



Legislative Link

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

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Budget To Include \$300 Million Discretionary Cut!

The North Carolina Association of School Administrators learned today that budget negotiators are considering forcing school districts to absorb a **discretionary reduction of approximately \$300 million** in lieu of state mandates to increase class size and cut the third-grade allotment for teacher assistants.

It is not clear at this point how this discretionary reduction would be worded, but it appears that it would allow school districts to increase class size at the local level as well as cutting teacher and teacher assistant positions, among other items, in managing their portion of the massive cut.

NCASA Executive Director Bill McNeal said a discretionary reduction of this magnitude will be devastating for public schools.

“This is merely passing the buck on a very difficult decision,” McNeal said. “All this will do is make the local board of education and the superintendent become the bad guys in deciding which jobs to cut. A discretionary reduction is not likely to save any of the jobs previously targeted for elimination, because school districts simply have few other options for finding this large amount of money. Non-renewal notices have already gone out, and those teachers and teacher assistants who received them are not likely to be called back as a result of this shift from a state decision to a local one. It’s simply the wrong way to handle the obvious inadequacy of funding that is needed to protect our public schools, and we urge the General Assembly not to go this route.”

McNeal said NCASA also has told lawmakers and other state leaders that if the state cannot adequately fund public schools, then the General Assembly should decide which line item cuts should be made, including the issue of class size.

Education negotiators on Thursday told NCASA that had been making progress on the issues of class size and the discretionary reduction and were trying to prevent the two from becoming competing interests. According to reports that the North Carolina Association of Educators (NCAE) sent its members on Thursday, House negotiators were proposing increasing class size by two students only in Grades 7-12 and maintaining class size at the 2008-09 levels for Grades K-6. This would result in the loss of roughly 3,000 teaching positions, which may be mostly absorbed through attrition and the expiration of a law that now allows retired teachers to be rehired exempt from an earnings cap. The latter has accounted for approximately 2,000 teachers statewide in recent years.

However, today lawmakers have been telling NCASA members they have no choice except to require school districts to face the discretionary cut of \$300 million.

Since the key issues of class size, a discretionary reduction and other public school funding levels are potentially in the final discussion stage today and over the weekend, it is imperative that NCASA members contact budget conferees and other lawmakers to urge them to oppose any discretionary reduction for public schools!

Contact information for budget conferees, charts and other information highlighting education budgets approved by the House and Senate, talking points about budget priorities for public schools, and other information is at <http://www.ncasa.net/displaycommon.cfm?an=1&subarticlenbr=199>. Contact information for all members of the General Assembly is available on NCASA's website at <http://www.ncasa.net/displaycommon.cfm?an=3>.

Support Is Uncertain For New, Tentative Tax Deal

Legislative leaders on Thursday reached an agreement on a retooled \$990 million tax plan that seeks to allay concerns Governor Beverly Perdue had over a previously proposed income tax surcharge; however, the plan still lacks the Governor's full approval and faces a handful of potential defections among House Democrats.

The new tax plan largely mirrors the one the Governor rejected, except the income tax surcharge has been adjusted so that low- and some middle-income residents and families would avoid paying the 2 percent surcharge. The new plan would tack a 3 percent surcharge on the tax liability of North Carolinians who are married filing jointly and report income of more than \$250,000 a year. A couple who reports between \$100,000 and \$250,000 in income would face a 2 percent surcharge. The individual income tax surcharge, and a corresponding 3 percent surcharge on corporate income tax, would last through 2010.

The tax plan agreement also would authorize House and Senate tax leaders to keep working into the fall on a Senate proposal to overhaul the state tax system.

Media reports today indicate the Governor still has two concerns with the new plan: 1) that it would cause individuals who earn as little as \$60,000 to pay the 2 percent tax liability surcharge, and 2) that the spending plan must avoid deep cuts to public schools, and more specifically, must protect the classroom.

"Lawmakers know I will not sign a budget that cuts education to the bone and unfairly taxes our working families," Perdue said in a statement released on Thursday. "The details of the General Assembly's revenue package continue to evolve, but that's only part of the picture. I also need to see the spending plan."

In addition to Perdue's lukewarm reception to the tax plan, it also faces potential opposition from roughly a dozen House Democrats who represent districts with breweries, wineries, cigarette manufacturers and tobacco farmers, and are concerned about the plan's proposed increases in alcohol and tobacco taxes. Along with the retooled income tax surcharge, the new tax proposal would generate \$990 million this year through the following components:

- A sales tax increase of 1 cent to raise \$803.5 million. This would increase the tax that most consumers pay from 6.75 percent to 7.75 percent through mid-2011.
- A 10-cent increase in the excise tax on cigarettes.
- An increase in the beer excise tax of about 5 cents per six-pack.
- A 4-cent per bottle increase in the excise tax on wine.
- A 5 percent hike in the tax on liquor.
- A tax on items downloaded over the Internet.

House and Senate budget negotiators plan to work through the weekend in hopes of resolving roughly a dozen budget issues still in contention, according to the House's senior budget writer, Rep. Mickey Michaux, D-Durham. House Democrats will meet privately before Monday night's session to determine if the new tax plan and the \$19 billion spending plan that it is intended to fund has enough

votes for passage. If the support is adequate, the budget bill could face floor votes in both the House and Senate next week.

Continuing Budget Authority Addresses School Issues

The House and Senate on Thursday approved a third stopgap spending measure to direct how the Governor may spend state funds with no permanent plan in place a month into the new fiscal year.

That measure, contained in [House Bill 102](#), was sent to Governor Beverly Perdue for her signature. It follows the current temporary measure that expires tonight by telling Perdue and state agencies to keep spending austere - no more than 84 percent of what was approved in last year's \$21 billion budget.

The bill directs the budget officer to go ahead and implement proposed state budget items that were not in controversy between the House and Senate. This directive will affect a number of public school funding components, but an analysis of what those include is not yet available.

The bill also clarifies that nothing in a law adopted earlier this year shall be construed as preventing school districts from using American Reinvestment and Recovery Act (ARRA) funds to employ teachers and other school personnel for 2009-10.

Unlike the two previous stopgap spending measures, this one has no expiration date, which means state spending authority could continue at the current level indefinitely, even if a state budget is not signed into law.

House Set To Debate Fines And Forfeitures Payback Plan

The House Finance Committee Thursday morning unanimously approved legislation that could begin to satisfy a 2008 court judgment entitling North Carolina public schools to \$747 million in school technology funds collected through fines and forfeitures that the courts have determined the state unconstitutionally withheld from schools.

[Senate Bill 269](#) would establish a pilot program of speed-measuring cameras that would detect speeding violations in highway construction areas and school zones. Under the proposed legislation, there would be up to 16 cameras, 8 in the work zones and 8 in school zones. Violations in school zones would result in a fine of \$125 (up from the current range of \$25-\$100) by the Department of Transportation, while work zone violations would result in the regular work-zone speeding fine of \$250. Seventy-five percent (75%) of the fines will be dedicated exclusively for paying down the judgment. Estimates are that this program would generate approximately \$47 million per year for school technology.

"In many ways this bill is the perfect marriage as it provides an increased level of public safety on our highways while providing much needed funding for technology to move North Carolina's schools into the 21st Century," said Leanne Winner, Director of Governmental Relations for the North Carolina School Boards Association. That organization filed the lawsuit that led to the 2008 court ruling on fines and forfeitures, and it also has led the advocacy efforts to generate this legislation, which is supported by the North Carolina Association of School Administrators.

The bill has been scheduled for a House floor debate at 7 p.m. Monday, Aug. 3. If the bill passes the House, it then will go back to the Senate for a vote of concurrence.

Contacts Needed On Non-Certified School Personnel Rights Bill

The Senate Education/Higher Education Committee is scheduled to hold a debate Wednesday, Aug. 5, on a bill that would impact the employment rights of non-certified school personnel.

[House Bill 1292](#), in its current format, would amend the law regarding the dismissal, demotion or suspension of non-certified school personnel to allow these employees to have attorney representation at

their own expense at any hearing allowed by the local board of education. The North Carolina Association of School Administrators (NCASA) helped negotiate the current version of this bill but had adamantly opposed [the original version](#) that basically would have provided all non-certified school personnel with the job protections that now exist only for tenured teachers. Those protections would have applied from the first day of employment, and thereby, would have given these at-will employees even greater protections than teachers who have gone through a probationary process to gain tenure.

NCASA has been told that the union advocates who requested this legislation are trying to get the Senate to rewrite the bill to more closely resemble its original format that NCASA had opposed. NCASA members who have concerns about the potential rewrite of this bill to broaden the employment rights of non-certified personnel should contact all members of the Senate Education/Higher Education Committee before Wednesday to urge that the bill remain as currently written. Contact information for that committee is at: http://www.ncasa.net/associations/2410/files/Senate_Ed_HigherEd.doc.

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

For a complete summary of this week's actions on legislation affecting public schools and their personnel, please see this week's "Weekly Bill Action Summary" on NCASA's website 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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