



Legislative Link

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

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Governor Unveils Proposed State Budget

Under a proposal rolled out Tuesday, Gov. Beverly Perdue would use federal stimulus funding, sin taxes, a Medicaid freeze and projected lapsed salary money to balance a \$21 billion budget in the next fiscal year, while maintaining her focus on improving the state's economy and protecting education.

"Even in these tough economic times, North Carolina must remain committed to improving public education and transforming our classrooms," Perdue said at a press conference where she unveiled her budget plan. "This budget does that with overall year-to-year spending (including federal recovery monies) increasing by \$118 million, even though student enrollment is declining by .79 percent next year. We are increasing our per-pupil investment from \$5,597 to \$5,736."

Perdue's proposed budget for public schools for 2009-2010 is \$7,947,740,343, and that amount includes both cuts and expansion funding.

The largest recurring reduction that Gov. Perdue proposed for public schools is labeled as a "Local Education Agency Flexibility Reduction" of \$144 million, and her budget encourages school districts to use federal stimulus funding to "mitigate this reduction" and "not directly impact the classroom."

Prior to the release of the Governor's budget this week, the North Carolina Association of School Administrators (NCASA) and the North Carolina School Superintendents' Association (NCSSA) sent a letter to House and Senate budget leaders asking state lawmakers to determine specific line item cuts, if any, that might be needed for public schools rather than calling for this type of flexible reduction, which is similar to the \$44.3 million discretionary reduction school districts were forced to manage for four years before the state eliminated that cut in the 2006-07 state budget. The NCASA/NCSSA letter on this issue is at <http://www.ncasa.net/displaycommon.cfm?an=1&subarticlenbr=199>, and specific information on the public schools budget proposal and other portions of Gov. Perdue's budget plan are available at the same website.

As for salaries and benefits, Gov. Perdue has proposed spending \$64 million to grant a step increase of roughly 1.8 percent to all teachers and principals who are paid on the teacher and school-based administrator salary schedules. A one-year moratorium is proposed for ABC bonuses while the State Board of Education is given time to evaluate the bonus program and determine if changes are needed.

No pay increases are proposed for other school personnel or state employees, and in fact, the Governor's budget calls for freezing longevity payments for all school personnel and state employees

for the next two years to save the state \$173 million in 2009-2010 and \$177.8 million in 2010-2011. The Governor's proposal directs that "final retirement calculations shall be held harmless from this longevity reduction."

All employees, except those paid on the teacher/principal salary schedules, are proposed to receive bonus leave in lieu of longevity payments, and the leave would be commensurate to the employee's years of service. Those with less than 10 years of service would earn no bonus leave, while 32 hours would be granted to those with 10-15 years, 48 hours for those with 15-20 years, 68 hours for those with 20-25 years and 94 hours for those with more than 25 years.

The Governor's budget also calls for employer contributions of 8.54 percent for retirement and \$4,460 for the health benefit for all employees. For budget planning purposes, school district leaders should note that these rates are likely to be higher in the final state budget, since a \$29 million increase in state funding needed for the Teachers' and State Employees' Retirement System for 2009-2010 has not yet been factored into those rates.

Perdue noted that her budget proposal includes many tough choices that were needed to ensure the state remains fiscally responsible.

"We have cut \$360 million out of the bottom line," she said, indicating that the budget for 2009-10 would decline from budgeted expenditures in the current fiscal year. Even reaching that amount of spending was only possible with \$1.7 billion in federal stimulus money, as state revenues minus any tax hikes are projected to reach just \$18.9 billion, well below the \$21.4 billion originally projected in the current fiscal year.

The Perdue proposal would eliminate 1,411 state positions. Many of those state workers will be reassigned, but as many as 268 could be laid off, according to State Budget Director Charlie Perusse. About half of the eliminated positions are in the Department of Correction, where Perdue would close seven prisons.

Perdue also would not fully fund state salaries, saving more than \$150 million by more closely aligning agency salary money to the actual expense. She would stop scheduled inflationary increases for Medicaid, saving about \$101 million.

Perdue's proposed tax hikes, a 5-percent tax on alcohol sales and a \$1 per-pack increase on the excise tax on cigarettes, would bring in an additional \$677 million a year once fully implemented. In the first year, the tax hikes would raise \$508 million. On beer, the 5 percent tax would represent a doubling of state taxes for a \$6 six-pack.

The Governor's budget proposal is now being reviewed by House and Senate budget leaders, who will take turns over the next few weeks in rolling out their own proposals for state spending for the next biennium. Once the Senate and House unveil and approve their own budget plans, negotiations will begin in an attempt for the state to have its new budget in place before the fiscal year begins July 1.

NCASA members should be communicating with lawmakers now regarding state budget priorities and the need to minimize cuts to public schools. Contact information for all House and Senate members is available at <http://www.ncasa.net/displaycommon.cfm?an=3>.

Bill On Assistant Principal Pay Advances

Senate Education/Higher Education Committee members on Wednesday approved Senate Bill 306, an act ensuring that teachers who become assistant principals do not experience a decrease in monthly pay. This proposal is a high priority for both the N.C. Principals and Assistant Principals' Association (NCPAPA) and the N.C. Association of School Administrators (NCASA) because it is viewed as a tool for recruiting and retaining qualified school leaders.

Although teachers are generally 10-month employees and assistant principals are 11- or 12-month employees, it is possible for a teacher who becomes an assistant principal to receive a lower monthly

salary than he or she received as a teacher. This is especially possible for National Board Certified teachers because they receive a 12-percent salary supplement while they remain in the classroom.

Senate Bill 306 would require that any person who is hired to be an assistant principal would not earn less each month as an assistant principal than he or she had earned previously as a teacher.

“We don’t want to discourage qualified people from moving into the principalship,” said Senator Jerry Tillman (R-Randolph), the bill’s main sponsor. “I firmly believe where you will find a great school you will find a great principal.”

Senate Bill 306 was referred to the Senate Appropriations Committee, where its fiscal implications will be reviewed.

Legislators Discuss Future Of Principals’ Executive Program

The Principals’ Executive Program (PEP) needs \$1.2 million to continue operations after June 30, 2009.

Alan Mabe, Vice President for Academic Planning and University-School Programs for the University System, highlighted this funding need in comments he made Thursday to the Joint Appropriations Subcommittee on Education.

“We will do the best we can do with what you can give us,” said Mabe.

PEP previously received recurring or ongoing funding from the state each year, but in 2007, the program’s funding was shifted to one-time or non-recurring funding that will end this fiscal year without a new appropriation from the General Assembly.

The UNC System Board of Governors listed recurring funds for PEP as the highest need under the Board’s “Improving Public Education” category. If PEP is sustained, it will become part of a leadership development network for school-based leaders that will provide professional development statewide, regionally and locally.

Ongoing funding for PEP ultimately will be decided in the state budget that legislators are now piecing together for 2009-2011. School leaders who want to see the program continue should make House and Senate members aware of the program’s value as state budget deliberations continue.

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
NCASA Assistant Executive Director Katherine W. Joyce at 919-828-1426 or kjoyce@ncasa.net.*