



Public Schools of North Carolina

Joint Committee on Division of Local School Administrative Units

March 13, 2018

Introductory Overview

Dr. Maria Pitre-Martin



Committee's Directions to DPI

- Help this Committee identify policy considerations and decision points on how to divide a local school district
- Provide information regarding:
 - Division of school facilities
 - Transportation
 - School nutrition programs
 - IT and other infrastructure issues
 - Contracts and legal
 - Implementation concerns



SBE Guiding Principles

- Vision:
 - Every public school student, through access to needed resources and rigor, will graduate ready for post-secondary education and work, prepared to be a globally engaged and productive citizen.
- Mission:
 - The State Board of Education will use its constitutional authority to lead and uphold the system of public education in North Carolina that guarantees every student in this state an opportunity to receive a sound basic education.



SBE Guiding Principles

- Goals:
 - Every student in the NC Public School System graduates from high school prepared for work, further education and citizenship.
 - Every student has a personalized education.
 - Every student, every day has excellent educators.
 - Every school district has up-to-date financial, business, and technology systems to serve its students, parents and educators.
 - Every student is healthy, safe, and responsible.



DPI's Perspective

DPI is charged with implementing public school laws and State Board policies

- DPI provides leadership and service to 115 districts, 150+ charter schools, and residential schools

- DPI serves and directs local districts; it does not operate them



School Facilities

Nathan Maune



Overview of Facilities Considerations

Broadly Organized into Five Categories

- Central Administrative Facilities
- School Campus Facilities
- Boundaries and Distribution of Facilities
- Specialized Programs
- Expansion, Growth, and Facility Costs



Central Administrative Facilities

Facilities and Functions may require Duplication in new LEAs

- Administration Offices
 - Board of Education, Superintendent, Business Offices
 - Security
 - Transportation
 - Nutrition
 - Data Center and I/T Operations
 - Facility Management
 - Planning, Design, and Construction
- Building Maintenance Shops
 - Electrical, Mechanical, Cabinetry
- Vehicle Maintenance Shops
 - Bus Garage
- Motor Fleet Parking Sites
 - Buses
 - Fleet Vehicles and Maintenance Equipment



School Campus Facilities

Ratio and Distribution of Existing School Facility Types

- Elementary Schools
- Middle Schools
- High Schools
- Other Attendance Models
 - *K-8, Intermediate, 7-12, etc.*
- Accommodate Attendance Patterns
 - *ES >> MS >> HS*
- Are Tools Available to Evaluate Facilities and Inform the Process?
 - *Facility Condition Assessment*
 - *Inventory of Deferred Maintenance Needs*
 - *Programmatic Suitability*
 - *Replacement / Expansion Options*



Boundaries and Distribution of Facilities

Key Considerations

- New District Boundaries – *How would these be determined?*
 - *Municipal Boundaries?*
 - *Electoral Precinct Boundaries?*
 - *School Attendance Zones?*
 - *Derived from ADM and Facility Location?*
- Encompass Appropriate Number and Ratio of School Facilities
 - *ES, MS, HS*
 - *Support Facilities*
- Encompass Appropriate ADM and Demographic Profiles
- Newer vs. Older Facilities – *Who gets what?*
- Potential Impacts
 - *May Reduce School Choice*
 - *Could create Geographic Islands – i.e., Districts within Districts*
 - *Could result in Facility ‘Haves’ and ‘Have-Nots’ – e.g., inventory & maintenance*



Specialized Programs

Distributed at School Facilities across LEAs

- District-Wide Programs
 - *Pre-K Offerings*
 - *Before-School and After-School Programs – often involve community partnerships*
 - *Magnet School Programs*
 - *Special Education Programs*
 - *often grouped by need in larger districts*
 - *specific transportation requirements*
- High School Programs
 - *Early College Programs*
 - *Special Curricula – ROTC, IB, CTE, Creative Arts, STEM, Leadership Academies*
 - *Alternative Schools*
- Innovative Programs
 - *Internships and Career Academies*
 - *Public-Private Partnerships – Construction Funding and Operation Agreements*
 - *Corporate Partnerships – Advisory Boards, Regional Partners, Universities*



Expansion, Growth, and Facility Costs

Future Considerations

- Expansion Planning – *A Necessity for Growing LEAs*
 - *Long-Term Process – Centrally Managed*
 - *New School Facility – Concept to Opening takes Several Years*
- Factors Shaping Growth – *Vary by Location*
 - *Existing School Site Distribution*
 - *Existing ADM Distribution*
 - *New Site Availability*
 - *New ADM Growth*
 - *Land Acquisition Costs*
 - *Transportation and Infrastructure*
 - *Other Factors*
- Facility Costs – *Capital Funding, R&R, Maintenance*
 - *New Construction – shaped by ADM Growth, Site Availability*
 - *Facility Renovations – varies with Suitability and Condition of Existing Schools*
 - *Operating Expenses – Maintenance & Utilities – varies with Age and Condition*



Insurance

Eileen Townsend



Insurance

Dividing facilities into regions could result in multiple insurance contracts for property and liability exposures.

– Higher Insurance Costs Due To

- Some regions will have higher valued buildings and contents
- Rates and premiums will differ due to risk factors (construction, occupancy, protection, exposures)
- Deductibles will depend on exposures
- Frequency and Severity of losses will depend on risk management within each of the regions

Central Business Office for Administration of Insurance

- Will allow negotiation of insurance contracts within each region, or master contract negotiations
- Will better manage rates, premium and insurance providers
- Will assist in centralized deductibles
- Will advocate for risk management and policy enforcement throughout the divided LEA regions.



Transportation

Kevin Harrison



High-Level Decision Points

- How much independence is desired?
 - LEAs trade efficiency for independence
 - Fully independent LEA transportation would be the most variable in service delivery and likely the most costly
- Should each new LEA have its own tax base for local transportation funding priorities (to-from school or otherwise)?
 - Can poorer or wealthier LEAs within the county withdraw or inject funding in exchange for different service levels?



Options

- Centralized Transportation System Possibilities
 - Single state-funded entity
 - Common policies and county-based funding
 - Multiple state-funded entities which fund a unified transportation system
 - Base level of policies and services with differentiation allowed via LEA tax-base funding
- Multiple independent LEAs operating their own school bus fleets



Centralized Transportation – Single Funded Entity

- County tax base for local funding
- Single policy set controlled by a central board (composed of members of the other boards) with control over:
 - Policies and Service Level Targets
 - School Start Times
 - Student Assignment (within reason)
- All assets retained and operated by the central authority
- LEAs have very limited ability to differentiate transportation
- Most uniform and efficient option



Centralized Transportation – Multiple Funded Entities

- Each LEA funded separately
 - LEAs transfer these funds to the Central Transportation Authority for base-level services (central board defined)
- Each LEA can increase (or decrease) funding of the Central Transportation Authority and receive altered:
 - Ride times
 - School Assignment Plans and Specialized Schools
 - School Start Times
- LEAs have more or less autonomy permitted based on rules the board adopts
- Central authority acts as a parent company providing transportation and logistics to multiple subsidiaries



Separate LEA Transportation Operations

- Full division of capital assets, local and state
- LEAs design their own transportation program
 - School Start Times and Student Assignment
 - Efficiency/Service Balance
 - Transportation Policies
 - Starting Pay, Pay Rate Progression, Benefits
- Use of vehicle assets (more buses required)
- New infrastructure (new bus maintenance facilities in the new LEAs)



Other Considerations

Mostly Related to Fully Independent LEAs



Bus Usage Efficiency - By Example

- Wake (~75k transported) and Mecklenburg (~92k transported) use 1.02 and 1.13 buses, per 100 students transported (respectively)
- The average of the next 5 most population dense LEAs is 1.35 (1.25-1.47). Depending on level of autonomy over assignment, bell schedules, and special schools:
 - Wake 0.23 to 0.45 more buses per hundred students
 - 172-336 additional buses across the new LEAs
 - ~\$14.6-\$28.5 million in expansion bus purchases
 - Mecklenburg 0.12 to 0.34 more buses per hundred students
 - 111-314 additional buses across the new LEAs
 - ~\$9.4-\$26.7 million in expansion purchases)
 - State School Bus Fleet expansion of 2.2% - 5%
- The more centralized control over school start times, assignment, and service targets, the less impact on bus efficiency



Operational Cost Efficiency

- Sub-optimal routes and school pairings
 - More restrictions on where buses can go
 - More restrictions on the students they can transport
 - Restrictions will prevent doing what would otherwise be optimal
 - The more restrictions (more/smaller districts) the more likely and more costly the sub-optimal route is likely to be on average.
- Reduced buying power/leverage district wide
- New LEAs could opt to trade reduced services for lower operational costs (longer bus routes, longer walks to stops, etc.)



Specific Factors to Consider in Full Division of Districts

- From which tax base will the funding for new bus maintenance facilities and maintenance equipment originate?
 - In the present system, the county retains the responsibility even if a city system exists
 - In the new system there is no county system and many functions of law will need to be changed to reflect that non-existence
- Growth areas would need more buses and facilities and have limited geographic and student assignment flexibility (compared to a large single district)
- Contracting areas would have to shed capital resources without shedding territory and tax base (potentially closing schools or programs)



School Nutrition Programs

Dr. Lynn Harvey



School Nutrition Programs

- Breakfast Program
- Lunch Program
- Community Eligibility Provision
- After School Snack Program
- At-Risk After School Meal Program
- Fresh Fruit and Vegetable Program
- Summer Nutrition Programs
- Special Milk Program

Goal: To provide nutritious, appealing meals to ALL students



School Nutrition Programs

- NC has the 7th largest School Nutrition Program in the nation
- Nearly 60% of students qualify for meal benefits at school (185% of poverty or below)
- Federally-assisted financially; state and local funding support is required
- Governed largely by Federal laws/regulations
 - State General Statutes (115C - 263, 264, 450)
 - Policies of Local Boards of Education
- Most restrictive rules prevail



School Nutrition Programs

School Food Authority (SFA) - the responsible entity for the administration of the School Nutrition Programs.

Each **Local Education Agency (LEA)** must have a SFA to administer its non-profit School Nutrition Program.

Each **Local Board of Education** is legally and financially responsible for its SFA.



School Nutrition Programs

Entitlement Programs programs can expand or shrink based on student participation.

Federal funding assistance is based on the service of reimbursable meals to students; SFA is reimbursed based on the number of meals served daily.

Student participation drives program success.



School Nutrition Programs

Challenges:

- 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



School Nutrition Programs

Opportunities:

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



Information Technology

Michael Nicolaides



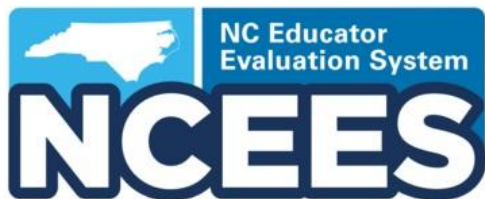
Information Technology Landscape

- Enterprise Statewide Systems
- Local Systems
- Technology Infrastructure
 - Connectivity and Network
 - Local Data Center(s)
 - Voice Systems
 - Devices
- Cybersecurity



Information Technology

- Enterprise State Systems
 - Home Base
 - PowerSchool, Schoolnet, NCEES, EVAAS
 - State Reporting



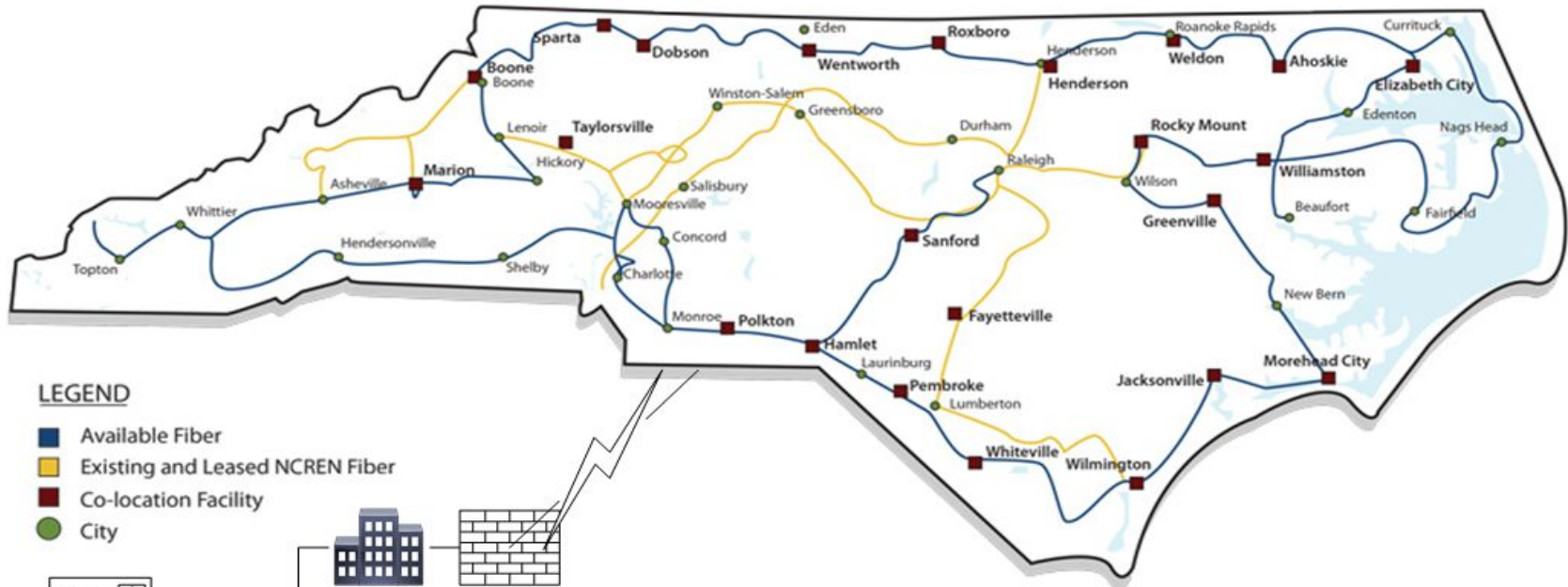
Information Technology

- Local Systems
 - Email
 - Local HR and Financial Systems
 - Local Instructional Systems
 - Learning Management System
 - Parent Portal



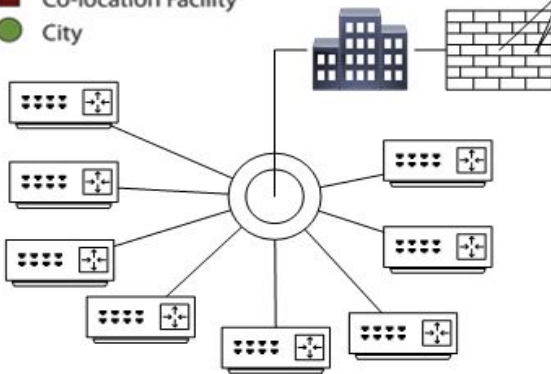
Information Technology

- Connectivity and Network



LEGEND

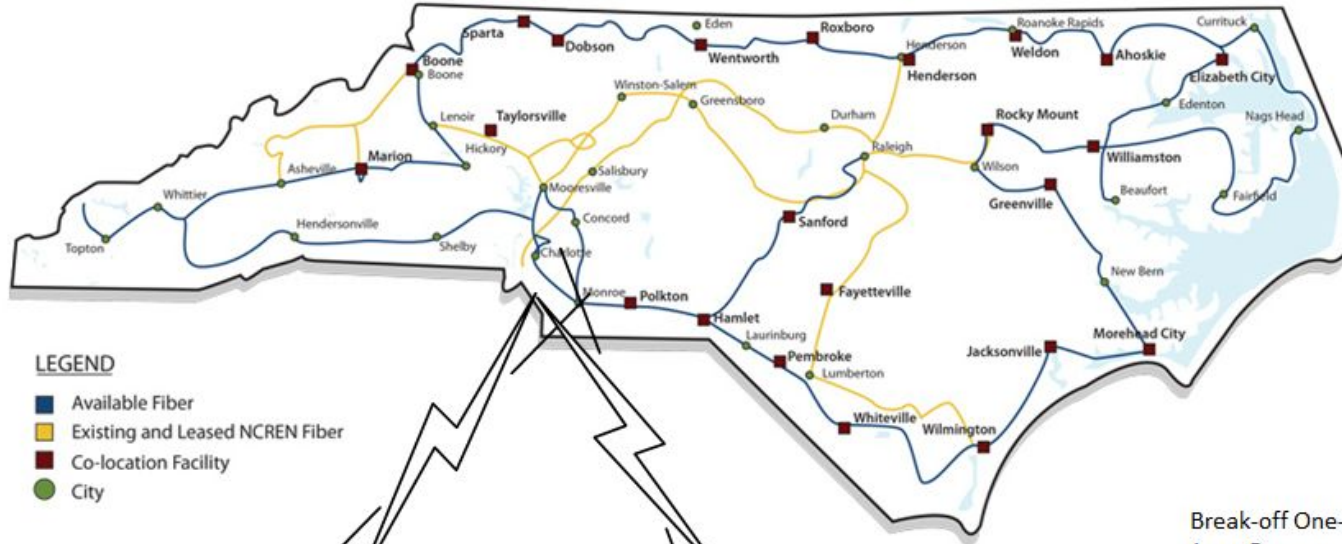
- Available Fiber
- Existing and Leased NCREN Fiber
- Co-location Facility
- City



LEA with large number of HS, MS, and ES connected via MetroEthernet Fiber WAN. One firewall covers all LEA locations.

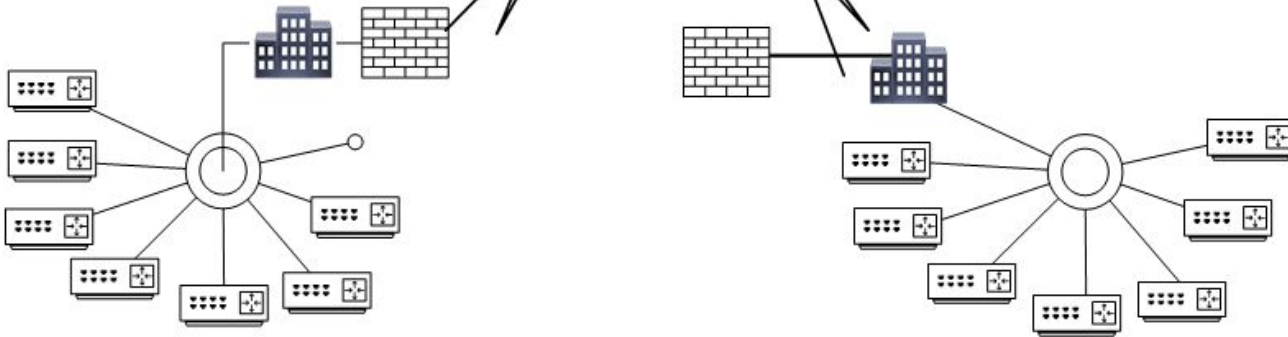
NC REN - North Carolina Research and Education Network

NCREN Network



LEGEND

- Available Fiber
- Existing and Leased NCREN Fiber
- Co-location Facility
- City



Break-off One-Time Costs

1. Remap each school into new Metro-Ethernet WAN
2. New Central Office WAN Connection
3. New NCREN Fiber Internet Connection
4. New Firewall

Recurring Costs:

1. Internet Service to Central Office
2. Firewall and Content Filter Costs

- Any reduced costs/utilization of parent LEA would be less than 10%, which would be consumed within one year given current utilization/prediction models from MCNC

Information Technology

- Local Data Center(s), Voice Systems, Devices



Information Technology

- Cybersecurity
 - Consideration must be taken when breaking up a secure system into smaller parts...
 - When entities merge or break up is the time most susceptible to successful attacks



Information Technology Landscape

Potentially Outsource:

- Local Systems (some)
- Infrastructure
 - Local Data Center (cloud)
 - Voice Systems
 - Device Support



Information Technology

- NC DPI Technology Partners
 - MCNC (connectivity, security)
 - FI (planning)
 - DIT (firewall and other services)
 - UNC School of Government (CeCTO)



Contracts and Other Legal Issues

Eric Snider



Legal Issues

- Preliminary issue spotting regarding
 - Contracts
 - Staffing
 - Property
 - Legal claims and lawsuits
 - Other topics



Legal Issues

- Division of a school district will involve analysis of local, state, and federal laws
 - Different legal questions may arise in different districts
- Ensuring compliance with laws and resolving legal disputes during a transition will require significant investment in legal and administrative professionals



Contracts

- Districts have a variety of contracts
 - Teachers, staff, professionals, and administrators
 - Service providers (e.g., speech and occupational therapists)
 - School construction and maintenance
 - Vehicles and drivers
 - Insurance
 - Subscriptions (e.g., IT, software, instruction materials)
 - Vendors (e.g., equipment, instruction materials, facility items, copiers, computers, furniture)
 - Use of facilities
 - Data sharing agreements
 - Grant projects
 - Partnerships with private industry, universities, non-profits



Contracts

- What may happen to an existing contract when an LEA divides?
 - Identify the district that will be the successor to contract;
 - Amend;
 - Assign the contract;
 - Terminate contract (by document's terms or by agreement);
 - Renegotiate new contract(s); or
 - Breach the contract



Contracts

Case-by-case analysis

- Terms of individual agreements will govern
- Additional litigation
- Administrative complexity
- Nature of split – *i.e.*, one new district or two – may have significant impact
- Re-bidding to replace or supplement certain contracts



Contracts – Teachers and Professionals

Division of a school district creates a number of legal and practical questions about teachers, staff, and other employees.



Contracts – Teachers and Professionals

Preliminary questions:

- What happens to employees who entered a contract with a term that extends beyond the date of dissolution?
- Do existing contracts have terms that allow a district to:
 - Dissolve a district and terminate an employment agreement?
 - Assign an employment contract to a new or different district?
- What happens to discipline in personnel files of teacher who begins in a new district, even if he is at the same school?
- What are tenure rights of a career teacher whose district divides? Does she lose tenure if she moves to the “new” district—even if she stays at the same school?
- Reassignment may invite litigation.



Contracts – Teachers and Professionals

Administrative questions:

- Do all teachers in new districts have to re-apply?
- Will dividing a school district fuel inequities in staff resources?
- How do districts (*i.e.*, one or more new entities) build capacity to undertake the significant work of dividing and building/rebuilding a district?
- How do the new districts implement a talent strategy? When? What impacts/costs would be felt in the year(s) leading up to the division?



Legal Issue – District Property

- Division of a school district property would be complex task
- By way of illustration, such property includes:
 - Real property, including common facilities
 - School facilities
 - Instructional materials
 - IT Infrastructure
 - Equipment and vehicles
 - Websites and digital resources
 - School and student records
 - Receipts: Settlement proceeds, accounts receivable, grant awards
- Legal work (non-exhaustive list): Title searches, appraisals, transfer agreements, re-titling, records, conforming bonds to new districts, addressing zoning changes, and resolving disputes that arise from these processes



Legal Issue – District Property

- Dividing a school district impacts school assignment for students
- Process raises questions about:
 - District boundaries
 - Changed assignment patterns for family
 - Magnet schools
 - Accessibility of unique county-wide programs (e.g., CTE, early college, alternative school, online class)



Legal Issue – District Property

- Dividing schools between districts and changing school assignment will likely invite legal action
 - All aspects of division will attract great scrutiny and interest from the public
 - Some parents are likely to challenge district boundaries, assignment plans
 - Legal processes necessary to resolve challenges and claims



Legal Issue – Existing Claims and Settled Lawsuits

Case-by-case analysis

- Which district “owns” legal claims that can be asserted?
- Which school district and district employees are proper defendants in pending lawsuits?
 - In absence of clarity, plaintiffs will sue multiple school districts
 - Satellite litigation between districts to resolve these issues



Legal Issue – Existing Claims and Settled Lawsuits

Which district is responsible for requirements in settlement agreements:

- Obligations to private plaintiffs (*e.g.*, exceptional children, employees, vendors, neighbors) in the form of services, monitoring, payments, and the like
- Government consent orders (*e.g.*):
 - EEOC training
 - OSHA compliance
 - Administration of services for exceptional children
 - Desegregation orders



Legal Issue – Constitutional Rights

- North Carolina Constitution:
 - Every child has the opportunity to receive a sound basic education
 - Shared responsibility
- Equity is the overriding concern with division of school districts
 - “Equitable distribution” of assets and liabilities
 - Later Committee meetings to address issues of
 - Segregation
 - County bonds (Local Government Commission)



Implementation Oversight Procedures

Eric Snider



Implementation

- Current status:
 - No statutory framework at this time for division of school districts
 - No State Board of Education policies for division of school districts



Implementation

- Designation of Board: N.C. Gen. Stat. §115C-36

“All powers and duties conferred and imposed by law respecting public schools, which are not expressly conferred and imposed upon some other official, are conferred and imposed upon local boards of education. Said boards of education shall have general control and supervision of all matters pertaining to the public schools in their respective administrative units and they shall enforce the school law in their respective units.”



Implementation

- Duty of local boards: N.C. Gen. Stat. §115C-47(1)
 - “It shall be the duty of local boards of education to provide students with the opportunity to receive a sound basic education and to make all policy decisions with that objective in mind, including employment decisions, budget development, and other administrative actions, within their respective local school administrative units, as directed by law.”
 - Sixty-two other paragraphs expressly outline other duties



Implementation

State Board of Education: Power to Alter the Boundaries of City School Administrative Units and to Approve Agreements for Consolidation and Merge of School Administrative Units Located in the Same County: N.C. Gen. Stat. §115C-12(7)

- “The Board shall have authority, in its discretion, to alter the boundaries of city school administrative units and to approve agreements submitted by county and city boards of education requesting the merger of two or more contiguous city school administrative units and the merger of city school administrative units with county school administrative units and the consolidation of all the public schools in the respective units under the administration of one board of education: Provided, that such merger of units and reorganization of school units shall not have the effect of abolishing any special taxes that may have been voted in any such units.”



Implementation

- North Carolina General Statutes identify merger and consolidation processes:
 - §115C-66.5: Merger of units by the SBE
 - §115C-67: Merger of units in the same county
 - §115C-68: Merger of units in adjoining counties
 - §115C-68.1: Merger of units by the board of commissioners
 - §115C-68.2: Merger of units by local boards of education
 - §115C-72: Consolidation of districts and continuance of schools
- State Board has adopted policies regarding merger



Implementation

Preliminary identification of decision points:

- What entity or entities should have the power to initiate a process to divide a school district?
 - Who is empowered to make decisions for a proposed or to-be-formed entity?
- What kind of formal plan or proposal should be offered to facilitate the division of a school district?
- What kind of formal plan or proposal should be offered by a to-be-established district?



Implementation

Preliminary identification of decision points:

- What issues should any proposed plan address?
- What role(s) do stakeholders play?
- Who should approve division of a school district?
 - What entity or group approves the plan?
 - When?
 - Multiple approval stages?



Implementation

Preliminary identification of decision points:

- How long should the process take?
- Judicial review?
- How to manage conflicts of interest during management of a district's dissolution or division?
- Level of transparency for decision-making?

