

**Minutes of the
North Carolina State Board of Education
Education Building
301 N. Wilmington Street
Raleigh, NC 27601-2825
August 12, 2009**

Conference Call	Wednesday, August 12, 2009	State Superintendent's Conference Room, 12:30 PM
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The North Carolina State Board of Education met by conference call and the following members participated:

William Harrison, Chairman	Reginald Kenan
Melissa Bartlett	Wayne McDevitt, Vice Chair
Walter Dalton, Lt. Governor	Tom Speed
Janet Cowell, State Treasurer	Kathy Taft
Christine J. Greene	John Tate
Shirley Harris	Patricia Willoughby
Kevin Howell	

Also present were:

June St. Clair Atkinson, State Superintendent	Jessica Garner, Teacher of the Year Advisor
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CALL TO ORDER AND INTRODUCTION

Participating via phone, Chairman William Harrison called the special August 12 conference call meeting of the State Board of Education to order. He explained that the Board was meeting as a committee of the whole. Lt. Governor Walter Dalton, Board member Kevin Howell, and Teacher of the Year advisor Jessica Garner were present in the State Superintendent's Conference Room in the Education Building in Raleigh; all other Board members, including State Superintendent June Atkinson, participated via conference call. Chairman Harrison explained the meeting structure to the audience noting that the agenda includes one Action on First Reading item. At this time, SBE Assistant Executive Director Betsy West conducted a roll call to determine a quorum. The roll call determined that all Board members were present, ensuring that a quorum had been met. (See attached list.)

In compliance with the requirements of Chapter 138A-15(e) of the State Government Ethics Act, TCS Committee Chair Kevin Howell reminded Board members of their duty to avoid conflicts of interest and appearances of conflicts of interest under Chapter 138A. He asked if members of the Board knew of any conflict of interest or any appearance of conflict with respect to any matters coming before them during this meeting. There were no conflicts of interest communicated at this time. Mr. Howell then requested that if, during the course of the meeting, members became aware of an actual or apparent conflict of interest that they bring the matter to the attention of the Chair. It would then be their duty to abstain from participating in discussion and from voting on the matter.

Chairman Harrison then called on TCS Committee Chair Kevin Howell to present his item for *action on first reading*.

TCS COMMITTEE CHAIR REPORT ON ACTION ON FIRST READING

**TWENTY-FIRST CENTURY SYSTEMS
BUSINESS/FINANCE AND ADVOCACY COMMITTEE CHAIR REPORT
(Mr. Kevin Howell, Chair, and Mr. John Tate, Vice-Chair)**

ACTION ON FIRST READING
TCS 1 – Special Provisions, Senate Bill 202 (2009-10 Budget Bill)
Policy Implications: Senate Bill 202 and House Bill 836

Presenter(s): Mr. Philip Price (Associate State Superintendent, Financial and Business Services) and Mrs. Becky McConkey (Director, Financial Services Division)

Description:
Special provisions in Senate Bill 202 and technical corrections House Bill 836 recently passed by the General Assembly state that the State Board of Education “may” proceed as indicated in the bill to redirect or use funds. Some special provisions mandate the State Board of Education proceed with actions. Included in these provisions is the authorization for the State Board of Education to adopt emergency rules to grant maximum flexibility to LEAs regarding the expenditure of state funds. These special provisions are being presented for the Board’s review and for authorization of the allowed actions.

Recommendations:
It is recommended that the State Board approve the actions allowed in the special provisions.

- Discussion/Comments:**
- TCS Committee Chair Kevin Howell directed Associate State Superintendent Philip Price to review the Special Provisions in Senate Bill 202 and Technical Corrections in House Bill 836.
 - Mr. Price presented clarifying information, line by line, for the Special Provisions Authorizing the State Board of Education to Proceed with the Actions upon approval. The provisions include: Discrepancies Between Anticipated and Actual ADM, Litigation Reserve, Protection of the Classroom While Maximizing Flexibility, School Connectivity, Dropout Prevention Grants, Department of Public Instruction/Budget Flexibility, Leadership Academy, and Support Services Division (School Planning & Plant Operation).
 - Next, line by line, Mr. Price presented Special Provisions #'s 10-13 which direct the State Board to take specific actions related to the following initiatives: North Carolina Virtual Public Schools, Teachers for Geographically Isolated K-12 Schools, Ensuring Access to the EVAAS System, and the School Calendar Pilot Program. Mr. Price noted that the State Board is directed to report to the Joint Legislative Oversight Committee and the Fiscal Research Division by December 15, 2009, a new allotment formula for NCVPS. After a brief discussion, and in response to Chairman Harrison’s question concerning a timeframe for presenting the formula to the Board, Mr. Price indicated that the formula is ready and could be presented to the Board at its September meeting. A brief discussion was also held regarding the School Calendar Pilot Program. Lt. Governor Walter Dalton expressed concern about the school calendar pilot program in Wilkes County Schools and that it should have been implicit that savings be derived without adversely impacting classroom instruction.
 - Mr. Howell directed Board members to Attachment 2 – Increased Local Education Agency Funding Flexibility for FY 2009-10 and FY 2010-11. LEAs are to make every effort to minimize the budget

adjustments that impact classroom instruction and classroom activities. LEAs must also maximize the use of federal recovery funds to assure that, when appropriate under federal grant rules, the funds are used to expand or maintain classroom support. Mr. Price noted that the chart on pgs. 8-9 of Attachment 3 depicts the current and proposed flexibility for each specific program area. Mr. Price summarized each of the line items, fielded questions, and provided clarification to Board members regarding the proposed flexibility.

- After a brief discussion, Lt. Governor Dalton made the following motion:

Upon motion by Lt. Governor Walter Dalton, and seconded by Mr. Wayne McDevitt, the Board voted unanimously to approve that the flexibility as recommended for children with disabilities would be granted to the extent only that it did not decrease the per pupil allotment based upon the FY 2008-09 funding level reflecting legislative adjustments. The vote was taken by roll call; see attached list.

- Board member Taft expressed concern about the proposed flexibility for Academically & Intellectually Gifted, noting that the proposal doesn't read well because it has deleted "all eligible students are being served." Mr. Price explained that the proposal does not continue that same requirement because each school district identifies its gifted population based on their own formula and criteria; there is no statewide measure for that, therefore, it might be easier for the LEAs to utilize those funds.
- Board member McDevitt suggested that the agency track where these transfers are being made, where per pupil expenditures are being lowered, etc. Mr. Price responded that the Department does have the mechanisms in place to monitor these activities with documentation tracking.
- Board member Willoughby echoed concern that the Department follow this closely and look at student achievement of those students affected by all of these categories. She requested that this item be placed on the futures agenda for follow up. In addition, Board member McDevitt asked that the impact of the flexibility cuts be included in the upcoming updates. Both requests were so noted by TCS Chair Howell.
- There was no further discussion.

Upon motion by Mr. Kevin Howell, and seconded by Ms. Kathy Taft, the Board voted unanimously to approve the actions allowed in the Special Provisions. The vote was taken by roll call; see attached list.

ADJOURNMENT

Indicating no other business, Chairman Harrison requested a motion to adjourn.

Upon motion made by Ms. Patricia Willoughby, and seconded by Ms. Christine Greene, the Board voted unanimously to adjourn the special conference call meeting of the State Board of Education on August 12, 2009.