

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: House Bill 6

SHORT TITLE: School Flexibility/Accountability

SPONSOR(S): Committee Substitute

FISCAL IMPACT: **Expenditures:** Increase () Decrease ()
 Revenues: Increase () Decrease ()
 No Impact (X)
 No Estimate Available ()

FUND AFFECTED: **General Fund** (X) **Highway Fund** () **Local Fund** ()
 Other Funds ()

BILL SUMMARY: This committee substitute consolidates numerous existing funding allotments into 10 new categories. Subsection (e) of Section 1 would direct the State Board of Education to adopt policies to establish the purposes for which the funds within each new allotment category may be used, beginning with the funds in the At-Risk Student Services/Alternative Schools allotment. In addition, subsection (f) of Section 1 would allow local units to move funds without a waiver among the new allotments in five ways, including (i) funds from Noninstructional Support Personnel can be used for teacher positions to reduce class size in kindergarten through third grade (so long as State-funded teacher assistant positions filled on June 1 of the prior year are not abolished), and (ii) funds from Instructional Support Personnel can be used for teacher positions to reduce class size at all grade levels. Local school units also could request waivers on behalf of school buildings under the Performance and Accountability Act to move funds among the new allotments, except that (i) Central Office Administration allotment, and (ii) funds for classroom teachers could only be used for textbooks, classroom materials, instructional supplies, and equipment. Subsection (g) of Section 1 would require the State Board of Education to report on its formulas, timeline, policies, and procedures to the Joint Legislative Education Oversight Committee by April 15, 1996.

The committee substitute also makes numerous conforming changes to laws to allow for this expanded flexibility. It removes mandatory language in the provisions concerning school health coordinators and community schools programs. It repeals, effective June 30, 1996, the Intervention/Prevention Grant Program and the Safe Schools Program; however, subsection (b) of Section 1 directs the State Board to continue these grant programs for the next school year, and subsection (e) of Section 1 directs the Board to establish procedures for allocating funds that formerly were distributed as grants to selected local units. Sections 12-15 make conforming changes to provisions in the School Improvement and Accountability Act. Sections 17-21 amend G.S. 115C-272(b), 115C-285(a), 115C-302(a), and G.S. 115C-316(a) to allow local units to set their own monthly pay dates for employees, so

long as they are not prepaid for services. Section 24 sets a standard deduction from the salaries of teachers who are on leave who require a deduction for substitute pay.

Section 3 would direct the State Board to develop a plan for modifying or expanding the reporting system to provide information on the use of funds at the unit and building levels. In particular, the plan must enable the General assembly to track expenditures for personnel at the unit and school level, and must explore the feasibility of tracking other expenditures. The Board must report to the Joint Legislative Education Oversight Committee on this plan by October 15, 1995, and the Committee must make any recommendations necessary to implement the plan to the 1996 Session of the 1995 General Assembly.

Section 4 would direct the State Board to provide to the Director of the Budget an analysis relating each of its requests for expansion funds to anticipated gains in student performance. Effective July 1, 1996.

EFFECTIVE DATE: July 1, 1995

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED: State Aid to Local School Administrative Units.

FISCAL IMPACT

	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
	<u>FY</u>			

EXPENDITURES

TOTAL EXPENDITURES

STATE FUNDS

FEDERAL FUNDS

LOCAL FUNDS

OTHER FUNDS

RECEIPTS/FEEES

POSITIONS:

ASSUMPTIONS AND METHODOLOGY:

1. Consolidation of allotment categories does not increase or decrease state appropriations.
2. The new allotment formulas developed by the State Board of Education must be within the total dollars appropriated by the General Assembly. This follows the current practice with respect to allocation of funds to local school systems.
3. The State Board of Education cannot allocate more funds within any category than appropriated by the General Assembly.

SOURCES OF DATA: Department of Public Instruction

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION

733-4910

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DATE: April 19, 1995



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