



Legislative Link

A Publication for the Members of the N.C. Association of School Administrators

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Budget Cuts Snag School Construction Funds

After news this week that the state's revenue shortfall for the current fiscal year has grown to \$2 billion, Governor Beverly Perdue ordered most state agencies on Wednesday to cut another 2 percent from their 2008-2009 spending, and she transferred \$300 million from various funds to create an emergency account for state operations.

The additional cuts mean most agencies now have to reduce their spending during the 2008-09 fiscal year by a total of 9 percent. The size of the cuts has been rising steadily since former Gov. Mike Easley ordered 2 percent cuts in September.

In this latest round of cuts, the Governor did not ask for an additional reversion from public schools, whose cuts in state operating funds to date total \$158,948,312 and include 2 percent in reversions from school districts and 6 percent in cuts from the Department of Public Instruction.

Perdue did, however, call for \$37,632,989 in state lottery receipts earmarked for school construction and \$5,621,104 from undistributed corporate taxes to be redirected to address the state's budget shortfall. This combined \$43,254,092 is the total amount that school districts statewide expected to receive in their next quarterly payment from the Public School Building Capital Fund (commonly called the ADM Fund) that assists school districts with school construction and renovations. This reduction is a permanent loss of that quarterly payment, according to information that State Associate Superintendent Philip Price provided to the Joint Appropriations Subcommittee on Education earlier today, and the cut brings the total public school reductions to \$202,202,404 for 2008-2009.

In addition to the school construction funding cut and other state agency reductions, Governor Perdue is using \$100 million each from the Clean Water Management Trust Fund and the Public School Building Capital Fund and \$50 million each from the Education Lottery Reserve Fund and the Public School Textbook Fund to create an emergency reserve for state operations. The state faces a cash-flow crunch every spring until corporate income tax payments are made on April 15, and the emergency fund is intended to help cover expenses until then.

According to Price, the \$100 million set-aside from the Public School Building Capital Fund is from "un-obligated funds" that have not been earmarked by counties and school districts for specific school building projects.

To view a summary of the public school cuts that have occurred in this fiscal year, a copy of Governor Perdue's press release announcing her latest budget actions and other information regarding school budget reductions that are being considered, please view the following link: <http://www.ncasa.net/displaycommon.cfm?an=1&subarticlenbr=199>.

Budget Committee Gets In-Depth Look At Stimulus Funds

A fiscal analyst this week briefed the Joint Appropriations Subcommittee on Education about the parts of the American Economic Recovery and Reinvestment Act that may be used by North Carolina to offset cuts in education funding for public schools, community colleges and universities.

The presentation by Kristopher Nordstrom, which may be accessed at <http://www.ncasa.net/displaycommon.cfm?an=1&subarticlenbr=229>, included information about the State Stabilization Fund, which includes \$1,161,931,564 for North Carolina education initiatives and \$258,522,671 in funds that may be used for education or other state purposes. Nordstrom presented three possible scenarios for how the state might use the education-earmarked stabilization funds to mitigate potential cuts in state education funding for 2009-2010. Those scenarios included the following:

- Worst case scenario – The state's total education budget would be cut by \$1.5 billion or 12.5 percent. Under that scenario public schools could see a 10.9 percent reduction in current year's funding that equates to an \$869 million loss, while higher education entities would face a 16 percent reduction of \$596 million.
- Best case scenario – The state would not need to make any education cuts and could maintain the 2008-09 funding levels for all education entities. The net result of that scenario would mean \$581 million in stabilization funds earmarked for education would be allocated to public schools based on the Title I headcount, thus giving schools an overall state budget increase of 7.3 percent.
- Middle-of-the-road scenario: State support for education would fall by 8 percent from current year funding levels, and the \$581 million in fiscal stabilization funds for education would be split between public schools and higher education institutions to partially restore the state reductions. The net cut under that scenario would be a 3 percent reduction in the state's total education budget for public schools and higher education.

It is important to note that these scenarios and other information provided this week to the General Assembly's education budget writers are only possible ways the state might ultimately choose to use its portion of the federal stimulus funds designated for education. In addition, the final totals of the stabilization funding and other funding for special education, Title I, technology and other sources designated by the new federal law all are pending the release of specific guidelines and instructions from the U.S. Department of Education.

The North Carolina Association of School Administrators (NCASA) will continue to monitor developments on the rollout of this federal funding and provide updates to our members through this weekly publication and through new additions to the website we have designated to this issue at: <http://www.ncasa.net/displaycommon.cfm?an=1&subarticlenbr=229>.

Bill Seeks To Eliminate Pay Cut For New Assistant Principals

Senator Jerry Tillman, R-Randolph, this week filed Senate Bill 306, which proposes a law change to ensure that teachers who become assistant principals do not experience a decrease in monthly pay.

This proposal was one of the eight recommendations made in January by the Joint Legislative Education Oversight Committee to the 2009 General Assembly, and it is a priority for legislative action that has been requested by both the N.C. Principals & Assistant Principals' Association (NCPAPA) and the N.C. Association of School Administrators' (NCASA).

Under this proposed legislation, an assistant principal employed by a local school administrative unit shall not earn less on a monthly basis than he or she previously earned as a teacher in that unit, therefore eliminating the financial disadvantages that currently deter many qualified individuals from moving into school administration.

The bill has been referred to the Senate Education/Higher Education Committee for consideration, and a similar measure is expected to be introduced for consideration in the N.C. House.

All NCASA and NCPAPA members who see the value of this legislation in helping school districts attract and retain qualified school leaders are encouraged to ask your own lawmakers to support Senate Bill 306.

House Education Committee Takes Action On First Bills

House Education Committee members met Tuesday for the first time this session to discuss and take action on the following three bills:

- House Bill 43, School Board Members/Failure to Discharge Duty
House Bill 43 would add school board members to the list of public officials who would be guilty of a Class 1 misdemeanor for willfully and corruptly omitting, neglecting or refusing to discharge the duties of the offices they hold. The school board members would also have to be removed from office under the sentence of the court as part of the punishment for the offense. House Bill 43 was approved by both the House Education Committee and the House Judiciary II Committee this week and is scheduled to be debated on the House floor Monday night.
- House Bill 79, Extend School Formula Study Committee
The Joint Legislative Study Committee on Public School Funding Formulas was established in 2007 and was authorized to study the State Board of Education's model for projecting Average Daily Membership as well as perform an extensive study on all public school funding formulas and distributions. House Bill 79 would extend the committee until completion of its evaluation and modifications to public school formulas, and would authorize the committee to be able to meet during the legislative session. House Bill 79 was approved by the House Education Committee and was referred to the Committee on Rules, Calendar and Operations of the House.
- Senate Bill 198, State Board of Education/Membership Restrictions
Senate Bill 198 was approved by the House Education Committee Tuesday and was referred to the House Committee on State Government/State Personnel, where it was approved and sent to the House floor. The bill removes the current barrier to Cumberland County Superintendent Bill Harrison's becoming both Chief Executive Officer of the state's public schools and Chairman of the State Board of Education. Under current law only one public school employee may serve on the State Board of Education, and one current SBE member is an employee of the Iredell-Statesville Public Schools. This bill would change the limit to two public school employees who could serve on the State Board of Education, and that would allow Harrison to take the paid position of CEO of the Department of Public Instruction. The House approved Senate Bill 198 today and sent it back to the Senate for concurrence. The Senate is expected to concur on Monday night, allowing Harrison to assume his new position on Tuesday.

Press Conference Promotes Career-Technical Education

Senator Harry Brown, R-Onslow, held a press conference Thursday morning to announce a bipartisan plan to improve North Carolina's graduation rate by requiring more Career-Technical Education coursework at low-performing high schools.

Democratic and Republican legislative leaders, school superintendents, educators and related education groups, business representatives and other supporters of career-technical education were

present to show their support. Sen. Brown acknowledged that CTE funding, as well as other educational funding, is being jeopardized because of the \$2 billion to \$3 billion budget shortfall the N.C. General Assembly faces for the coming fiscal year.

According to Sen. Brown, CTE programs are very important because they significantly reduce the dropout rate among participants. He emphasized that not every high school senior is college-bound, and CTE provides incentives to stay in school by exposing students to other career options.

Jones County School Superintendent Michael Bracy also discussed the importance of preparing students in low-wealth or rural counties for employment in technical or vocational careers.

“CTE is not just good education policy, but it is also good economic policy for North Carolina,” Bracy said.

A representative from the North Carolina Homebuilders Association explained his support for the CTE programs, and noted that North Carolina has a need for skilled workers in the homebuilding business as well as other trades. Current CTE course offerings in North Carolina include agricultural education, business and information technology, career development, family and consumer sciences, health occupations, marketing, technology, and trade and industrial skills.

State Superintendent June Atkinson applauded the CTE programs across the state for their impact on reducing dropout rates for participating students. According to a Southern Regional Education Board study, more students in schools with high graduation rates take four or more career-technical education credits compared to low-graduation schools.

Summary Of This Week’s Action On Bills Affecting Public Schools

For a complete summary of this week’s legislative actions on legislation affecting public schools and their personnel, please see this week’s “Weekly Bill Action Summary” at: <http://www.ncasa.net/displaycommon.cfm?an=1&subarticlenbr=227>. The same site offers a status report on all bills NCASA is tracking for our members during the 2009 legislative session, and that information is arranged in categories to make it easier to locate specific legislation of interest.

*For additional information on these or other legislative issues, contact
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