

# State Board Authorizes Budget Flexibility

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The State Board of Education met in a special called meeting Wednesday to respond to directives outlined in the enacted state budget law. The board's main focus was to adopt policy revisions that will provide school districts with more flexibility to transfer funds between line items to help address the \$225 million discretionary reduction that the budget requires of LEAs for 2009-2010.

As approved by the board Wednesday, many of the previous restrictions on transferring funds between various public school line items have been lifted for the 2009-2010 and 2010-2011 fiscal years. One example of the new flexibility approved for school districts includes the option for LEAs to increase class size in Grades 4-12 without first seeking a waiver from the State Board of Education.

Associate State Superintendent Philip Price provided the board with a listing of proposed funding flexibility changes, and all were approved as proposed, with the exception of one recommendation on the Children with Disabilities allotment. Lt. Governor Walter Dalton asked, and the full board agreed, that flexibility with the Children with Disabilities allotment will be granted only to the extent that it does not decrease the per-pupil allotment from 2008-09. This change still will allow districts to have more flexibility with the increased funding provided through the federal Individuals with Disabilities Education Act as part of the American Recovery and Reinvestment Act.

A complete listing of the funding flexibility changes the board has approved for school districts (excluding the change to the Children with Disabilities allotment noted above) is available at <http://www.ncasa.net/displaycommon.cfm?an=1&subarticlenbr=199> by viewing "State Board of Education – Chart of Proposed LEA Funding Flexibility for FY 2009-10 and FY 2010-11 (Attachment 3)." Other information regarding the state budget directives the State Board reviewed is available at the same website.

Several board members expressed their hope that school districts will heed the directives in the state budget law that calls on them to take maximum advantage of federal stimulus funding they are receiving and to "minimize the impact on the classroom." Others requested that the board be given an update on the impact the \$225 million discretionary reduction is having on school districts and their efforts to manage this major cut through increased budget flexibility.

Price told the board that all line item funding transfers can be tracked by the Department of Public Instruction, since each LEA must complete a form outlining the specific transfers that the LEA chooses to make. A synopsis of funding transfers made by the LEAs will be part of a follow-up report the board will receive from the DPI staff in three or six months. Price also told board members that the line item flexibility approved Wednesday will end June 30, 2011 unless additional action is taken by the State Board to extend or alter that flexibility.

State Board Chairman Bill Harrison concluded the meeting by thanking board members for taking action to help school districts manage the difficult budget situation they are facing.

"As we all know, 90 percent of the (public school) budget is in personnel, and I don't think there's any way the LEAs could manage without this type of flexibility," Harrison said.