

APPROVED 5/19/2020

**ORANGE COUNTY BOARD OF COMMISSIONERS
CHAPEL HILL-CARRBORO BOARD OF EDUCATION
ORANGE COUNTY BOARD OF EDUCATION
DURHAM TECHNICAL COMMUNITY COLLEGE
VIRTUAL MEETING
April 28, 2020**

BOCC / Board of Education Virtual Joint Meeting

The Orange County Board of Commissioners met for a virtual joint meeting with the Chapel Hill-Carrboro Board of Education, Orange County Board of Education and Durham Tech on Tuesday, April 28, 2020 at 7:00 p.m.

Due to current public health concerns, the Board of Commissioners conducted a Virtual Joint Meeting on April 28, 2020 utilizing Zoom. Members of the Board of Commissioners and Boards of Education participated in the meeting remotely. As in prior meetings, members of the public were able to view and listen to the meeting via live streaming video at orangecountync.gov/967/Meeting-Videos and on Orange County Gov-TV on channels 1301 or 97.6 (Spectrum Cable).

COUNTY COMMISSIONERS PRESENT: Chair Penny Rich and Commissioners Jamezetta Bedford, Mark Dorosin, Sally Greene, Mark Marcoplos, Earl McKee and Renee Price

COUNTY COMMISSIONERS ABSENT:

COUNTY ATTORNEYS PRESENT:

CHAPEL HILL-CARRBORO BOARD OF EDUCATION PRESENT: Chair Mary Ann Wolf, Joal Broun, Rani Dasi, Amy Fowler, Deon Temne, Ashton Powell

CHAPEL HILL-CARRBORO BOARD OF EDUCATION ABSENT: Jillian LaSerna

ORANGE COUNTY BOARD OF EDUCATION PRESENT: Chair Will Atherton, Dr. Steve Halkiotis, Brenda Stephens, Hillary MacKenzie, Tony McKnight, Sarah Smylie and Dr. Stephen Halkiotis

ORANGE COUNTY BOARD OF EDUCATION ABSENT: Matthew Roberts

DURHAM TECH PRESENT: Dr. Bill Ingram, Penny Gluck

COUNTY STAFF PRESENT: County Manager Bonnie Hammersley, Deputy County Manager Travis Myren, and Clerk to the Board Donna Baker (All other staff members will be identified appropriately below)

CHAPEL HILL-CARRBORO SCHOOLS (CHCCS) STAFF PRESENT: Superintendent Pam Baldwin, Interim Superintendent Patrick Abele, Jonathan Scott, Interim CFO

ORANGE COUNTY SCHOOLS (OCS) STAFF PRESENT: Superintendent Monique Felder, Sara Pitts, Director of Environmental Health and Safety and Rhonda Rath, CFO.

Chair Rich called the meeting to order at 7:00 p.m., and asked for a Roll Call.

Welcome and Opening Remarks

OCS Chair Atherton highlighted some issues with the OCS budget, and the OCS response to the pandemic:

- Safety - provided PPE equipment to all staff on the frontline
- Food - 31,851 meals provided

- Learning - addressing pre and post Covid-19 learning gaps; provided IT resources; out of all OCS students, there are only 57 that staff has not been able to reach; provided devices to students, as well as paper material, OCS unable to address lack of internet in rural areas and will need County and State assistance in this matter.

CHCCS Chair Wolfe thanked the community for its efforts, as well as the Orange County Board of Commissioners (BOCC). She said CHCCS has partnered with districts and people to insure students have food, and that social, academic and emotional needs are being met. She provided examples of the way the community had engaged with the schools during this time. She reviewed the following:

- CHCCS has served over 130,000 meals.
- IT- grades 2-12 have access to IT equipment.
- BOE- schools are the hubs of the community and support the whole child and it is so evident through this crisis. They appreciate the close collaboration with the OCS. As they went through this process they did focus on their strategic plan and their equity training has helped.
- BOE- she said Orange County is generous towards education, but the State is still so much lower than the rest of the country.

Chair Rich said the Orange County Board of Commissioners has already gone through some budget discussions, and has also received an update from the Manager about the County budget in reference to the COVID- 19 pandemic. She said County staff has had to come up with a new budget, as opposed to the pre-Covid budget. She said is important to remember that these are not normal times.

1. **COVID-19 Pandemic Economic Impact on the FY2020-21 Orange County Manager's Recommended Budget**

Bonnie Hammersley said tonight, she is talking about just one side of the story, which is the revenue side, and how Covid-19 pandemic has affected them all. She said her full-proposed budget will be presented next week on May 5th.

Bonnie Hammersley made the following PowerPoint presentation:

**FY2020-21 BUDGET PROJECTIONS
PRE-COVID VS POST-COVID
BOCC Virtual Work Session
April 23, 2020**

	Pre-Covid Projections	Post-Covid Projections	\$ Difference
PROPERTY & PERSONAL PROPERTY TAX			
Tax Rate Increase	1.63	0	\$(3,123,224)
Collection Rate Adjustment - Property Tax (Real/Personal)	99.2%	98.7%	\$(781,147)
Collection Rate Adjustment - Motor Vehicles	99.9%	99.4%	\$(142,485)
SALES TAX			
*Sales Tax Growth	+5%	-4.5%	-\$9%
TOTAL			\$(6,861,007)

*Sales Tax projections includes Articles 39, 40 and 42

	FY19-20 Adopted Budget	Pre-Covid Projections	Post-Covid Projections	\$ Difference	% Difference
REVENUE					
Real/Personal Property	\$ 152,142,471	\$ 157,890,346	\$ 154,198,531	\$(3,691,815)	-2.34%
Motor Vehicles	\$ 10,770,627	\$ 11,530,157	\$ 11,175,116	\$(355,041)	-3.08%
*Other	\$ 2,240,833	\$ 2,323,992	\$ 2,323,992	\$ -	0.00%
Sales Tax	\$ 25,372,861	\$ 26,641,504	\$ 23,827,353	\$(2,814,151)	-10.56%
Licenses and Permits	\$ 313,260	\$ 289,000	\$ 274,550	\$(14,450)	-5.00%
Investment Earnings	\$ 415,000	\$ 1,158,576	\$ 515,000	\$(643,576)	-55.55%
**Miscellaneous	\$ 3,040,769	\$ 2,892,817	\$ 2,642,817	\$(250,000)	-8.64%
Charges for Services	\$ 12,704,833	\$ 13,275,581	\$ 12,724,996	\$(550,585)	-4.15%
Intergovernmental	\$ 18,278,612	\$ 17,977,289	\$ 17,977,289	\$ -	0.00%
TOTAL	\$ 225,279,266	\$ 233,979,262	\$ 225,659,644	\$(8,319,618)	-3.56%

* Other = Delinquent Taxes, Interest on Delinquent, Beer & Wine Excise Taxes, Animal Taxes etc.

**Miscellaneous = Hold Harmless Article 44, Donations, Rent Income, Sale of Surplus Assets etc.

Bonnie Hammersley said she wanted to show transparency prior to presenting her full budget to the Board of County Commissioners on May 5th. She said this is considered a moderate decrease. She said County staff has had to be extremely creative to be able present a balanced budget to the Board, which is a requirement of the State.

Ashton Powell clarified that the percentage difference measured is from the projected budget, but the actual difference from 19-20 is still going up.

Bonnie Hammersley said this presentation includes just the revenue side, and the revenues do not include the fund balance, which can be used to balance the budget.

Commissioner Price asked if there is a timeline for the loss and the deficit, and does this budget take into account a certain timeline of the economy reopening, or the virus maybe coming back in the fall.

Bonnie Hammersley said it is based on what staff is hearing from the experts, who say the recovery may last 12-24 months, but it is unclear when that recovery will start. She said these numbers take into account that they will be looking at least a year, but there may be adjustments needed mid-year.

2. Durham Technical Community College – Orange County Campus FY 2020-21 Operating Budget Presentation and Discussion DR. INGRAM-DTCC PRESIDENT

Durham Technical Community College (DTCC) - Orange County Campus FY 2020-21 Operating Budget Request includes \$777,954 for Operations (an increase of \$54,698) and Capital Outlay Funds of \$75,000 (no change from FY 2019-20). The increase in Current Operations includes a 2.5% increase for salaries and benefits to match the expected increases for state paid employees, continue to pay all employees a livable wage, and funds to cover back increases in retirement that had not been requested in the past. The request also includes Orange County's portion of a new HVAC Technician position to support the increase in facility maintenance needs, as well as a 2% cost increase in utilities, contracted services, and insurance, and a 5% increase for equipment and facility repairs. Their request also includes continuing the funding of \$200,000 for 200 scholarships for Orange County residents attending DTCC. This is funded through the Article 46 One-Quarter Cent Sales tax proceeds.

Dr. Ingram made the following PowerPoint presentation:

FY 2020-21 Orange County Budget Presentation

Orange County Campus Update

2500 Students taking one or more classes annually

- 1100 Curriculum Students
- 1400 Continuing Education and Basic Skills Students

Sample of Program Offerings

- Basic Law Enforcement Training for Orange Co. Sheriff
- Emergency Medical Science and Paramedic training
 - ❖ Special program for Air Force paramedics
- Nurse Aide I and II
- Anesthesia Technology*
- Orthopedic Technician*

**Only programs in North Carolina*

The Durham Tech Promise

- \$500 grant per semester for up to four semesters
- All graduates of public high schools in Orange County are eligible, regardless of high school GPA.; FAFSA not required
- Must enroll at Durham Tech as their first post-secondary institution within one year of graduating high school.
- The Durham Tech Promise scholarship has been highly successful in attracting recent high school graduates from the two county school systems to choose Durham Tech as their preferred first postsecondary institution

The Durham Tech Promise - graph

The scholarship is attracting a diverse group of students

Durham Tech Promise - graph

It is also helping keep students in college- graph

Career and College Promise (Dual Enrollment)

237 high school students in college classes (almost 400 courses)

168 Orange County Students (over 300 courses)

- 120 Orange High School students (over 200 courses)
- 48 Cedar Ridge High School students (over 110 courses)

69 Chapel Hill / Carrboro Schools students

- 40 enrolled in biology or computer sciences classes offered at Chapel Hill and East Chapel Hill High School
- 29 students from Carrboro, Chapel Hill High, or East Chapel Hill High in classes at Orange County Campus or Main Campus

Department of Social Services Partnership

Food and Nutrition Employment and Training and Workforce Innovation and Opportunity Act
Since January 2019

- 14 enrolled in college credit programs
- 80 enrolled in short-term workforce training programs
- 25 enrolled in high school completion/equivalency programs
- 70 enrolled in essential work skills classes (HRD classes)

Currently serving 135 clients

Students report hourly wage gains following participation

2020-21 Durham Tech Budget Request - table - 6% total \$1, 052, 954**Budget Request Highlights**

Salary line increase by \$47,832 (13.8%)

- One-fourth salary for new HVAC Technician
- Adjustment to contribution to state retirement system
- Proposed 2.5% salary increase

Contractual services increase by \$3,460 (2.5%)

Utilities increase by \$2,181 (2%)

Equipment repairs increase by \$875 (5%)

Orange County Campus Building Two

40,000-45,000 square foot general purpose classroom

\$26.6 million estimated cost

Year One: Planning and Design

- \$1 million

Year Two: Site Preparation and Construction

- \$14 million

Year Three: Project Completion

- \$11.6 million

Commissioner Bedford congratulated Penny Gluck and Dr. Ingram on their retirements.

Commissioner Bedford asked if staff could report how the pandemic has affected both campuses this spring semester.

Dr. Ingram said DTCC went on-line with all of its classes within 2 weeks. He said, of the 500 sections of classes, all but 25 were converted to online.

Dr. Ingram said Durham Tech's summer term will be online as well, and DTCC hopes to do face classes in the fall sometime. He said Durham Tech will receive \$2.8 million from the CARE Act, which will be used for student aid. He said Durham Tech is learning how to use virtual platforms for many of their internal operations.

Commissioner Price thanked both Penny Gluck and Dr. Ingram for all of their work over the years.

Commissioner Price referred to the Orange County building 2, and asked if Durham Tech could make these slides available to the BOCC.

Commissioner Price said a couple of years ago there were concept plans, and asked if there is a specific point where this process is on hold.

Dr. Ingram said a couple of years ago Durham Tech had some preliminary discussions about what it wanted to offer in its second building. He said, this spring, County staff told Durham Tech that plans are to move this project to year 6-10 in Orange County's CIP, and that is why Durham Tech put a hold on significant planning for now. He said more planning will be done closer to when the building will be built. He said the Orange County Board of Commissioners asked about this last week, and that is why he added the slide. He said it shows a breakdown of how Durham Tech will need the funding over the three years.

Commissioner Price asked if Durham Tech still has the plans from two years ago, or will everything start from scratch.

Dr. Ingram said what they saw in the past was a high level, conceptual plan, and a land use plan that included how many parking spots would be needed. He said Durham Tech would look for designers to help the school program plan if they moved forward. He said the site plan from the past appears to have been more in the parking arena, and that was all it was.

Commissioner Dorosin referred to the \$1.4 million CARE funds, which have been drawn down, and asked if its specific uses could be identified.

Dr. Ingram said Durham Tech is developing the program for these funds, and additional requirements from the Department of Education came down. He said this round of funding will not be able to be used to offset tuition, and it will be distributed based on need. He said students will submit an application, and it can be used for rent or groceries, but will not be able to be used to offset tuition bills students have incurred. He said the second round of \$1.4 million will have more flexibility in what it can be spent on. He said the students had already paid for tuition for this semester, and there is no legal provision to refund it. He said Durham Tech will use some of the second round of funding for those students that had to withdraw and had paid tuition. He said it will be in the form of a credit for future use. He said the flexibility of the second round will help the college to recoup some of its expenses due to the pandemic.

Ashton Powell asked if Durham Tech's online delivery has altered the UNC system comprehensive articulation agreements, or the transferred admissions policies.

Dr. Ingram said that is a moving target and, as of now, it has not. He said Durham Tech moved from a graded system to a pass/fail system, and the university is leaving it to local campuses as to whether or not to make that decision. He said most university campuses do not accept the no pass/fail option in transfers. He said some students have said that they do not want to go to a pass/no pass/fail option. He said the system has provided some guidance that universities can accept a "high pass" (C or better) but universities do not have to accept that. He said Durham Tech is polling faculty to consider pass/fail option, and his sense is that most faculty will remain with the graded option.

Dr. Ingram said he has heard some chatter that graduating high school students are considering foregoing traditional university and going to community colleges instead, due to the

uncertainty of the times. He said, as of now, Durham Tech's fall enrollments are lagging behind, also due to the uncertainty.

Dr. Ingram said the other big unknown of the enrollment demand is that Durham Tech's enrollment typically increases when unemployment levels increase.

Amy Fowler asked if the current capacity of Durham Tech classes could be identified, as well as the capacity of the proposed building.

Dr. Ingram said Durham Tech is thinking the new building would most likely include allied health options, due to the relationship with UNC Hospitals-Hillsborough. He said additionally, there is a demand in Orange County is for general interest courses and transfer courses, as many students want to move on to a 4-year college. He said it is important to talk to stakeholders.

Dr. Ingram said Durham Tech is not as bound by brick and mortar as it was in the past, and allied health and applied trades are always going to be important. He said Durham Tech has been able to transfer many of the applied trades to the virtual environment. He said capacity will be determined by what the budget will allow.

Amy Fowler said the K-12 schools use SAPFO, and asked if Durham Tech knows if it is at capacity with its facilities.

Dr. Ingram said the use of Durham Tech buildings differs between weekdays, nights, and weekends. He said large capacities of students are enrolled in fewer than 12 hours, or part-time. He said Durham Tech's utilization is one of the highest in the State, but that does not mean they are near capacity all the time.

OCS Chair Atherton thanked Durham Tech for the wonderful partnership with the schools. He referred to capacity, and said it would be worth discussing holding some CTE classes in the schools, rather than busing students to Durham Tech.

Dr. Ingram said Durham Tech has had those discussions with both school districts in the past, and both districts have developed a schedule that works for them.

Chair Rich said the BOCC could take Chair Atherton's comment as a petition, and follow up with Durham Tech.

OCS Chair Atherton said he will do the same with his board.

Dr. Ingram left the meeting at 8:04 p.m.

3. Presentation of Orange County Schools Board of Education FY 2020-21

Rhonda Rath, OCS Chief Financial Officer, made the following PowerPoint presentation:

Orange County Schools

2020/2021

Superintendent's Recommended Local Operating Budget

OUR FOCUS

- Equity
 - Literacy: The ability to reach, write, listen, speak, and think critically
 - Climate and Culture: Promoting the heart and soul of Orange County Schools – every student: through norms and values that ensure their success
 - Stakeholder Engagement: Vital to the success and improvement of Orange County Schools

Literacy

2018-2019 EOG English Language Arts/ Reading Performance - graph

2018-2019 EOG English Language Arts/ Reading Performance - graph

- 45% Grades 3-8 NOT Proficient

Climate and Culture - graphic

SEL

- Social & Emotional Learning (SEL) = SEL is the process through which children and adults understand and manage emotions, set and achieve positive goals, feel and show empathy for others, demonstrate cultural sensitivity, establish and maintain positive relationships, and make responsible decisions.

Orange County Schools Climate and Culture

- **Learner Demographics**
 - 50% of the Orange County Elementary Schools qualify for Title I funding
 - Free & reduced demographic percentages have increased to 43.25% in 2019
 - 70.3% of PreK students are on free and reduced meals
 - Supplemental food distributed at schools
 - Elementary 80-90/weekly
 - Middle 25-30/monthly
 - High School 10-15/monthly

Stakeholder Engagement

District Reading EOG 3-8 - graph

EQUITY

- Achievement stagnant for all students
- Subgroups consistently below 40% in reading
- Subgroups disproportionately suspended
- Continue to hire and retain a diverse workforce
- Addition of 3 equity facilitators
- Build capacity related to culturally relevant teaching practices
- Hire and retain diverse workforce
- African American and Latinx History courses
- Support of 13 school-based Equity Teams
- Equity onboarding for all new employees
- Examination of policies, practices and protocols through an equity lense

Student Enrollment - graph

Student Enrollment

	FY2020	FY2021	Change
Projected ADM Average Daily Membership	7,388	7,381	(7)
Charter School	843	885	42

(Less)Out of District	97	110	13
Total Student Billing Base	8,134	8,156	(22)

Anticipated Expenses

Continuation Budget	FY2021
Local Budget	35,716,951
State Mandate Salary Increase	662,900
State Mandate Benefit Increase	321,150
Total Continuation Need	36,701,001
Per Pupil increase \$148	

One Time Funding Request

- No State approved budget for 2019-2020 fiscal year
 - No budget = No salary increases
- \$1.0 million onetime funding
 - \$1,000 onetime bonuses to OCS Staff

Anticipated Expenses Continued

Expansion Budget	FY2021	PP
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COVID-19 Student Education Support	250,000	31
Inclement Weather Days	150,000	18
Teacher Assistant Workdays	82,500	10
School Counselors (2)	138,000	17
Academically/Intellectually Gifted teachers	160,000	20
PreK Dual Language	40,000	5
Translator	80,000	10
Social Emotional Coordinator	74,100	9
Directory of Literacy	105,500	13
Equity Facilitators	142,000	17
Maintenance Technicians	192,000	24
Total Expansion Budget	1,414,100	173
Total Per Pupil increase \$321		

Superintendents Budget Request - chart

Commissioner Greene referred to the Director of Literacy position, and clarified that this position existed previously, went away, and is now being requested again. She asked if this is one person for the whole district, how does this person accomplish their work, and what difference has been seen in OCS without the existence of this position.

Superintendent Felder said she does not know how the position was leveraged in Orange County, but it has been leveraged in other districts in which she has worked. She said with the current data in OCS, someone with expertise and focus in literacy is needed to build a capacity of school based literacy leaders throughout the district. She said OCS has two literacy facilitators, but as shown in the data, this has to be OCS' focus, in order to find the reasons behind the existence of this data.

Commissioner Dorosin referred to the charter school numbers, and said OCS is getting close to 12% of its students in charter schools. He said there are tipping points where the public schools are adversely affected, once a certain percentage of students are enrolled in charter schools. He asked if OCS is seeing any affects thus far.

Rhonda Rath said OCS did see a reduction in teachers in the two previous fiscal years with 10 positions lost. She said she does not think OCS has been unable to offer courses, or let any teachers go, as a result of the charter schools. She said State mandated class size restrictions on K-3 have required more teachers so the students moving to charter schools has not resulted in the letting go of any teachers go.

Chair Rich asked if Commissioner Dorosin knows the percentage where the tipping point occurs.

Commissioner Dorosin said around 15% may be where one starts seeing impact. He said it depends on the types of charters that exist.

Commissioner Dorosin clarified that OCS wants \$1 million to fund \$1000 bonuses, and asked if that means OCS has around 1000 employees that would be eligible for that bonus.

Rhonda Rath said yes.

Commissioner Dorosin asked if that will include all employees: teachers, office staff, superintendent, principals, etc.

Rhonda Rath said OCS has not thought through the semantics that deeply, but basically everyone at a high level will be included as none of those people mentioned by Commissioner Dorosin received any type of pay increase this past fiscal year.

Superintendent Felder said it would not include the Superintendent.

Commissioner Dorosin said it would include all other high level staff, as it is currently envisioned.

Rhonda Rath said yes.

Commissioner Dorosin said there is going to be money coming from the federal and state governments, and asked if those funds will be calculated to be utilized for this budget, or supplemental and used in other ways. He said if the schools know the answer to this question it would be helpful for the BOCC to know. He said there is already approximately \$500,000 from the State given to both districts, and he asked if there is a plan to spend this money.

Commissioner Dorosin said it is clear that there are a lot of children suffering trauma, as a result of Covid-19, and there is going to be a need for counselors and resources to support children and the classrooms. He asked if there is any plan to put in additional resources in for trauma support, and if this may be put in place even before schools re-open.

Rhonda Rath referred to the financial piece of the questions, and said the \$200,000 OCS received from the State is being spent to support the additional compensation that is being offered to staff that have continued to report to work during the stay at home order, and thus put themselves at risk to serve the students and families.

Rhonda Rath said OCS has some increased costs for mailing remote learning packages to those students who do not have access to the Internet. She said costs are also being leveraged for the additional hot spots.

Rhonda Rath said OCS has received an estimate of \$900,000-\$1 million in federal funds, for which OCS must apply with a budget. She said some of the stipulations OCS has received regarding the spending of these funds are purchasing sanitary supplies, mental health services, and devices for students and staff for remote learning. She said OCS does not know, at this point in time, what the long term learning environment will entail. She said OCS hopes to be able to apply for these federal funds by May 1st. She said the state funds are very restricted in how they can be spent.

Commissioner Dorosin asked if OCS could update the BOCC if/when the federal dollars are received, and how they will be allocated.

Commissioner McKee asked if, given the presentation from Bonnie Hammersley, and knowing that this situation has been going on for awhile, and that County revenue reductions are expected, did OCS consider these factors when putting together this budget request. He said a 2-cent increase would be required just to cover the OCS budget.

OCS Chair Atherton said OCS did not have the Manager's outlook on funding when creating this budget, although OCS was aware of potential issues. He said OCS went through each item and reduced its original budget. He said OCS has to pass a budget much earlier than tonight's meeting, and OCS created this budget not knowing where the County was budget-wise.

OCS Chair Atherton said it is not surprising to see the County's budget numbers.

Commissioner McKee said he appreciates the fact that the school boards have to develop their budgets before this time, but there needs to be more discussion on these budgets, given the current situation.

Chair Rich said she appreciated OCS going back and doing a post Covid-19 assessment to bring down its budget for this meeting tonight. She said this current situation is far worse than the recession 10 years ago.

Commissioner Price asked for more clarification on the food distribution, and said it is her understanding that all elementary kids get meals, with no questions asked. She asked if there is a plan to pay for this going forward.

Chair Rich said they have had these discussions at the EOC with the schools.

OCS Chair Atherton said OCS was seeing increases in general food distribution, not just daily distributions. He said elementary children are free, but middle and high school are not.

Rhonda Rath said OCS has the universal breakfast program for all elementary kids. She said for the other foods, OCS has subsidies from the USDA and federal government, and OCS has received enough subsidies to support the food and reduce costs to the students.

Rhonda Rath with regard to the other meals, such as snacks, there are some students that do not get them, because they did not apply for the universal breakfasts. She said OCS is aware of some needy children only due to hard won relationships between the school social workers/counselors and families. She said a lot of the food services OCS is offering, due to Covid-19, are being covered by reimbursements. She said donations are coming in from the community to purchase supplemental foods.

Commissioner Price asked if she could have more information about the all the food being provided, how much is funded federally, by the state, donations, etc.

OCS Chair Atherton said OCS has universal breakfast, but not lunch for elementary, and there is nothing universal for middle or high schools. He said OCS does get donations from the community to pay off accounts, and OCS sees this throughout the year.

Chair Rich said it might be difficult to get statistics on the food donation sources.

Commissioner Price said she is just interested in what affects the school budget.

Commissioner Bedford praised the OCS budget for being organized around what benefits its students (literacy, culture, equity), and noted that OCS has only asked for things that would help its students, but the County is facing an austere budget.

Commissioner Bedford asked if, when available, OCS would please share what its projected fund balance will be at June 30, and how that compares to the required percentage, or the policy percentage. She said she would like to know how much OCS appropriates from its fund balance into its budget. She said CHCCS usually appropriates around \$1 million. She said this will help her understand OCS' flexibility.

Rhonda Rath said the OCS projected unassigned fund balance is \$2.8 million, and pre-Covid-19 that was hoping to increase 500,000-700,000.

Rhonda Rath said OCS does not appropriate unassigned fund balance to balance their budget for recurring items.

Chair Rich asked if OCS has a plan in place if school does not start on time in the fall.

OCS Chair Atherton said OCS had a short discussion about this, and an increased number of hotspots, purchasing internet devices for buses, and if these buses can be driven into some of the more rural areas.

OCS Chair Atherton said OCS has talked about the K-2 students, who do not have the one to one technology, and are looking at devices and a gamut of how remote learning could work more effectively. He said figuring out student learning losses and the needs of EC children are other issues to consider.

Superintendent Felder said OCS has started these conversations, and if schools cannot open typically, then remote learning will have to continue, which is evolving over time. She said access to Wi-Fi for students and staff is a huge issue, as well as insuring that everyone has devices. She said an additional challenge is students' social-emotional needs. She said academics cannot be the only focus. She said if a child is hungry or enduring trauma, they will not be available to learn, regardless of the setting. She said OCS is also concerned about closing gaps that will grow over the summer, as well as a result of Covid-19. She said staff is looking into all these areas.

Commissioner Marcoplos said no one knows what is going to happen, and the State Superintendent has created a state task force to look at what to do if there is a Covid-19 spike during the summer. He asked if there could be a local County task force to discuss some of these issues, and have a system in place to best respond to the educational and financial component of this pandemic.

BACKGROUND:

Budget uncertainties that we face every year are anticipated to pale in comparison to the fiscal year ahead. We realize that the State and County may very well experience shortfalls as a result of the Stay at Home Order. However, as ambassadors of Orange County students, we remain committed to the well-being and future of every student that we serve. Therefore, after thoughtful and careful deliberations among our staff and Board, we bring the following budget request to you for consideration:

\$36,701,002 Continuation budget that incorporates the following:

- Universal breakfast in every elementary school
- Anticipated State mandated salary increases:
 - Five percent certified staff
 - Two percent all other staff *continued*
- Employer retirement contribution increased to 21.44% per eligible employee
- Employer hospitalization contribution increased to \$6,647 annually per participating employee
- Continued focus on identifying and eliminating inequities in access to opportunity and academic barriers for our students.

\$1,414,100 Expansion budget that incorporates the following:

- COVID-19 student education support
- Two inclement weather days for classified staff
- Reinstatement of remaining teacher assistant workdays
- Two additional school counselors
- Two Academically/Intellectually Gifted teachers ensuring every elementary school has access
- Pre-K dual Language program
- One district translator to support our Spanish speaking students and families

- A Social and Emotional Learning Coordinator
- A Director of Literacy
- Two Equity facilitators
- Four Maintenance Technicians

We believe the budget presented for your consideration aligns with the Orange County Schools Strategic Plan and our committed focus of ensuring every student is successful and college and career ready. We look forward to the year ahead and getting our students and staff transitioned back to the normal instructional environment.

As we begin looking forward to the 2020-2021 school year, we would be remiss to not take the opportunity to spend some time looking back on the wonderful things that have occurred during the 2019 -2020 school year.

Orange County Commissioners approved a \$4,352.25 per student funding for 8,134 Orange County School students which represented a total funding appropriation of \$35,401,202. This equated to a \$187.25 per student increase in funding over the 2018-2019 school year.

As a result, Orange County Schools received funding to support initiatives such as:

- Universal Breakfast in every elementary school which allows every elementary student to receive a breakfast free of charge every day school is in session. Grab and go options are also provided to students that may not choose to receive a hot breakfast.
- State mandated Benefit and Salary increases for employees. A \$150 per employee increase was realized in hospital insurance premiums as well as more than a 1.0% increase in the employer portion of retirement benefits.
- Equity professional development throughout the district to allow for continued work in raising awareness of equity issues that may prevent students from feeling welcomed and heard.

Commissioners recognized and supported the Equity initiative presented by both Orange County Schools and Chapel-Hill Carrboro City Schools by allocating one time funding of \$260,000 towards Foundational Equity Training for both districts.

Beginning in October, a District Equity Leadership Team (DELT) was formed to examine district policies, practices, programs, structures, climate and culture to identify barriers to equity and excellence. Soon thereafter, the Leadership for Racial Equity Development (LEADS) trainings were conducted. These trainings focused on deepening understanding of institutionalized racism and its impact on student learning, as well as providing support for leading systemic equity transformation initiatives in the district and schools. Throughout this time, additional staff equity training was also occurring. Examples include; Racial Equity Institute (REI) Groundwater training, Culturally Responsive Customer Service, and Equitable, Culturally Responsive and Relevant Learning Environments.

Identifying and eliminating inequities in access to opportunity and academic barriers remains a priority as we begin looking ahead to the 2020-2021 school year.

As planning began for the 2020-2021 academic year, little did we know the crisis that was ahead for not only North Carolina but the Nation.

As a result of COVID-19, Governor Cooper closed schools beginning March 16, 2020 through May 15, 2020 to prevent the spread of this deadly virus.

As quantitative and qualitative data have been reviewed, it has become apparent that certain areas require more focus to impact student achievement. The data is reflecting that focus is needed in three areas:

1. Literacy
2. Climate and Culture
3. Stakeholder Engagement

Focusing on each area through the lens of Equity. Equity and data will continue to drive the work so that every Orange County student receives what they need to succeed. The driving vehicle will be the goals outlined in the Orange County Schools strategic plan.

1. Challenge and engage every learner to achieve at his/her full potential
2. Engage in two-way communication with our stakeholders and diverse community
3. Create a career destination for employees
4. Provide safe and sustainable operations to support optimal learning facilities and maintenance
5. Accountable, equitable and transparent management of human and financial resources

FOCI I - LITERACY:

Literacy is a civil right. It is the ability to read, write, listen, speak and think critically across all disciplines. It should not be viewed as a subject that is taught, rather a civil right we must provide. For our students to be able to engage effectively in the society they live in, we must ensure that they are literate. Literacy is a gateway to opportunity but unfortunately can be a gatekeeper. Research indicates that there is a high cost to low literacy. The Annie E. Casey Foundation reports that 9 out of 10 high school dropouts struggled to read in the 3rd grade.

Youth who fail to complete high school by age 20 are seven times more likely to be poor as reported by The Urban Institute. It is also reported from the United State of Justice that two-thirds of all youth in the juvenile court system could not read in the fourth grade. Finally, it is alarming to read from the National Commission on Writing that \$3.1 billion is spent annually to improve the literacy skills of entry-level workers. The statistics are sobering and speak to the need to focus on literacy. Furthermore, Orange County students deserve to be equipped to participate in civic life through means such as accessing and navigating health care systems. They deserve to be prepared for higher education which on average requires 80 pages of independent reading per week. Data tells us that up to sixty percent of community college freshmen are assigned to remedial reading courses because they are not adequately prepared.

It is recognize that the Orange County Schools literacy data is disproportionate and does not reflect the potential of our students. As a result, Literacy is a primary focus of the work as we budget and plan for the 2020-2021 school year.

FOCI II - CULTURE & CLIMATE:

Climate is observable habits that characterize life in the school or office while culture is the beliefs that reflect that deeper foundation of how we operate. This plays out for our students as Social and Emotional Learning. Social and Emotional learning is the process through which children and adults understand and manage emotions, set and achieve positive goals, feel and

show empathy for others, demonstrate cultural sensitivity, establish and maintain positive relationships, and make responsible decision.

Unfortunately, the above cartoon reflects many students entering our school buildings today. They are entering our buildings carrying lots of “baggage” and still expected to perform, learn and behave. In order for our students to be the most successful, we have to support the student in a whole child model not just focusing on academics.

FOCI III - STAKEHOLDER ENGAGEMENT:

According to John Hattie, Education Researcher, “The effect of parental engagement over a student’s school career is equivalent to adding an extra two or three years to that student’s education.”

Stakeholders have a stake in the school district and its students, which means they have personal, professional, civic, financial interest or concern in the school district. We cannot move this work forward without realizing how vital stakeholder engagement is to the success and improvement of a school district. This engagement can improve outcomes for students.

By no means are we suggesting or even recommending that the above areas be the only focus for administration going forward. However, we are saying that we need to double down in these areas to improve the outcomes for “EVERY” student in Orange County Schools.

BUDGET OVERVIEW – FY 2020-2021

The 2020-2021 Board of Education approved budget represents Orange County School’s commitment to the three foci outlined above and our core belief “First Choice for Families”. The District continues to be faced with the challenges of meeting on-going critical academic and social and emotional needs of students and staff while balancing the uncertainty of the many funding sources that provide the resources.

Orange County Schools continually strives to maximize revenues from all sources which include State, Federal and Local County Governments while ensuring optimal learning environments for our students. Our budget request for the 2020-2021 academic year reflects our commitment.

Even though our State did not pass a budget for the 2019-2020 fiscal year, legislation is in place to ensure state agencies can continue operating. Legislation passed in 2017 allows the state government to continue operating utilizing current funding levels. As a result, the state funding levels for the 2019-2020 academic year were funded at the same level as 2018-2019 where a budget was enacted in law. At this time, we are anticipating funding from the State of North Carolina to hold at the 2019-2020 level of \$49.0 million. Federal programs are anticipated to contribute \$3.4 million in revenue. Other revenue sources for Orange County Schools include two enterprise funds, School Nutrition and After School Care. As Enterprise Funds, these programs are fee based and operate as self-sustaining therefore not requiring funding support from other State, Federal or Local revenues provided to the district in support of operational needs.

In order to continue operations at the current level and support the projected student ADM, Orange County Schools will require a total of \$36.7 million in local revenue from the Orange County Board of County Commissioners. This equates to a necessary increase in the per pupil appropriation of \$148 per pupil which will generate additional revenue of \$984 thousand. The additional revenue will support:

- Continued operations at the current level
- Projected 5% state mandated salary increase for certified staff

- Projected 2% state mandated salary increase for classified staff
- Projected Retirement increase to 21.44%
- Projected Hospitalization of \$6,647 annually per employee
- Elementary Universal Breakfast Program
- Continued equity professional development for all staff

State mandated benefit and salary increases continue to be the driving force in the requested continuation budget increase. Based on historical data, the employer portion of employee benefits has risen upwards of 30% in the past five years.

2020-2021 EXPANSION BUDGET

As previously stated, legislatures failed to come to an agreement and pass a budget for the 2019-2020 fiscal year. As a result, no additional funds were distributed from the State to provide salary increases for all staff. Even though it was approved to give Certified Staff (i.e. teachers) credit for their previous year of experience which allowed movement on the salary scale, the state salary scales remained unchanged for not only Certified but all other staff as well. This decision to credit one year of service did allow Certified Staff (i.e. Teachers) to receive a \$1,000 annual salary increase. However, no other staff employed with Orange County Schools received any salary increase for the 2019-2020 fiscal year.

We know Commissioners value the service all Orange County Schools employees provide the students attending our schools as much as we do. As a result, we request a onetime funding of \$1.0M to provide a onetime bonus to staff. This is not requested as a per pupil increase.

Now, let's look at the other expansion items being requested for the 2020-2021 fiscal year. As we dug deep into our data, it became very apparent that to move the work forward in the three foci areas outlined at the beginning of this document, additional resources and support would be required.

Foci I outlines our intent of doubling down on Literacy. Our data reflects that our marginalized students are falling behind in Literacy at an unacceptable level. 45% of our 3rd through 8th grade students are not proficient in reading as reflected on the 2018/2019 end of grade tests. In order to interrupt the systems in place and improve student outcomes, our Board supported and approved the following expansion items in support of the **Literacy Foci**:

- \$105,500 to hire a Directory of Literacy.
 - Approx. 64% of our black students in grades 3-8 are not proficient in reading
 - Approx. 67% of our Hispanic students in grades 3-8 are not proficient in reading
 - Approx. 85% of our English language learners in grades 3-8 are not proficient in reading
 - Approx. 87% of our students with disabilities in grades 3-8 are not proficient in reading
- \$138,000 to hire two additional school counselors to offer additional support at various schools. In this year alone, OCS has experienced the following:
 - 135 suicide assessments
 - 78 social service referrals
 - 19 medical emergencies
 - 400+ referred and/or receiving school based mental health services
- \$74,100 to hire a Social and Emotional Learning Coordinator.
 - 50% of our students qualify for Title I funding
 - 43.25% of our K-12 students receive free & reduced meals
 - 70.3% of our PreK students received free & reduced meals

- 80-90 bags of supplemental food are distributed weekly in our elementary schools
- 25-30 bags of supplemental food are distributed weekly in our middle schools
- 10-15 bags of supplemental food are distributed weekly in our high schools
- OCS has 150+ McKinney Vento Students (homeless)
- 25-30 ESSA students (Foster Care)
- \$160,000 to hire two additional academically/intellectually gifted (AIG) teachers.
 - Budget reductions in FY2018 prevented the hire of these two vacant positions. Resources had to be shifted forcing two of our elementary schools to share an AIG teacher with another school.
- \$40,000 to offer the dual language program to PreK students at New Hope Elementary. The current dual language program offered to Kindergarten's at New Hope elementary is very successful and in high demand. Parents and the community have expressed great desire for the program to begin in PreK.

In support of our second foci, **Climate and culture**, our Board supported and approved the following expansion items:

- \$150,000 to build in two inclement weather days for classified staff. At this time, when the district is closed for inclement weather 12 month classified staff are required to use vacation and in some cases leave without pay.
- \$82,500 to reinstate pay for 5 teacher assistant workdays. To balance the budget in FY2019 and not eliminate any teacher assistant position, the district no longer allowed teacher assistants to work on teacher workdays. As a result, Teacher Assistant pay was reduced by 14 days. The district was able to protect all teacher assistant positions and recoup approximately \$250,000 to balance the budget. The OCS Board and staff realize the value and importance of these staff members in our schools. It is the goal of our Board to eventually reinstate all of the workdays for teacher assistants.
- \$192,000 to increase the maintenance technician staff by four. This expansion request is supported by the following data:
 - OCS currently has one maintenance technician serving 93,000 square feet. Industry standards are one maintenance technician serving 50,000 square feet.
 - An additional 50,000 square feet will be added to the district upon completion of the Cedar Ridge High School wing addition and 26,000 square feet added with the opening of the Orange County Schools Welcome Center would be in addition to the 93,000 square feet currently being served.
 - \$25.8 million capital improvement budget projects ongoing in the district.

Our final focus area, **Stakeholder Engagement**, received Board support and approval for the following expansion items:

- \$80,000 to hire a translator to support schools. We continue to welcome an increase in non-English speaking families attending Orange County Schools. To better support these students and their families, adding a translator will aid in our day to day communications and allow us to better meet the needs of these families. We desire for all of non-English speaking families to feel welcomed and valued as a partner with us in their child's education.
- \$142,000 to add two equity facilitators to build capacity related to culturally relevant teaching practices. Not only would these positions assist in building capacity surrounding culturally relevant teaching practices but we also envision these facilitators; (1) teaching African American and Latinx history courses at the two high schools; (2) Examining policies, practices and protocols through an equity lens; and (3) Additional support to 13 school based equity teams. At this time, the OCS Equity Department consists of one

staff member. We know in looking at our end of grade reading data for grades 3-8, our marginalized students reflect the greatest disparities. Based on the below data:

- Achievement is stagnant for all students
- Subgroups consistently below 40% in reading
- \$250,000 contingency funds for COVID-19 response and support of students and staff.

The above expansion requests total \$1,414,100 or a needed per pupil increase of \$173.00.

2020-2021 BUDGET SUMMARY

In summary, the Orange County Schools approved FY2020-2021 local budget presented for funding is comprised of the following:

	FY2020-2021 Requested	Per Pupil Increase
Continuation Budget	\$35,716,952	\$27
State Mandated Salary Increases	\$662,900	\$81
State Mandated Benefit Increases	\$321,150	\$40
Total Continuation Budget	\$36,701,002	\$148
Literacy Foci Expansion	\$517,600	\$63
Climate/Culture Foci Expansion	\$424,500	\$52
Stakeholder Engagement Expansion	\$472,000	\$58
Total Expansion Budget Request	\$1,414,100	\$173
Grand Total Budget Request	\$38,115,102	\$321

4. Chapel Hill-Carrboro City Schools

Jonathan Scott, Interim Chief Financial Officer, made the following PowerPoint presentation:

Chapel Hill – Carrboro City Schools
Board of Education’s Local County Appropriation
Funding Request for 2020-2021
Presented to the Board of County Commissioners
4/28/2020

Strategic Plan Areas

- Student Success
- Employee Experience
- Family and Community Engagement
- Organizational Effectiveness

Budget Background

- Economic landscape has shifted, we are unified and committed to providing a quality education driven by our strategic plan as we work to empower, inspire, and engage our students
- Our budget process begins with careful consideration of enrollment projections
- State projections have been received, and enrollment is estimated at 12,312 students for the 2020-2021 school year. This is not a material change in enrollment

- Should continuation funds not be provided, the District will have to adjust the budget accordingly

Continuation Requests:

Salary and Benefits

The CHCCS Board of Education's (BOE) local County Appropriation Funding Request Includes placeholders for:

- Certified salaries and Supplement: 5% for anticipated State salary increases for teachers
- Classified Salaries and Supplement: 2% for other public-school employees, and funds to raise up the minimum wage to the Orange County Living Wage, \$14.90 per hour
- Matching Benefit Cost Increases:
 - State Requirement, 21.44%
 - Health Insurance premium, \$341 annually
 - Social Security and Medicare due to increase in salaries

Continuation Requests:

Operational Costs

The CHCCS BOE Includes:

- Increased operational cost of \$78,000 at Chapel Hill High School for additional square footage added by the current building renovation

Continuation Requests (graph)

Total Continuation Requests for Salaries and Operational Costs \$3, 716, 000- graph

Board Consideration for Expansion Budget

- Received many budget requests from our instructional staff and schools
- The items presented are identified needs that the CHCCS administration and BOE prioritized in alignment with our strategic plan:
 - Student success; family and community engagement; employee experience; and organizational effectiveness

Expansion Requests (pie chart)

Priority Initiatives for Expansion Budget - \$4,642,500

- Re-entry and Recovery costs from COVID-19 (one time for circumstances)
- Cost for continued year of project advance (one year)
- 13 additional K-3 classroom teachers due to class size reduction
- 13 additional K-3 classroom teacher assistants due to class size reduction
- Paid parental leave
- 2 days paid salaries for inclement weather
- Remove the supplement cap on certified employees

Expansion Requests (pie chart):

Class Size Reduction: Additional Classroom Teachers and Teacher Assistants

- Estimated costs: \$1,092,000 for teachers
- Estimated costs: \$ 488,000 for teacher assistants
- Estimated costs: \$1,580,000

13 Additional Teachers and Benefits

- Reduce K-3rd grade class size, compliance with House Bill 90.
 - Create 13 additional classrooms in K-3rd grade levels

13 Additional Teacher Assistants and Benefits

- CHCCS historically maintains a teacher assistance per classroom in the kindergarten to third grade levels.

Expansion Requests (pie chart):

Paid Parental Leave

- Estimated cost: \$568,000

Parental leave would provide multiple important benefits for our employees, their families, and children

- Providing paid parental leave will assist the District in enhancing the employee experience
- We recommend providing parental leave supplemental income for up to 6 weeks. This request would cover up to 75 employees annually at 100%
- This will help the district provide a competitive benefit to attract and retain our teaching staff

Expansion Requests (pie chart):

2 Days Paid Salary for Inclement Weather

- Estimated cost: \$360,000

This request would fund two full days of salaries for all 10-month employed staff (teachers, teacher assistants, child nutrition, and transportation) in the event of future closures

- In the last few years, the District has repeatedly encountered closings due to inclement weather such as hurricanes, snow, and flooding

Expansion Requests (pie chart):

Remove the Supplement Cap on Certified Employees

- Estimated cost: \$166,000

Certified staff hired after July 1, 2016, who had several years of teaching experience, were no longer eligible to earn a higher supplemental percentage, 20% or 25%

- We have identified the employees who are part of that cohort of employees to provide the higher supplement rate to those certified staff members

Expansion Request (pie chart):

One Time Cost for COVID 19 Re-Entry and Recovery and Continued Year of Project Advance (Fund balance appropriated, \$1,968,500 to cover these one time requests)

COVID-19 Re-entry and Recovery

- Estimated cost: \$1,000,000
- Planning and funding for re-entry to guarantee that appropriate supports are available to students at return

Continued Year of Project Advance

- Estimated cost: \$968,500
- This request will continue staff incentive pay and hold employees harmless for those that completed coursework
- Grant funds have covered the cost of the stipends until 2020-2021

Projected Revenues and Fund Balance Appropriated

- Estimate revenue growth \$225,000:
 - \$ 75,000 in fines and forfeitures
 - \$ 25,000 in projected interest revenue
 - \$125,000 projected miscellaneous revenues
- Fund balance appropriated, \$1,968,500:

- \$1,000,000 COVID-19 Re-Entry & Recovery
- \$ 968,500 1-Year Continuation of Project Advance

Summary Fiscal Year 2020-21 Budget Request (pie chart)

Total BOE Budget Increase

- \$3,716,000 Continuation funds
- \$2,674,000 Expansion funds
- \$1,968,500 One-time expenditures
- \$8,358,500 total local operating budget
- \$225,000 increases in other revenues
- \$1,968,500 fund balance appropriation
- \$6,165,000 Total Continuation, Expansion Budget, and one-time request
- Increase of \$501 per pupil
- Correlates to 5.37 cents on the tax rate

Jonathan Scott said CHCCS is in its last year of contracted custodial services, and is now ready to award the contract to a contractor that pays a living wage of \$15 per hour. He said this has driven up the costs of the bids, and it is north of \$500,000, with the additional costs of the living wage added.

Commissioner Marcoplos referred to the custodial services bids, and asked if CHCCS has looked into the comparative costs of bringing these services in house.

Jonathan Scott said a committee looked at the bids and it is considerably more money to bring these services in house, due to the cost of purchasing equipment and supplies.

Interim Superintendent Abele said to bring these services back in house would be about \$1 million, including personnel and capital costs for supplies. He said the \$500,000 was an increase in contractor costs, due to the living wage, over the current contract price. He said bringing services in house has far more start up costs for equipment, etc.

Commissioner Dorosin asked if the outside contract is \$500,000, or if it is \$500,000 in addition to what it has cost previously.

Jonathan Scott said CHCCS anticipated an increase of \$500,000 to bring the employees up to the living wage, and an additional \$500,000 to bring it all back in house. He said the contract is well over \$1 million.

Jonathan Scott said the contract is \$1.7 million.

Commissioner Marcoplos clarified if CHCCS were to bring custodial services in house, it would have to buy supplies and equipment. He said the equipment would be a onetime cost, and he wondered what the outlook over three years would be if the services were brought in-house. He asked if there might be savings over time.

Commissioner Dorosin asked if the contract breakdown could be given again.

Jonathan Scott said the base contract is \$1.7 million for the cleaning, and then an additional \$500,000 to pay the living wage, bringing the total to \$2.2 million

Commissioner Dorosin said the current contractors are not paying a living wage.

Jonathan Scott said yes, and noted that this is an older contract.

Commissioner Dorosin said this is an annual conversation, and he would promote that there are additional benefits to the community by bringing custodial services in-house.

CHCCS Chair Wolfe said one current cleaning company is a family owned business, and both current contractors do bring the values that Commissioner Dorosin mentioned. She said CHCCS does have a balance of in house workers during the day, and other services at night. She said the BOE has asked similar questions, and reviewed this issue at length. She said it is a multi-year contract, and staff is gathering more information that will be provided to the Orange County Board of Commissioners.

Chair Rich said she agreed with Commissioner Dorosin that there are huge benefits to having in-house staff, as that staff takes greater pride in their school “home” and it fosters greater community in the school buildings.

Commissioner Greene referred to the per pupil costs, and said the increase would be \$501 for both expansion and continuation budgets. She asked if the increase for just the continuation budget could be identified.

Jonathan Scott said the increase is \$301.82 for just the continuation budget, as presented this evening.

Commissioner Greene said she was comparing the two districts’ budgets, and OCS is asking for \$321 for continuation and expansion, and \$173 for just the continuation budget.

Chair Rich referred to Project Advance, and said in 2016 she questioned Dr. Forcella about this program, as it was one of the few occasions that school staff had reached out to her for help, as they were not happy to be taking part in the program. She said Dr. Forcella told her that Project Advance would never cost Orange County any money, but now CHCCS is asking for \$1 million to pay for this program. She asked if the discrepancy could be explained.

Dr. Pam Baldwin said that these funds were supposed to come from retirees, and the funds did not come forward to support the program so CHCCS had to find funds elsewhere for professional training. She said initial calculations were in error, and people did not retire as expected. She said ongoing professional development is extremely important.

Chair Rich said it is interesting that the plan has not worked out, and now the financial need is before the County. She said the BOCC was assured in 2016 that this program would not cost the County any money.

Dr. Baldwin said the flip side to this is that CHCCS still has some veteran teachers in the district, as they did not retire as planned, and this experience is invaluable.

Commissioner Dorosin referred to the expansion budget item of two inclement weather days, and asked if there is a plan in place for the funds if these days are not needed/used.

Jonathan Scott said the funds would roll into the general fund balance. He said there have been more than two inclement weather days for the past several years.

Commissioner Dorosin asked if this is two days in addition to the normal days.

Jonathan Scott said these funds are targeted toward bus drivers, cafeteria workers, etc. who have to have an instructional day in order to work.

CHCCS Chair Wolfe said there are not days set aside, but rather days that can be used as make up days. She said, thanks to remote learning, instruction may be able to continue on a snow day, and this budget item is truly to protect those that would lose salary without instructional days. She said this is a high priority for the CHCCS staff.

Commissioner Dorosin asked if this is the same with parental leave. He said it is earmarked for 75 employees, and asked if this number is based on the past several years experience, and if this money is not used will the funds also roll in to the general fund.

Jonathan Scott said yes, these numbers are based on historical data, and if not used, the funds will go back into the general fund. He said it is also possible that numbers will exceed 75, and then the opposite would be true.

Commissioner Dorosin referred to removing the supplemental cap related to employees hired after June 2016, and asked if employees hired now would not cause this to be a recurring expense.

Jonathan Scott said when CHCCS moved to the Project Advance model, CHCCS raised its supplements to 16%. He said all supplements were to be set at 16%, and additional stipends could be earned with participation in Project Advance. He said the previous administration let go of that, and grandfathered everyone that was at 20 and 25 into those bands forever, and still able to participate in project advance. He said when the supplement was raised to 16%, the BOE placed a cap on the local supplement for anyone coming into the district after July 1, 2016; so no matter how many years experience one had, one would be capped at 16%. He said

CHCCS is trying to move away from project advance, so it no longer makes sense to keep employees capped if they have the necessary years of experience to qualify for additional stipends. He said this is an expansion budget request, and the \$166,000 would go into the expansion budget and be available for coming years. He said the BOE feels removing this cap is important for recruiting and retaining high quality employees.

Commissioner Dorosin said then this would apply to anyone that is hired moving forward.

Jonathan Scott said yes, but that supplemental cap does not move until teachers are at 20 years of experience, and most teachers will not qualify at hiring, but it could be something for them to look forward to, and aid in retention.

Rani Dasi said this request would move all CHCCS employees on to the same salary scale.

Commissioner Bedford referred to the \$380,000 from the State to the BOE, and asked if this has been spent in a particular way.

Jonathan Scott said CHCCS received \$380,000 from DPI, and used half of these funds to provide a monthly \$60 tele-work stipend to those staff that were eligible. He said CHCCS also purchased many hot spots, which has used a good amount of the funds, and is holding the rest for different requests in the future.

Chair Rich said the hotspots are an expensive band-aid, and she encouraged the schools to contact North Carolina legislators to push for consistency on broadband access.

Commissioner Bedford expressed appreciation for all the BOEs and staff for feeding kids, and keeping them educated during this pandemic.

Ashton Powell said he would like to talk more about the mental health needs that will arise out of the Covid-19 pandemic, and is especially concerned for parents who are simultaneously trying to be parents, teachers, breadwinners, etc. He said the schools are a fabulous access point to get services to families, and he hopes the schools can work closely with the County on these needs.

Joal Broun said she wished that the Orange County Board of Commissioners would also send a letter to the legislators about broadband. She said the schools have also been working with the Town of Carrboro, who is sharing broadband near the schools.

Chair Rich said the BOCC has written many letters at the local, state and federal levels, and is working diligently on this issue.

Commissioner Price asked if CHCCS could provide a breakdown of what is being allocated toward supplemental food. She agreed with Ashton Powell about the increased need for mental health services and support.

Commissioner Price echoed Chair Rich's comments about broadband.

Commissioner McKee thanked the schools for this conversation, and said no one knows what lies ahead in the next year, or years. He said the potential worst case is another 1929. He said these school budgets are not doable for him at this time, especially if they involve tax increases. He asked if both districts could look at their budgets again to pare them down.

Amy Fowler said the schools will do what has to be done. She said she and Brenda Stephens spoke to Senator Burr about broadband in February, and she said it looks like things are not going to improve any time soon. She said Senator Burr said he favored satellite service.

Commissioner Greene thanked both school districts for their presentations, both of which were excellent, despite the different formats. She said she would like to know more about food, and how does CHCCS budget for food, because there is a tremendous issue with hunger and poverty in Orange County. She said TABLE suggested not having the distribution points at the schools since they are currently closed. She asked if the percentage of free and reduced lunch eligible children in CHCCS could be identified.

Dr. Pam Baldwin said it is 25.83 % (15% at high schools, which is probably low).

Rani Dasi asked if Commissioner McKee is asking for something specific.

Commissioner McKee asked if the BOEs can pare down their figures. He said everyone will need to make some hard decisions, as he cannot, in good conscience, ask the taxpayers of the County to pay a sizeable tax increase.

Rani Dasi said usually the process is that the BOCC comes back with a recommended budget, and the conversations continue from there.

Commissioner McKee said he wants to work in a partnership process to reach a number that is reasonable, manageable and equitable. He said the current requests are not manageable. He said the BOEs are elected officials, and he would not presume to direct them.

Rani Dasi said maybe guidance from Orange County would be helpful, because even if the schools came back with their budgets cut it half; it may not be very helpful. She said there is such a chasm between the needs and the available resources.

Chair Rich said the Manager's recommended budget will be presented May 5th, and an entirely new budget has been created due to Covid-19. She said the BOCC found out today that Orange County tourism lost \$2.8 million in March, and will lose twice that much in April. She said over 19,000 are out of work in the service industries. She said the BOCC is meeting with the Manager, and will receive her budget next week. She said Commissioner McKee is asking the BOEs to work out how to scale back, and try their best to support children while realizing the financial reality of the pandemic. She said this crisis is not a matter of months, but will effect years to come. She said the BOCC cannot ask residents to pay a sizeable tax increase.

Rani Dasi said she appreciates the financial reality, but the bare minimum CHCCS can present is likely its continuation budget, so it may be helpful for the BOCC to provide some further guidance.

Commissioner McKee said it will be clear what the Board is expecting after the May 5th meeting. He said this evening he and Chair Rich are just expressing their opinions.

Amy Fowler echoed Rani Dasi's comments, and said the BOE is prepared to make adjustments, but it does not make sense to do so until the BOCC has issued its recommended budget.

Chair Rich said it is important for the school districts to understand that the financial deficits are real, and no one is clear how this crisis is going to end. She said no one is pointing fingers, but rather working together to move the process forward.

CHCCS Budget Background

Student Data

We always begin our budget process by carefully considering our enrollment projections. State enrollment projections ultimately determine both State and local funding levels. For this request, the District is using an enrollment projection of 12,312 that was provided by the North Carolina Department of Public Instruction. The estimated enrollment is expected to increase by five students over the 2019-2020 levels.

Revenues

We estimate additional revenue growth of \$225,000, consisting of \$75,000 in fines and forfeitures, as well as \$25,000 in projected increase to interest revenue, and an anticipated increase in our miscellaneous revenues of \$125,000

Continuation Budget Requests

The Board of Education recommends the continuation budget to include anticipated State salary increases for teachers and other public-school employees, costs related to matching employer benefits, and operational costs. Due to the renovations at Chapel Hill High School, the square footage will increase; therefore, operational costs for 2020-2021 will increase. Due to the current

economic climate and the expected downturn, some of these costs will remain like the increase in matching employer benefit costs, salary increase for Orange County's Living Wage Rate, and operational costs.

Total Continuation Requests:

Certified Salary & Benefits \$2,563,960
 Classified Salary & Benefits \$844,040
 Operational Costs \$78,000

Benefit Increases

The Board of Education recommended budget includes amounts for anticipated State salary increases for teachers and other public-school employees, as well as increases to costs related to matching employer benefits, such as Social Security and Medicare, State retirement employer, and health insurance premiums.

There will be an increase in the employer State retirement matching from 19.70% to 21.44% (based on guidance from NCDPI). The 1.74% increase must be applied to all covered local operating fund employees; therefore, the incurred cost will be about \$905,000. Furthermore, there will be a 5.4% increase to the employer-paid health insurance premium, increasing it from \$6,306 to \$6,647. This will incur a cost of \$279,500 for all locally funded employees participating in the State Health Plan.

Potential State Salary Increases

We have collaborated with peers from surrounding districts to gain the best estimates of the budget drivers in this request. We anticipate a 5% increase in certified staff and a 2% increase in classified salaries. An increase in salary results in increased locally paid supplement costs. Due to the salary increases, the employer matching Social Security, Medicare, and retirement associated costs increases. The anticipated impact is provided in the table below.

We realize any pay increases could be subject to change based on COVID-19 and the economic implications for the 2020-2021 school year.

Orange County's Living Wage Rate

Additionally, we have included \$230,000 to fund increases in salaries currently below Orange County's Living Wage Rate updated rate. This additional request will ensure all District employees will comply with the updated Orange County Living Wage Rate of \$14.90.

In total, between the salary increases, the resulting increases to matching employer benefit costs, and state-mandated increases in the retirement rate and health insurance premiums, and cost to move employees currently earning less than \$14.90 to the updated Orange County's Living Wage Rate, is estimated to be about \$3.638 million.

Operational Costs

The Board of Education recommended budget also includes costs for the additional square footage that will be added to Chapel Hill High School once the new building is operational. The additional square footage added will be 23,967 ft², for a total building space of 278,508 ft².

Facility upkeep for the old CHHS buildings was approximately \$1.77/ft². We anticipate a similar cost for the new facility. Utility costs for CHHS average \$1.43/ft². We anticipate a similar utility cost for the new facility. The total increased operational costs incurred from the additional square footage equals \$78,000.

Continuation Request Summary

The continuation requirement is composed of anticipated increases in salaries, supplements, employer matching benefits, and health insurance premiums, that total \$3,638,000. Also, \$78,000 is needed for operational costs due to the increased square footage of the completed Chapel Hill High School construction coming online. Our continuation budget, which reflects the amount of additional funding necessary to continue current operations, is forecast in total at \$3,716,000, which is about \$302 per pupil.

Expansion Budget Requests

We received many budget requests from our program managers and schools. While these all represent legitimate identified needs, the administration prioritized the request in alignment with the strategic plan:

Cost for Additional Year of Project Advance

(Strategic Plan Goals: Student Success and Employee Experience)

State grant funds have provided the funding for Project Advance since December 2016. The grant funds will not be available starting in the 2020-2021 school year. To hold employees harmless and continue to receive their incentive pay for attaining Project Advance LEARN and GROW levels, it will cost an additional estimated \$968,500 of local funds.

COVID-19 Re-Entry and Recovery

(Strategic Plan Goals: Student Success, Family & Community Engagement, and Organizational Effectiveness)

Although the timing of school reopening is still uncertain, our schools will return to normal operations at some point. Planning and funding for re-entry and recovery will be needed. Currently, the amount of funding is difficult to estimate. However, an allocation of \$1,000,000 is included to prepare our schools for the transition back to face-to-face instruction in a way that makes everyone feel safe and invited back into our buildings. The allocation of funds for re-entry will help to ensure that appropriate supports are available to students. Since this has been an unprecedented time, we do not know what supports our learners will need, but we need to be prepared for the additional cost.

Class Size Reduction

(Strategic Plan Goal: Student Success)

13 Additional Teachers with Benefits

The District has identified the need to hire thirteen teachers in the kindergarten to third-grade levels from local funds among the eleven elementary schools to reduce the class sizes and meet the requirements of House Bill 90.

On February 13, 2018, the North Carolina House General Assembly ratified House Bill 90 to phase in class size requirement for kindergarten through third grade. The House Bill refers to the current General Statute 115C-301 for allocation of teacher and class size, as shown in the chart below. Chapel Hill – Carrboro City Schools had been granted a waiver for the prior two years.

By using an average salary for the thirteen teacher positions paid from local funds and matching benefits, the estimated cost incurred will be about \$1,092,000.

13 Additional Teacher Assistants with Benefits

The District has identified the need to create an additional thirteen classes in the kindergarten to third-grade levels to meet the requirements of North Carolina House Bill 90. Chapel Hill – Carrboro City Schools has historically maintained a teacher assistant per classroom in the kindergarten to third-grade levels. It is recommended to hire an additional thirteen teacher assistants to serve with the new classes. By using an average teacher assistant salary and matching benefits cost, the estimated cost incurred will be about \$488,000.

Remove Supplement Cap on Certified Employees

(Strategic Plan Goal: Employee Experience)

Certified staff hired after July 1, 2016, who had several years of teaching experience, were no longer eligible to earn a higher supplement percentage, 20% or 25%. We have identified the employees who are part of that cohort of employees and determined that it would cost the District about \$166,000 in additional local funds to provide the higher supplement rate to those certified staff members.

Parental Leave and/or FMLA

(Strategic Plan Goal: Employee Experience)

Parental leave would provide multiple important benefits for our employees, their families, and children. Providing paid parental leave will assist the District in enhancing the employee experience. Parental leave supports parent-child bonding, improves children's outcomes, and may increase gender equity in the workplace. Historical data was used to determine an average of 75 employees annually were on FLMA for the birth of a child or adoption. We recommend providing parental leave supplemental income for up to six weeks at 100%. This will help the District provide a competitive benefit to attract and retain our teaching staff. Using the historical data, the estimated cost incurred from this benefit would be \$568,000.

2 Days Paid Salary for Inclement Weather

(Strategic Plan Goal: Employee Experience)

In the last few years, the District has repeatedly encountered closings due to inclement weather such as hurricanes, snow, and flooding. This request would fund two full days of salaries for all 10-month employed staff (teachers, teacher assistants, child nutrition, and transportation) in the event of future closures. The cost incurred would be \$360,000.

Expansion Summary

The total of these Expansion Request items is \$4,642,500, which is about \$377 per pupil. Through our work with strategic plan alignment, along with a focus on providing some flexibility in resource allocation, we feel we can further maximize the District's resources in more targeted efforts. This will allow for each school to meet their unique needs and align with their school improvement plans. Supporting our student's needs, and fostering an improved employee experience through additional benefits, the CHCCS Board of Education respectively ask the county for funding related to the above expansion items.

Fund Balance

We currently estimate our fiscal year end unassigned fund balance at \$12.1 million. This is approximately \$7.9 million above our minimum target of 5.5% or \$4.2 million. The District historically has assigned \$1 million to balance the current local operating budget. Over the past few years, that amount has varied as the Board and District has appropriated funds for capital projects as well as dealing with compression in the classified salary schedules. We recommend appropriating \$1,968,500.

Summary FY 2020-21 Budget Request

The District's funding desire is to help sustain our upward trends in student performance by continuing to empower, inspire, and engage EVERY student and staff members through our instructional programs, and services.

The total Local Operating Budget increase of \$8,358,500 would help us significantly to continue our vital work through sustaining operations with continuation funds of \$3,716,000 and to continue pushing for growth with expansion funds of \$4,642,500. This would ensure we can keep our programs and schools moving forward.

Our estimates for other revenue changes indicate a revenue increase of \$225,000 for next year. After accounting for these revenue increases and a \$1,968,500 fund balance appropriation, the total continuation and expansion budget request is \$6,165,000 or 5.37 cents on the tax rate. This would correlate to an increase of about \$501 per pupil, based on NCDPI's estimated enrollment level for 2020-2021.

A motion was made by Commissioner McKee to adjourn the meeting at 10:24 p.m.

Penny Rich, Chair

Donna S. Baker
Clerk to the Board