

OPEN SESSION

A Special Called meeting of the Board of Trustees of the Charleston County School District was held on Thursday, May 26, 2011, with the following members of the Board present: Mr. Chris Fraser – Chair, Mrs. Ann Oplinger - Vice Chair, Mr. Craig Ascue, Mrs. Cindy Bohn Coats, Rev. Chris Collins, Mrs. Toya Hampton-Green, Mrs. Elizabeth Kandrac, Mrs. Mary Ann Taylor, and Dr. Nancy J. McGinley, Superintendent and Executive Secretary. Mrs. Elizabeth Moffly was absent. Staff members Mr. Michael Bobby, Dr. Doug Gepford, and Mr. Elliot Smalley were also in attendance.

The news media was duly notified of the meeting. However, no media representatives were present.

Chairman Fraser called the Special Called meeting of May 26, 2011 to order at 4:36 p.m. Mrs. Green moved, seconded by Mrs. Moffly, to go into Executive Session to discuss agenda items listed below. The motion was approved unanimously.

I. CALL TO ORDER, INVOCATION/MOMENT OF SILENCE, & PLEDGE OF ALLEGIANCE

Mr. Fraser called the Open Session meeting of May 26 to order at 6:05 p.m. Then he called for a Moment of Silence followed by the Pledge of Allegiance.

II. ADOPTION OF AGENDA

Rev. Collins moved, seconded by Mrs. Oplinger, adoption of the May 26, 2011 Board meeting agenda. The motion was approved 8-0.

III. POTENTIAL CONSENT AGENDA ITEMS

4.1: First Reading - 2011-2012 Budget

Mr. Bobby said the FY2012 Budget power point matches the handout provided and the proposed budget delivered to board members a week earlier. There may be opportunities to make additional decisions between the first and second readings of the budget. A handout titled Balanced Budget Decisions Forward will be distributed after the presentation. The board will be asked to prioritize items to add to the budget if additional resources become available. This will give the District an agreed upon list to draw from. At the end of this meeting, the board will be asked to accept the first reading with necessary amendments. Since the traditional 30-day period between the budget readings is not required, the second reading of the FY2012 budget may come earlier, if the first reading goes well.

Mr. Bobby and Mrs. Clara Heinsohn traveled to the state house earlier today to seek approval of local legislation at senate and house levels. This was a good use of time and they got firsthand information on important budget issues. After speaking directly with Senator McConnell and Senator Campsen they didn't feel the local legislation would pass. However, the house may support legislation for additional revenue. The two senators indicated the need to encourage the House budget conferees to support the additional money they have placed in the budget for CSSD.

Mr. Bobby highlighted the following:

Revenues

- The 2012 General Operating Fund was \$328 million the last time the budget was presented; now its \$332 million. This is due to the EFA line increase that will be used to eliminate the need to furlough teachers.
- Food Service continues to operate without burden to the General Operating Fund. It supports the General Fund with indirect expenses over \$1 million annually. Due to a Federal mandate forthcoming that will increase meals (lunch and breakfast); the Food Service budget may be

- amended. If the District opts to not comply with the mandate, it may lose federal money.
- Education Improvement Act is \$24 million.
 - Special Revenue is \$54 million. State and Federal grants are included in this amount.
 - Debt Service is \$82 million as presented in last week's work session.
 - Creating a School Budget
 - The cost to operate the school from start to finish was shared. Resources for everything are driven by what happens in the classroom--the place where everything starts and ends.
 - The budget starts with staffing which is the largest component. Staff allocation was altered this year and will be altered further in 2012 to provide more flexibility, responsibility, and accountability at the school level. Decision making will happen at the school. A lump sum will be provided to schools and administrators will make decisions related to staff. Substitute will be handled in a similar manner.
 - Other non-instructional amounts to operate a school must also be considered, i.e., operational costs, material, salaries and benefits, the cost to the district. Included in the Cost to the District is the cost of support from Central Offices - Academic, Superintendent, Technology, Finance, Human Resources, Maintenance, Building Repair, and Procurement. The largest percent of funds are applied to school buildings. That percentage rose a bit this year adding more funds to what happens in school buildings. Mr. Bobby said it's puzzle-like with multiple types of expenditures and revenues are pieced together.
 - State Fiscal Stabilization Funds is the reason for the significant revenue increase from 2008 to 2011. And, there are restrictions on some forms of revenues.
 - The new student base cost is now at \$1959. However, the district is not using this amount because it hasn't been finalized.
 - Pages 7-8 illustrate how the budget is built. The net growth amount in assessed value is still a zero. This continues to be the information staff is receiving. There will be no change in the amount of Local Tax. While some change is anticipated from 2011 to 2012, no significant amount is anticipated.
 - Increases will be based on what comes out of Senate Finance Committee. The state will probably be approved. If the House bottlenecks the state budget, a significant decline in the amount could be expected. The total GOF Revenue budget rose this year by \$2.5 million. Therefore, Fund Balance should be protected from this point on.

The Charleston Delegation should be thanked for the increase in state funding shown on page 8, lines 2-3. This is the first time the district received such a significant increase from the state--\$13.5 million. In the past, the amount of state revenue declined. He hopes it is sustainable. Line 4 is the Tier 3 Sales Tax penny exchange between 4% property tax and the increased state sales tax that occurred at the conception of Act 388 years ago. That increase is based upon Consumer Price Index (CPI) increase plus the anticipated growth of population in the state. While CPI increased, Stimulus declined by \$7.6 million. Remaining Stimulus Funds must be spent by Oct 2011. Funds were used to pay for utilities that would have been otherwise paid with General Operating Funds. Monday night's financial report shows the district will use \$4 million less to balance the budget. Those funds will be available to boost fund balance. Revenue and Expenditure numbers are expected to get better by the end of the year. This year revenues are higher and expenditures are lower. The first big jump is moving fiscal stabilization funds to special revenues fund.

Expenditures

Mr. Bobby presented assumptions and projections used to build expenditures.

- Transportation, Health and Dental, Charter schools, etc.
- Salaries and fringes should be lower next year because of decisions made to reduce that cost.
- Purchase Services is higher because it includes outsourcing of day porter salaries that were moved from salaries and fringes to purchase services.

Mrs. Kandrak asked the projected number of day porters. Ms. Shannon said 119. Rev. Collins asked about the cost savings for out sourcing day porters. Mr. Bobby said the cost is listed in salaries and benefits this year and next year they are listed under purchased services and two other amounts make up the difference--transportation and property insurance, page 44. If the day porters' decision is reversed, the numbers would go up by \$850,000. Ms. Shannon said benefits and fringe costs. Amounts to 26%.

Mr. Bobby said the Revenue for FY2012 started at \$329,548,267 is now \$322,107,983. This is after adjustments were made during workshops held earlier and is presented as "a balanced budget".

Rev. Collins asked about 24 classroom credits room performance. Dr. McGinley said it's a category of funding that high schools use to hire additional staff to allow students to earn 24 credits. Ms. Shannon said the amount was moved from one fund to another and reduced by \$200,000. Dr. McGinley said the state gave additional funds for high schools to hire new teachers with increased graduation requirements. Mrs. Kandrak asked about the enrollment projections for charter schools. Ms. Shannon said 3,200-3,300. Mr. Bobby said charter enrollment also drives budget. The district's budget was reduced \$13.1 million (positions were eliminated, programs were closed, offices were restructured, and driver's education was eliminated).

Questions

Mrs. Kandrak asked about the budget reduction for state required credits. Mr. Bobby said he is unsure if the reduction meant the 24 credits are no longer required. Mrs. Coats requested a graph to match revenues with the Superintendent's key initiatives. Mr. Bobby said one could be created.

Mrs. Coats asked about Day Porters and commented on \$12 million amount for custodial upkeep and day porters to SSC, GCA, and other cleaning companies. Mr. Bobby mentioned increased services to Ron McNair services and said companies were taking on more work. Mrs. Coats suggested a comparison of 2011 and 2012 amounts and said it was \$1 million less. She asked about replacement band uniforms and the timeline. Mr. Bobby said the previous board determined there was no equity so they established a replacement cycle to address the issue. Dr. McGinley said some schools could not afford replacement uniforms. Mrs. Chris Ryan added that uniforms are replaced for the high schools every nine years. Mrs. Green said this decision was made before her arrival by Mrs. Susan Simons and Mr. Meyers. This eliminated the selling of candy by students to raise funds.

Mrs. Coats asked about the amount for Employee Assistance Program and outsourcing of mail and courier services and about the difference in amounts this year and last year. Mr. Feil said salaries, gasoline and vehicles are all included in the amount shown, and last year's amount was not for a full year. She asked about the contract with IKON Printing Service, after-market service and if \$1 million is spent annually on copiers and servicing. Ms. Shannon said it's listed in amounts over \$50,000. Mr. Feil said there is a fee for use of copiers. However, the amount is significantly lower than amount paid previous years. The amount listed is for leasing through state contract and cost for servicing 350 copiers. Mrs. Coats asked why cell phones for the maintenance department weren't listed last year. Ms. Shannon said staff continues to fine-tune the budget to show amounts over \$50,000. Mrs. Coats asked about overtime budgets. Mr. Bobby said it's hard to eliminate overtime because some folks are on call for emergencies, i.e., heating and cooling and other areas. In addition, Constituent board meetings are handled by technicians and clerical folks who receive over-time for meetings and hearings. Public Safety Officers are first responders, on call 24/7, and are paid overtime. Staff members who work in the office of Human Resources, Employee Relations, Finance and Budgets are required to work over time during peak hours. The district can't always afford to have employees off. Staff continues to monitor overtime. However it could be more costly not to have the person here. Dr. McGinley said in 2005 the district was cited by the Department of Labor for not paying overtime and allowing hourly employees to work beyond their eight hour day without pay or

compensation. The Department of Labor gave staff strict orders not to allow employees to come in early, stay late or work during lunch without compensation. That incident cost the district \$1 million. Mrs. Coats suggested adjustments be made to staff schedules to reduce the overtime amount (\$400,000). Ms. Shannon noted only ½ that amount if GOF. Mrs. Kandrac said many refer comp-time more than overtime. Mr. Bobby said comp time is a good to avoid overtime but it has an impact on productivity. Mrs. Coats suggested adjustment of staff schedules, when possible. Dr. McGinley said clerical staff members, at smaller schools, are paid overtime because they don't have a backup. When they took comp time, the office would be left unattended. During spring, Human Resource office workers are required to work weekends and often bring in extra help to get the work done. Mr. Bobby will run report by locations to see who is spending the most overtime funds. Rev. Collins said staff should save funds elsewhere. Dr. McGinley said, over the last three years, a significant amount of 12 month employee positions were reduced. If help is needed during the summer, those workers are called back and are paid to do the extra work. Mrs. Coats asked about large allocation listed for Workers Comp and Legal. Mr. Bobby said the amount is based on trends. CCSD works on prevention and exposure to minimize future claim amounts. Mrs. Coats asked about purchased services, fees, overtime payments payment for hired non-staff individuals. Mr. Bobby said purchased service is done when a unique skill set is required. In some cases, the district can't afford to offer a competitive salary. Hired service is brought in if skills are not available in house. The district may not be able to hire someone because it lacks competitive salaries. John McCarron explained needs in the IT Department such as a database administrative service used for Power School. He said it offers the district flexibility as well. Mrs. Coats asked why so much is paid for employment services. Mr. McCarron said the \$86,400 amount shown is during the peak period to help prepare for the opening of schools. 24 extras are hired for that specific project. Mrs. Coats asked about other temporary help who are brought in to do troubleshooting and daily upkeep. Mr. John McCarron said the cost pays for expensive skill set the district doesn't have. Since there are only five staff members at the help desk which is not enough to address all the calls at the start of the school year, additional help is brought in. The IT budget was reduced to the extent that it is necessary to purchase help as needed. Mrs. Coats asked about Avaya upgrade amounts. Mr. John McCarron said one amount is the maintenance agreement for all phones in the district, which comes out of Fixed Cost of Operations funds. Mrs. Coats asked about lease revenue. Ms. Shannon said it is revenues that come in and it is listed on the revised budget in the right column since it is not a regular amount. It is also listed on the March Financial Report. After Mrs. Coats suggested a review of the amounts, she said operation for Bridgeview was \$21,000 above the amount spent last year. Ms. Shannon said it included property insurance for all district-owned properties which went up last year. Then Mrs. Coats asked about the budget for Calhoun St. Ms. Shannon said now that the building is paid for; there is no more rent income. The City is charged for care and upkeep of the building. The revenue amount goes toward operation of the building. Mrs. Coats asked about expenditures for Human Resources and Superintendent's spending authority. Mr. Bobby said the staffing contingency will be adjusted after the 10-day enrollment. Some contingencies for personnel and non personnel are built into the budget. Dr. McGinley said the staffing contingency fund was previously called the Superintendent's contingency fund. That fund is used for unforeseen services. Also Title II funds are required to submit a plan to the state beforehand. Mrs. Coats asked if the contingency fund could be used to offset furloughs. Mr. Bobby said contingency funds are used to address real urgent needs. Ms. Shannon added it could only be used for school staffing. Mrs. Coats said she is hoping to find \$91,000 to save jobs. She asked about empty buildings and variation of costs and Constituent District Offices and wide fluctuation of costs to maintain. Ms. Shannon said cost is based on size of facility and age of facility. Mr. Bobby said some offices are different in size. Dr. Gepford added District 4 facility is larger and houses a larger group of people. District 10 will be closed next year. Ms. Shannon said per diem for constituent board members, office staff, and supplies are also included in their budgets. Mr. Bobby said a lot of restructuring was done. If the overall cost was compared, it would show a net savings. Mrs. Coats asked about extra \$1million for the Innovation Zone. Mr. Bobby said additional \$250,000 discretionary fund was placed there since the Innovation Zone takes on the most challenged population. Dr. McGinley said would bring details to a future

meeting. Mr. Bobby said it's more difficult to comprehend because some constituent offices have staff; others are merely constituent offices without staff. The structure has changed with learning communities and constituent offices. Mr. Ascue asked about bus drivers are contracted to Durham. Mr. Bobby said all but 39 of them are work for Durham. Currently, there are only 12 who work for CSSD. Mr. Ascue asked about the price increase for Food Services. Mr. Bobby said a Federal Government mandate will require lunch cost increase because reimbursement from federal government full paying numbers are being kept as low as possible on the backs of free and reduced lunches. Ms. Shannon said the information was not available during printing of budget; therefore, an amendment is necessary. Mr. Bobby will work to offset it, however, revenue may increase. Mr. Walter Campbell said the increase could be 10 – 25 cents. The federal government wants the amount to go up to balance the reimbursement. That means lunches could go up to \$2.50 within the next two years. Mr. Ascue asked about Foundations. Mrs. Shannon explained that Foundations were created to help schools. Mr. Ascue asked about increased amount of curriculum field trips. Mr. Bobby said staff members were strongly encouraged to discontinue private transportation due to risks. \$15,000 was added to cover additional costs anticipated and eliminate private transporting of students. Mr. Ascue asked about car allowance. Mr. Bobby said some administrators receive a monthly mileage reimbursement and some receive fifty one cents per mile. The amount in question is for those individuals who receive a monthly mileage. He is proposing that staff use district vehicles as opposed to being paid mileage. \$50,000 could be saved next year if staff drove CCSD vehicles to meetings in Columbia.

Mrs. Kandrac asked if there was a savings when Fraser Elementary was closed, why the air conditioner is still running six years after Rivers was closed. She asked about food service charges for Charleston Math and Science Charter and where she could find those expenditures. Ms. Shannon said the location number for Charleston Math and Science Charter is 761. Fraser said Mr. Lewis reported earlier that funds for Rivers were moved to capital funds. Mrs. Kandrac asked about Constituent Board amounts. Mr. Bobby said amounts are reported in under Learning Communities. However, the amounts could be separated. Rev. Collins asked about the Supplemental Salary on page 43. Mr. Bobby said a lot of additional duties are performed by employees and the amounts are supplemental pay rates. Ms. Shannon gave examples—those who work with yearbooks, cheerleaders, coach, etc. A supplemental pay schedule will be included in the final budget. Starting next year, all coaches are required to be teachers. They are paid hourly or flat rates. Rev. Collins asked about additional day porters on page 44. Mr. Bobby said this year and past porters, additional day porters were provided by outsourced providers at Wando and other schools. He asked why next year amount increased. Mr. Bobby said the increase is due to outsourcing of day porters next year. Rev. Collins asked about mileage rate. Mr. Bobby said mileage is for travel to conferences. Mr. Bobby said there have been limited out of state travel and tied to grants and necessary travels. Mrs. Kandrac asked what percentage of travel is the Board's travel allocation. Ms. Shannon said she did not have that information with her. Rev. Collins asked about Purchase Services. Mr. Bobby said he would look at it. Then he asked about increase in fuel oil. Mr. Bobby said cost of fuel sky rocketing. Ms. Shannon added the amount listed is also for school heating oil. Rev. Collins asked about Council of Great City Schools and Mrs. Kandrac asked about National School Boards Association. Mrs. Kandrac asked about using CARTA. Mr. Bobby said staff member Ms. Katie McClure is on the CARTA Board. CARTA is not going to replace bus route to transport students to and from school. However, some students have CARTA passes. Rev. Collins asked for a book with details on each line item. Mrs. Taylor asked for a breakdown of Organizational Membership dues and fees and why the Council of Great City Schools (CGCS) membership was expensive and the benefits to students in classrooms. Mr. Bobby said it allows the district access to research materials to see what other districts are doing. CGCS gave the district services free of charge this year because of previous membership. Mrs. Taylor said that CGCS service cost a lot of money. She expressed concerns about the additional funds for the Innovation Zone, cost of restructuring of that office, and closed schools—Schroder and Fraser that still cost the district money. She supports marketing closed building and land space for money that will go into a maintenance or capital fund. Mr. Bobby said he likes that idea because of cost of

maintenance and re-purposing capital. Money could go in fund balance. He will continue to look at surplus properties and how to lease them. He prefers not to hang on to buildings that cost the district money. He suggested demolishing Archer and keeping the land. He will continue to strategize to bring a comprehensive plan to the Board. The land acquisition plan will soon come to the Board. Mrs. Taylor said Mr. Bobby promised information on Dist 20 cost. She also asked about the Riverland Terrace Building and suggested Mr. Lewis build a James Island Town Hall there. After Mr. Bobby said that property is in the City of Charleston. Mrs. Taylor suggested it be sold to the Mayor. Mrs. Taylor asked about Risk Management's \$69,000 per four school playgrounds. Mr. Bobby said it's the standard cost and how it works would be shared. Mrs. Dana Enck said playground for ages 2-5 has little equipment but is a standardized set that reduces the district's liability and the mulch doesn't have to be replaced annually. Mrs. Taylor asked staff to consider something softer than wood chips. Dr. McGinley said not only is Dana Enck knowledgeable in this area. She has saved the district money in this area. Mrs. Taylor asked about the large amount of money spent for Professional Development trainings and staff. She suggested there could be a savings if district staff were used for Professional Development. Drayton Hall, for example, teachers teach others in the district how to use Ipads. Rev. Collins asked about lapsed salaries. Mr. Bobby said 1½% is built in budget for lapsed salary. However, no money is there to pull from.

Mrs. Oplinger thanked Mr. Bobby and staff for construction of budget and said the budget is more transparent each year. Mr. Fraser said he is delighted that teacher furlough is not on the table. He credited it to the district being proactive. He closed by saying expect some changes between now and 2nd reading of the budget.

*Mrs. Green moved approval of the FY12 budget, Mrs. Oplinger seconded the motion. The motion was approved 6-2 (Collins and Kandrac opposed).

Rev. Collins said amend budget, and leave day porters on the payroll. Failed 4-4 (Mrs. Green, Mrs. Taylor, Mrs. Oplinger and Mrs. Coats opposed). He expressed concerns about the way motion was handled. Mr. Fraser referred to Roberts Rule of Order. Mrs. Green said it was handled appropriately because it was not a friendly amendment since Rev. Collins didn't ask to amend her motion.

Dr. McGinley said the Victory is in the classroom. The progress made is credited to teacher, leaders, and support staff. The district is in danger of losing the best and brightest and losing competitive edge due to neighboring districts. No raises were given in three years and there were significant cuts causing additional responsibilities to those left behind. The Board was asked to consider dedicated staff, reverse furloughs, and give teachers a step increase.

Mr. Fraser expressed appreciation for the budget preparation work done by Mr. Bobby and other staff members.

There being no further business to come before the Board, at 8:50 p.m. Mrs. Coats moved, seconded by Mrs. Green, the meeting be adjourned.

