



Legislative Link

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

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Employee Costs Rise In Health Plan Bill

The State Senate passed what is touted as a major fix for the State Health Plan on Tuesday. Before approving the legislation, Senators approved an amendment that eliminated a proposed pharmacy network and mail-order prescription program that independent pharmacists had complained would put them out of business. The amendment also increases the cost to taxpayers by another \$53 million and raises health insurance costs for the dependents of state workers, school personnel and retirees.

The Senate approved Senate Bill 287 by a party-line vote of 28-18, despite some Senators saying they would prefer using more tax dollars to shore up the plan rather than further raising the premiums charged for dependents of state employees, school personnel and retirees.

Premiums for dependent coverage in the original proposal called for an increase of 7.8 percent in each of the next two years, but those premiums will now rise by 8.6 percent each year under the revised legislation. The percentage changes mean that dependent coverage will increase approximately \$40 a month. The employee/spouse monthly rate will change from \$461 to \$501 and the employee/family monthly rate will increase from \$489 to \$531.

Other changes proposed for the State Health Plan include increases in deductibles and co-payments for the roughly 667,000 individuals covered by the plan, and many of the changes would take effect July 1, 2009.

Sen. Tony Rand, D-Cumberland, the bill's sponsor, said the state faces additional costs if the bill is not enacted as law by April 1 to give the plan enough time to enact benefit changes by July 1, the start of the fiscal year. Responding to complaints about the changes, Rand said there is little appetite for other options, including a premium on employees in order to subsidize dependent coverage.

The bill would appropriate \$250 million from the state's Rainy Day reserves to keep the plan afloat after March 31. That emergency or rescue funding would be followed by other state appropriations of \$128.4 million for 2009-2010 and \$267.9 million for 2010-2011.

Employer contribution rates, which are paid by school districts for their personnel, would increase as follows:

- Medicare-eligible employees and retirees – \$3,438 effective July 1, 2009 and \$3,735 effective July 1, 2010.
- Non-Medicare-eligible employees and retirees – \$4,515 effective July 1, 2009 and \$4,905 effective July 1, 2010.

The revised bill was debated by the House Insurance Committee on Thursday, but that committee postponed a vote on the bill until its next meeting at 11 a.m. on March 31.

A complete summary of the bill's proposed changes for the State Health Plan and the latest version of the bill are available at <http://www.ncasa.net/displaycommon.cfm?an=1&subarticlenbr=231>.

Education Leaders Address Budget Panel

The Senate Appropriations Committee heard from education leaders Tuesday regarding state budget concerns and priorities after first hearing words of caution from State Treasurer Janet Cowell, who urged lawmakers to avoid actions that could affect the state's highly coveted "Triple A" bond rating that facilitates state borrowing.

"Typically, no single factor is responsible for a downgrade in the state's bond rating," said Treasurer Cowell. "However, a combination of short-term fixes like delaying debt payments, ordering furloughs and rapidly depleting reserve funds will negatively affect the state's bond rating."

Cowell's comments were followed by remarks from UNC System President Erskine Bowles, who indicated that his system will be forced to lay off 400 to 500 people instead of the 73 who are tapped for elimination in Gov. Beverly Perdue's proposed budget for higher education. He also encouraged lawmakers to consider making furloughs possible, since he believes requiring employees to take a specified amount of unpaid leave while maintaining their health and retirement benefits would be better for the individuals and the state than adding large numbers of employees to the state's spiraling ranks of unemployed.

The committee also heard from Dr. Scott Rawls, President of the N.C. Community College System, who emphasized equipment upgrades as among the greatest needs of community colleges across the state.

Finally, the committee received comments from State Superintendent June Atkinson and Dr. Bill Harrison, Chairman of the State Board of Education and CEO of Public Schools. Harrison focused on the major funding priorities endorsed by the State Board of Education and asked that cuts to the Department of Public Instruction be minimized. Atkinson focused on how federal stimulus funds are expected to help offset some, but not all, of the public school funding cuts outlined in Gov. Perdue's proposed state budget.

"The Governor proposed total reductions of \$288 million in public school funding, and 33 percent of those will not be covered by the federal recovery funds," Atkinson said. The largest reduction, the LEA Flexibility Reduction of \$144 million, is really an unknown, and the amount of federal funding that can be tapped will depend on what school districts identify to reduce at the local level."

Atkinson said a majority of local schools superintendents favor targeted budget cuts determined by legislators rather than the undesignated \$144 million "flexibility reduction" in the Perdue budget, and she mentioned that this preference has been communicated to lawmakers by the North Carolina Association of School Administrators (NCASA).

Senate leaders already are working on their proposed state budget that they hope to have approved and sent to the House of Representatives by April 9. NCASA members should be communicating with all Senators now regarding budget priorities for public schools for the 2009-2011 biennium and the state budget's potential impact on they pay and benefits of school personnel. Contact information for all Senators is available at <http://www.ncleg.net/Senate/SenateReports.html>.

Senate Panel Debates City School Funds, Arts Education

School superintendents from across the state came to Raleigh Wednesday to speak against a measure that would likely force county and city school districts to merge. Senate Bill 265, introduced by Sen. Tony Rand, D-Cumberland, would cut off funding for 15 city school systems in 11 counties – a move that would likely force them to merge with the county districts. Rand says the multiple systems duplicate services and waste \$11.4 million a year in state funds. He also said that each North Carolina citizen is paying \$1.50 to fund the city school systems.

"We should do everything we can to make our school systems more efficient, to save money where we can," Rand said during debate in the Senate Education/Higher Education Committee, which did not vote on the bill. Rand said the Fayetteville and Cumberland County school systems merged when his sons were in school in the 1980s. Both sons did well, went on to college and have post-graduate degrees, he said. But some legislators and a representative for the city school districts said it's a bad idea.

"This bill will not save money in this year's budget," said Steve Metcalf, a lobbyist for the N.C. City Schools Consortium.

Metcalf is a former state senator from Asheville. The measure would likely force the Asheville City Schools to merge with Buncombe County Schools. Metcalf said the mergers would also dilute in some areas the number of children eligible for federal Title I money, which aids poor children.

Nine school superintendents stood with Metcalf to show their opposition to the bill, as did about a dozen school board members. Sen. Martin Nesbitt, D-Buncombe, said Asheville levies a special schools tax. If it merges with the Buncombe County system, the tax would go away, he said, and there would be less money for students.

"All of my experts in my county tell me that we can take two very good systems ... and make one mediocre one out of them if we aren't careful," he said.

The North Carolina Association of School Administrators (NCASA) opposes Senate Bill 265 on the basis that it could negatively impact the resources needed for at-risk students and ultimately erode local control regarding the decision on how many school systems are most appropriate for the 11 counties that now have multiple school districts.

On a separate matter, the Senate Education/Higher Education Committee also heard discussion Wednesday on Senate Bill 66, introduced by Sen. Katie Dorsett (D-Guilford), which would direct the State Board of Education to modify the high school graduation requirements to include one required credit in arts education. Sen. Dorsett made an amendment to the bill to change its effective date so that it would apply beginning with the students entering the ninth grade in 2011. The amendment also would establish a workgroup from the Department of Public Instruction and the Department of Cultural Resources to study, plan, and recommend implementation models for the high school arts education requirement. The House has an identical bill that is currently in the House Education Committee, and both bills were recommended by a study committee that met prior to the current legislative session.

The North Carolina Association of School Administrators (NCASA) is on record in asking that the arts requirement not move forward as an unfunded mandate that would force school districts to use already-limited resources to hire additional highly qualified arts education teachers. Instead NCASA would like to see the bill revised as an encouragement for local school districts to enhance arts education offerings to high school students.

It is not known at this time if additional debates and votes will be taken on either of these two bills that were discussed by the Senate Education/Higher Education Committee this week.

State Superintendent Asks Legislators To Fix K-12 Governance

North Carolina Schools Superintendent June Atkinson came to the General Assembly on Monday to address the confusion surrounding her authority over the public education system. Atkinson told the

Joint Legislative Program Evaluation Oversight Committee that lawmakers should either restore authority to her job this year or let voters decide via a Constitutional referendum whether her job should become an appointed position.

Atkinson also suggested that the State Board of Education members be appointed by the Governor to serve four-year, staggered terms rather than their current eight-year terms.

The State Board of Education this month appointed Board Chairman Bill Harrison to become Chief Executive Officer of the schools, as requested by Gov. Beverly Perdue. Atkinson has objected to this, saying that the 2.2 million voters who re-elected her in November believe she's supposed to be running the schools.

Atkinson has said she's considering a lawsuit but hasn't decided whether or not to pursue that legal option. She said the "chief executive officer" phrase in the Constitution means that she should run the Department of Public Instruction. People who vote for the State Superintendent every four years believe the winner will have the authority to run the department, she said. Atkinson, who is serving her second term, has never had that authority.

"It is confusing for the voters," Atkinson said. "I just want it to be settled."

Federal Stimulus Team Begins Its Work In North Carolina

A team of eight federal officials arrived in North Carolina last week to keep an eye on how the state spends more than \$6 billion in economic stimulus money. North Carolina is among 16 states selected for scrutiny of how they spend the federal stimulus funds.

Gov. Beverly Perdue acknowledged the increased focus, saying she hopes that North Carolina will be a good example.

"We want North Carolina to be a showcase rather than a showstopper," Perdue said, "and so it's really important that there be tremendous transparency and accountability in this money."

The federal team works for the Government Accountability Office, a nonpartisan agency that works for Congress and investigates how tax dollars are spent. Its staff will report to Congress every two months on details of spending in North Carolina, as well as other selected states. They will also be examining whether the funding is getting results.

The federal team is meeting with aides to the governor, the state auditor, state treasurer, state transportation officials and other agencies involved in handling the federal funds. They will begin to gather details about how various state agencies will account for the stimulus money. The team plans to gather similar data from local jurisdictions across the state.

The team also met this week with the N.C. Senate Select Committee on Economic Recovery, which has been assigned the task of analyzing the availability of federal stimulus funds for North Carolina, determining the limitations on how those funds may be used and ultimately recommending how the funds should be incorporated into the state budget. Sen. Martin Nesbitt, D-Buncombe, is chairing that committee, and Rep. Joe Tolson, D-Edgecombe, is expected to lead a similar group to be appointed in the N.C. House of Representatives.

School Calendar Bills Seek Changes In Mandated Start Dates

Legislators are taking another run at a 2004 law that requires most school systems to begin classes no earlier than August 25. Seven separate bills have been filed that would undo the requirement, either in select counties or across the state.

Four of the bills are aimed at mountain counties, where cancellation of school days by snow can cause havoc with school calendars. The current law gives flexibility for systems where more than eight snow days are typical. But Rep. Phil Haire, D-Jackson, said the ceiling for flexibility is too high. Haire has filed a bill that would allow six mountain counties to begin classes as early as Aug. 11.

"The area is different, so you can't take the paint brush of starting school on August 25 and make it fit," Haire said. "It just doesn't fit."

Haire's bill was heard by the House Local Government II Committee on Wednesday, but no vote was taken. A bill filed by Rep. Bruce Goforth, D-Buncombe, which would push up the start date for Buncombe County and Asheville City Schools, is also scheduled to be heard by the committee when it meets again at 11 a.m. Wednesday, April 1.

A bill allowing a start date on the second Monday of August for all school systems in the state has been assigned to the House Education Committee.

The bills proposing school calendar changes include the following:

- **H483/S455, School Calendar Flexibility/Some LEAs** – Sponsored by Rep. Phil Haire in the House and Sen. John Snow in the Senate, the bills would modify the required opening and closing dates for school districts in Cherokee, Clay, Graham, Jackson, Macon, and Swain counties.
- **H499/S554 School Calendar Flexibility/2 LEAs** – Sponsored by Rep. Bruce Goforth in the House and Sen. Martin Nesbitt in the Senate, the bills would modify the required opening and closing dates for Asheville City Schools and Buncombe County Schools.
- **H547, School Calendar Flexibility/3 LEAs** – Sponsored by Rep. David Guice, the bill would modify the required opening and closing dates for school districts in Henderson, Polk, and Transylvania counties.
- **H593, Change School Starting Date** – Sponsored by Rep. Paul Luebke, the bill would allow schools statewide to open no earlier than the second Monday in August.
- **S478, Modify School Calendar Law** – Sponsored by Sen. Don East, the bill would eliminate any mandated opening and closing date for school districts statewide and would allow local boards of education to determine their own school calendar.

While enjoying some support in the House, Senate Democratic leaders in the past have shown no inclination to consider bills to revisit the 2004 law. Lobbyists for the tourism industry continue to work against all proposed legislation that calls for an earlier school start, saying that would cut into family vacation time at North Carolina tourist attractions.

The North Carolina Association of School Administrators (NCASA) supports all of the proposed changes to the school calendar law that would restore more local flexibility for school districts to tailor their school calendars in the best interest of their students. NCASA members who support these proposals are encouraged to contact your own House and Senate members to make them aware of why changes are needed in the school calendar law.

Contact information for all House and Senate members, as well as information on the status these school calendar bills and other legislation, is at <http://www.ncasa.net/displaycommon.cfm?an=3>.

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.*