



Legislative Link

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

November 20, 2008

Special Edition

Public Schools Feel Impact of State Budget Deficit

North Carolina's 115 public school systems have been instructed to revert \$58 million in state funding while charter schools must return \$1.4 million as part of state agencies' efforts to make up a budget shortfall expected to exceed \$1 billion for the current fiscal year. School systems, notified of the decision on Monday afternoon, must identify the money to be reverted by Dec. 19. The amount represents 0.75 percent of their state appropriation.

A memo Associate State Superintendent Philip Price sent to school districts calls for the cuts and urges that every effort be made to avoid impacting classroom operations. The memo also says the Department of Public Instruction will make roughly \$59 million in cuts to the State Public School Fund without passing that amount on to school districts. The department is handling those cuts mainly through reverting the difference in budgeted versus actual salaries.

The total cuts of \$117 million for local school districts and the Department of Public Instruction reflect 4 percent of the total state funding for public schools for the current fiscal year and are in response to a directive Governor Mike Easley has sent all state agencies, in which he asked most to trim as much as 5 percent.

The cuts for local school systems range from \$5.5 million for Wake County to \$40,114 for Weldon City Schools. Pine Lake Preparatory in Mooresville will take the biggest cut among the state's charter schools, having to revert \$51,262. For most charter schools, the reversions are less than \$30,000.

Price said that school systems at least get the benefit of getting the news relatively early in the fiscal year.

"The longer you wait, the more difficult it becomes for them," Price told Raleigh area media. "We are hoping this will be all that's asked of the public schools."

NCASA Executive Director Bill McNeal expressed the same hope.

"Any cuts to public schools ultimately impact children and personnel," McNeal said. "This organization will do everything we can to ensure that our lawmakers and our state education leaders understand the true ramifications of the current cuts and realize that additional cuts for North Carolina's public schools simply are not feasible."

Legislative Panel Ponders Changes to Liability Laws

The Joint Select Committee on Governmental Immunity this week issued a directive for organizations representing cities, counties, school districts and the personnel of each to work together to create a proposal for changing the law on governmental immunity for all local public entities. The North Carolina Association of School Administrators (NCASA) will be participating in that effort, which is intended to create a Local Tort Claims Act for North Carolina that is similar to the State Tort Claims Act now in place for state agencies and their employees.

All 115 school districts in North Carolina now have governmental immunity to state tort and negligence claims, except to the extent that they waive their immunity to such claims by purchasing insurance. Local school boards currently choose to cover their risk exposures in one of three ways:

- Seventy (70) LEAs (mostly smaller and mid-sized districts) participate in the North Carolina School Boards Trust, a member-funded risk management program. The Trust provides protections for risk exposures for which school districts do not have immunity, provides defense coverage and covers their employees when they are found liable to third parties for negligent acts committed in the course and scope of their employment.
- Most LEAs not in the Trust purchase commercial insurance to cover their risk exposures. Like the Trust coverage, commercial policies have coverage limits and exclusions.
- All others either participate in some kind of arrangement with other local entities or self insure their exposures up to a certain level and purchase excess insurance for claims above that level.

After a lengthy review of the current governmental immunity process, hearing complaints that too many injured parties never receive restitution from school districts and realizing that inconsistencies exist in the process now governing immunity for school districts, cities and counties, the committee is considering moving all local public entities under a Local Tort Claims Act that many other states already have.

Before issuing the call for all groups to reach consensus on how to structure this proposed law change, the committee heard comments from several stakeholders on issues to consider in making that conversion.

Ann McColl, Legal Counsel for NCASA, spoke on behalf of school administrators at the meeting and focused on two key issues that NCASA wants to ensure are considered as the new law is drafted.

McColl explained that if school districts lose their current option of claiming governmental immunity when facing a lawsuit, that ultimately could mean an increase in the payment of liability claims and a decrease in the funding available for providing educational services to students. She asked for the committee to look at this potential impact on the education budget and to create safeguards to ensure that no district or its students would suffer in the long run.

She also urged the committee to ensure that individual school employees, including school administrators, do not face increased exposure to lawsuits as a result of any change in the school district's governmental immunity status.

"We do not want to create a chilling effect on employees and make them fearful of accepting and keeping positions in our public schools," McColl said. She asked the committee to require local governments, including school districts, to provide liability coverage for their employees as part of the Local Tort Claims Act to continue a practice now followed by most LEAs in North Carolina.

Other organizations that spoke to the committee and that will be part of the group effort to rewrite the current governmental immunity law include the North Carolina School Boards Association, the North Carolina School Boards Trust, the North Carolina Association of County Commissioners, the North Carolina League of Municipalities, the North Carolina Association of Educators and the North Carolina Advocates for Justice (formerly known as the Academy of Trial Lawyers).

The groups are to present draft legislation to the committee by mid-December for possible consideration to send forward for action by the 2009 General Assembly that convenes Jan. 28.

NCASA will maintain the focus that McColl expressed to the committee and will work to ensure that school districts do not suffer financial hardships and that individual school administrators and other personnel do not have increased exposure to lawsuits as a result of any law change that may occur.

Committee Recommends Arts Credit for Graduation

The 2009 entering freshman class could be required to have one arts education credit for graduation if a recommended bill from the Joint Select Committee on Arts Education is approved during the 2009 session of the North Carolina General Assembly.

Members of that committee met Tuesday to present their findings and recommendation regarding the implementation of arts education in the K-12 curriculum.

“It is important for the children we serve to have a complete education and they won’t until arts is a part of this,” Rep. Alma Adams, D-Guilford, said to fellow committee members.

The committee also recommended continuing funding for the A+ Schools Program, a whole-school reform model that views the arts as fundamental to teaching and learning in all subjects.

“I have trouble not going down this route,” said Rep. Susan Fisher, D-Buncombe. “Arts taps into skills students didn’t know they had.”

While the committee room was filled with arts education advocates who support the recommendations, the N.C. School Board Association (NCSBA) expressed concerns regarding the unintended funding requirements this will place on local school boards and LEAs.

“Our LEAs were just asked to return \$58 million,” said Leanne Winner, NCSBA’s Director of Governmental Relations. “This requirement will force LEAs to make program cuts in other areas.”

She also suggested the impact would be toughest for smaller, low-wealth districts that now share some art teachers between middle and high schools.

The North Carolina Association of School Administrators will need to take a position on the committee’s recommendations when the draft legislation is introduced for consideration by the 2009 General Assembly. NCASA members are encouraged to review the committee’s findings and recommendations at <http://www.ncasa.net/displaycommon.cfm?an=1&subarticlenbr=225> and then send any feedback on this issue to NCASA’s Assistant Executive Director Katherine Joyce at kjoyce@ncasa.net or NCPAPA’s Assistant Executive Director Emily Doyle at edoyle@ncpapa.net. All comments are needed by Dec. 5.

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