor in the performance of this contract and that are attributable to the negligence or intentionally tortious acts of the Contractor or anyone employed or retained by the Contractor if the Contractor is notified in writing that the State has knowledge of a claim within 30 days after the State acquires actual knowledge of the claim. The Contractor represents and warrants that it shall make no claim of any kind or nature against the State's agents who are involved in the delivery or processing of the services of the Contractor to the State. The representation and warranty in the preceding sentence shall survive the termination or expiration of this contract.

24. Contract Administrator

Brian Matteson is designated as the Contract Administrator for the Committee. The contract administrator shall be responsible for ensuring that the Contractor complies with the terms, conditions, and performance specifications set forth in this contract. The Committee has complete discretion in replacing the contract administrator with another person of its own choosing. The Committee shall notify the Contractor of any replacement of the contract administrator.

25. Amendment

(a) This contract may be amended only by written agreement duly executed by the Committee and the Contractor and approved by the Legislative Services Commission.

(b) In the event that the General Assembly extends any of the times set out in or otherwise modifies the provisions of the Authorizing Letter effective November 26, 2007 or Part XXXVII of S.L. 2008-181, the parties to this contract shall negotiate in good faith and use their best efforts to amend this contract in accordance with any such extension, modification, or enactment.

26. Entire contract

This contract, including any documents or exhibits specifically incorporated by reference, represents the entire contract between the parties and supersedes all prior oral or written statements or contracts.

27. Applicability of Terms

All promises, requirements, terms, conditions, provisions, representations, guarantees, and warranties contained herein shall survive the contract expiration or termination date unless specifically provided otherwise herein, or unless superseded by applicable Federal or State statutes of limitations.