



Legislative Link

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

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LEA Central Offices Targeted For Massive Cuts

Despite good progress early this week on several of the troubling budget cuts proposed for public schools, House and Senate education budget negotiators on Tuesday agreed to possibly the most devastating cut of all – eliminating 50 percent of all state funding for school district central offices with a cut of \$60 million for 2009-10 and ongoing.

The proposal has sent shockwaves throughout the public school community and resulted in an immediate outcry from the North Carolina Association of School Administrators (NCASA), which worked to urge budget negotiators to minimize cuts to school system central offices that already have been cut to the core over the last decade.

NCASA Executive Director Bill McNeal, in a letter to key budget negotiators, emphasized that cutting central office funding and staff does not eliminate the need for the multitude of necessary services that central office personnel provide in support of K-12 education.

“Any recommendation to cut central office funding doesn’t eliminate these services but actually shifts these responsibilities to teachers and principals,” McNeal said. “This, we assure you, will adversely impact the classroom, thus student performance. We implore you not to severely cripple K-12 education by making deep cuts to central office funding.”

The full text of McNeal’s letter to state budget conferees may be viewed at <http://www.ncasa.net/associations/2410/files/NCASALettertoBudgetConferees.pdf>.

In response to concerns raised by school administrators, education budget negotiators on Wednesday agreed to reduce the central office cut to \$30 million or roughly 25 percent of the total state allotment.

Following that news, Dr. Jim Causby, Executive Director of the NCASA-affiliated North Carolina School Superintendents’ Association, alerted all superintendents statewide to increase their contacts to legislators to emphasize that this cut is still too severe and could result in debilitating consequences for public schools statewide.

Many NCASA members already have contacted lawmakers on this issue, but many **more contacts are needed over the weekend and early next week to head off this deep cut to LEA central offices!**

Lawmakers need to hear how this cut would impact your school system and which services would be shifted to principals and teachers. They also need to be told that other state funds and federal stimulus funds cannot be used to cover the cuts to central office funding, and local funds will be inadequate to cover this loss. In all contacts on this issue, please emphasize that K-12 students are the ones who ultimately will suffer from drastic cuts to the central office support system.

Contact information for House and Senate budget conferees is at <http://www.ncasa.net/displaycommon.cfm?an=1&subarticlenbr=199>, and information for contacting all representatives and Senators is at <http://www.ncasa.net/displaycommon.cfm?an=3>.

Budget Compromise Not Likely Before July 1

Although House and Senate budget negotiators said they are making progress in ironing out the components of the final state budget for 2009-2011, they took action this week that signals they do not anticipate getting the state budget bill enacted before the July 1 start of the new fiscal year.

The Senate on Tuesday approved Senate Bill 311, Continuing Budget Authority, which would serve as a stopgap measure to keep state government operating until the new state budget can be approved.

The bill would fund state government at 85 percent of the spending levels provided in the current \$21.3 billion state budget for 2008-09. It would delay any step pay increases that normally would go to teachers and principals based on seniority and provides that the state's employer contribution rates budgeted for retirement and related benefits for 2009-10 would remain the same as they are on June 30, 2009 until the new budget is passed.

The continuing budget resolution would also freeze vacant positions in state agencies, but legislative staff have indicated this limitation would not apply to public schools, some of which must hire personnel for year-round schools that begin the 2009-10 school year on July 7.

The legislature has missed the fiscal year deadline in seven of the last 10 budget cycles, so legislation to continue budget authority has become almost a yearly tradition. However, this legislation is different from most previous bills of its kind because it is open-ended, with no date by which the continuing budget authority would end.

House budget leaders said this week they want only a two-week continuing resolution, thereby giving budget writers a new deadline of July 15 if an agreement is not reached before that date. The House Appropriations Committee amended this date into Senate Bill 311, and the chamber is expected to vote on that bill at its Monday night session and then return it to the Senate to see if that chamber will accept the time-limited continuing budget authority.

The House version of the bill does add a provision to put community college tuition and fee increases in place immediately. But the main issue in contention is the length of the resolution. The Senate version has no expiration date, meaning once adopted, the legislature could theoretically adjourn without adopting a budget.

NCASA will provide additional updates on the outcome of this continuing budget authority and on state budget negotiations as developments occur.

Tax Plan May Take Construction Funds, Increase Utility Costs

House and Senate budget negotiators continued this week to struggle to reach an agreement on the components of a tax package to include in the final state budget. So far, the two sides have reportedly agreed to an amount – \$900 million in new taxes for the next fiscal year and \$1.3 billion for the fiscal year after that – but plans on how this money will be raised and then spent are still in progress.

At least two of the tax package components under consideration would be problematic for public schools if ultimately approved.

One of the items being considered for the revenue package is the elimination of the 0.5 percent corporate income tax revenue designation for the Public School Building Capital Fund, as part of a

broader effort to reduce the corporate income tax. This is one of only two sources of state funds for school construction, the other being lottery funds. According to the Department of Public Instruction, this provision has generated \$194 million for the Public School Building Capital Fund over the last two years. The permanent loss of this state funding would exacerbate the backlog of more than \$10 billion in school construction and renovation needs that was identified statewide in the 2006 school facility needs survey. This appears to be a Senate idea which has yet to be accepted by the House.

The other concern is a proposal for increasing the state tax on electricity usage, which would rise from 3 percent to 6.75 percent to match the sales tax on most other purchases. This increase could cost large school districts an extra \$1 million per year or more and would have a similar financial impact in all school districts across the state.

School administrators who are concerned about these two tax package provisions should make contacts with budget negotiators to urge that the tax designation for school construction funding remain in place and ask that school systems be provided a full refund for any taxes paid on electricity if this increased rate is adopted.

Contact information for House and Senate budget conferees is at <http://www.ncasa.net/displaycommon.cfm?an=1&subarticlenbr=199>, and the legislators from that budget conferees listing who can have the most impact on these issues are listed as “Other Key Contacts.”

As part of the tax package debate, House negotiators and caucus members aren’t backing away from their plan, which would increase income taxes for couples making more than \$200,000, raise the sales tax by a quarter cent, require limited liability companies to pay franchise taxes, and expand the sales tax to include some services. The House’s proposed income tax increase is problematic for the Senate and the Senate proposal to tax the income of some Social Security recipients is not well received by the House Democrats either.

House and Senate budget conferees are expected to resume their negotiations Monday afternoon.

Negotiators Make Some Progress On School Funding Issues

House and Senate education budget negotiators reported on Monday that they have reached agreement on many parts of the two-year spending plan for public schools, community colleges and universities. **The agreements are tentative** until accepted by the House and Senate Budget conference Committee Co-Chairs and ultimately included and approved in the final state budget bill. Positive improvements made to date for public schools include the following:

- **No LEA Discretionary/Flexibility Reduction** (Had been \$9,432,140 recurring for 2009-10 in Senate proposal)
- **Career-Technical Education** funding is fully restored (Had been a cut of \$12.7 million recurring for 2009-10 in House proposal).
- **Classroom Materials & Supplies** funding is fully restored (Had been cut by \$2 million recurring in House proposal)
- **Non-Instructional Support Personnel** will have a cut of \$10 million (House plan had called for a cut of \$20,156,347 recurring for 2009-10)
- **Small County Supplemental Funding** is cut by \$2 million recurring (Had been a cut of \$4,518,919 recurring in the House proposal for 2009-10)
- **Transportation** funding will be cut by \$15 million (Had been \$29,348,420 recurring cut under House proposal for 2009-10)

The level of positions cuts for the Department of Public Instruction, the depth of cuts to school system central offices, the fate of a proposal to shift a portion of school bus accident claims liability to school districts, tuition increases for universities and the issue of whether the state should continue the in-state tuition rate for non-resident student athletes and others were among the issues that House and Senate budget negotiators were still working on near the end of this week. Final decisions on these and many other state budget differences could ultimately be determined by whether House and Senate

leaders can agree on a larger package of tax increases than the \$784 million plan included in the House budget.

Since these budget talks are now in high gear, it is imperative that school administrators stay in contact with your own House and Senate members, especially those who are budget conferees, and ask them to protect public school classrooms and jobs as they put together the final education budget for the next two years.

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>.

Legislators Reject Education Tax Credits, Corporal Punishment Changes

The House Education Committee on Tuesday with a vote of 21-26 voted down House Bill 687 that would have given a \$6,000 annual tax credit to North Carolina parents who put their special-needs children in private school.

Supporters such as GOP Rep. Paul Stam of Wake County said the tax credit would help families when the public schools can't meet the needs of a child with disabilities. He also said the tax credits would actually save state government millions of dollars overall for the public schools in the cost of teaching children.

The North Carolina Association of School Administrators, also speaking on behalf of three of the organization's affiliates that include superintendents, principals and special education directors, joined with the North Carolina Association of Educators and the North Carolina School Boards Association in opposing the bill and asking instead that state investments for special education students be maintained in public schools.

In a separate public school issue this week, the State Senate shot down House Bill 442 that would require school administrators to tell parents their child could be paddled at school and allow adults to opt their child out of corporal punishment. The Senate voted 25-21 on Wednesday against the bill that would have offered parents in the 55 school districts that use corporal punishment a choice whether to allow their child to be spanked.

Democratic Sen. Doug Berger of Franklin County said the measure would effectively block corporal punishment statewide. Berger said no teacher would spank one child for an offense knowing another child could not be paddled for the same offense. Others argued that school districts should develop their own policies.

Bullying Bill, Sex Education Changes Now Await Governor's Signature

North Carolina legislators this week debated and ultimately approved an anti-bullying measure that includes specific protections for students bullied as a result of their real or perceived sexual orientation. Senate Bill 526 would require school districts to adopt policies that recognize several specified reasons a student may be targeted for harassment, including gender identity and sexual orientation, race, religion and disability. Only seven other states have specifically included gay students for protection under anti-bullying laws, according to the Gay, Lesbian, Straight Education Network, an advocacy group for such laws.

On Monday, House lawmakers approved the bill on a 59 to 57 preliminary vote after 90 minutes of contentious debate. The inclusion of sexual orientation and gender identity in the bill stimulated criticism from conservatives and religious groups, with some suggesting the bill will set a precedent for expanding gay rights into state personnel laws, anti-discrimination laws and hate crimes statutes. Republicans tried to amend the bill to cover all students who are bullied without specifying the reason, but Democrats rejected those changes.

"We could have passed a strong anti-bullying bill that covered all people at all times, probably unanimously," Rep. Paul Stam, the House Republican leader, said during debate on Monday.

Tuesday afternoon, the House passed the bill by a vote of 58 to 57. Now the bill will be sent to Governor Beverly Perdue for her approval in order for it to become law.

The bill would require school employees to report bullying occurrences and requires all districts to enact an anti-bullying policy. Some school boards have already enacted guidelines that reflect the legislation.

The House also gave final approval Thursday to a measure that would expand sex education programs at North Carolina schools. The expansion included in House Bill 88 would require all of North Carolina's 115 public school districts to teach a so-called "comprehensive" sex education program which tells students more about contraception and disease prevention than current programs.

Under current law, only a few school districts have a comprehensive program; the rest teach an abstinence-until-marriage curriculum. Parents would be allowed to take their children out of the expanded curriculum. The bill previously passed the Senate and now heads to the Governor, and her spokeswoman said the Governor expects to sign the bill into law.

Opponents of the legislation say the new law will encourage children to engage in sexual activity and argue that the existing abstinence program has worked. Supporters of the change say most people aren't abstinent from sex outside of marriage and young people need to be fully informed with reliable information about how to prevent pregnancy and avoid diseases.

Public School Legislation Scheduled For Action Next Week

The following is a brief synopsis of legislative activity planned so far for next week on bills that could impact public schools and their personnel:

Wednesday, July 1

Senate Committee On Education/Higher Education, 10:00 a.m., 643 Legislative Office Building

- **House Bill 187, Encourage Policies to Facilitate Graduation**
- **House Bill 385, Public School Activity Bus Use/Stecoah Valley Center**
- **House Bill 661, City Managers on School Boards**
- **House Bill 804, Amend Law Re: Personal Education Plans**
- **House Bill 1078, Report School Violence to LEA Office**
- **House Bill 1471, Counties & Schools Share P.E. Equipment**

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.*