

# GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

## Legislative Fiscal Note

**BILL NUMBER:** Senate Bill 1541 (Third Edition)

**SHORT TITLE:** Interstate Compact/Educ. of Military Children.

**SPONSOR(S):** Senator Malone

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2008-09</u></b>	<b><u>FY 2009-10</u></b>	<b><u>FY 2010-11</u></b>	<b><u>FY 2011-12</u></b>	<b><u>FY 2012-13</u></b>
<b>REVENUES</b>					
<b>EXPENDITURES</b>					
<b>General Fund</b>	<b>0</b>	<b>\$45,148- \$165,903</b>	<b>\$45,148- \$165,903</b>	<b>\$45,148- \$165,903</b>	<b>\$45,148- \$165,903</b>
<b>POSITIONS (cumulative):</b>	<b>0</b>				
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b>	<b>Department of Public Instruction</b>				
<b>EFFECTIVE DATE:</b>	This act becomes effective on the later of July 1, 2008 or the date upon which at least nine other states have enacted the Compact.				

### BILL SUMMARY:

The bill enters North Carolina into an Interstate Compact designed to address the challenges faced by children of active duty military parents. States participating in the Compact will seek to improve interstate collaboration on transfer of student records, course sequencing, graduation requirements, entrance/exit testing, and custodial issues related to parents deployed from their home station.

The bill would also create an Interstate Commission that would serve as the governing body of the Compact, providing general oversight of the agreement and enforcing its rules. The Commission would have some permanent staff and office space. The bill would also create a State Council in North Carolina with a combination of at least eight State and local appointees.

The Compact will go into effect when adopted by ten states. Eight states have adopted it, with a ninth state passing a Compact bill that awaits gubernatorial signature.

**ASSUMPTIONS AND METHODOLOGY:**

The Council of State Governments has formulated an initial budget for the Interstate Commission of \$630,389. This budget is based on a cost of one dollar for each minor school age dependent of active duty military personnel, as calculated by the U.S. Department of Defense.

Article XIV of the bill holds that states joining the Compact would share the costs of the Commission's staff, overhead and meetings, as well as office equipment and information system needs. The Commission will levy an annual assessment to the Compact states based on a state's proportionate number of minor school age dependents of active duty military personnel. As of June 30, 2006, North Carolina has 45,148 such dependents. If all fifty states and six territories enter the compact, then North Carolina's estimated assessment for the Commission's first year of operation would be \$45,148.

However, it is reasonable to assume that only ten states (including North Carolina) would adopt the Compact this year. As such, North Carolina's assessment would be significantly larger. The ten states have a combined 171,551 school age dependents of active duty personnel, well below the 630,389 eligible minors nationwide. Assuming that no more than these ten states adopt the Compact, the highest projected annual assessment to North Carolina would be \$165,903.

It appears that the initial assessment to the participating states for the Interstate Commission would be made in Fiscal Year 2009-10. If North Carolina were to adopt the Compact, the Council of State Governments estimates that it would be several months before an initial meeting could be organized to plan the first formal Interstate Commission meeting. Participating states would need time to appoint their respective State Councils and State Compact Commissioner (the state representative authorized to serve on the Interstate Commission). It is estimated that the first Interstate Compact Commission meeting would not be held before late into Fiscal Year 2008-09. The U.S. Department of Defense will be covering the costs associated with hosting both of these meetings.

There are other provisions of the bill that may have a fiscal impact. The creation of the State Council in Article XVIII places responsibility on the State Board of Education to establish and support a council that would include at least eight appointed members. The bill does not proscribe a requirement for meetings, but it is reasonable to assume that there would be at least an annual meeting that would require travel reimbursement for participants. In addition, there would also be travel costs for the designated State Compact Commissioner to attend national Interstate Commission meetings. These costs are indeterminate and would be expected to be supported by Department of Public Instruction administrative funds.

The Council of State Governments did not provide a multi-year budget for the Interstate Commission. While growth of this budget in future years is likely, it is unclear if this growth will be offset by the addition of more states to the Compact. With the levy of dues to the Commission proportionate to the number of children affected by the Compact, the entrance of additional states

to the Compact would reduce North Carolina's potential expenditures. As such, no reliable estimate can be made for multi-year expenditures so a range has been used for all four years where a fiscal impact is identified.

**SOURCES OF DATA:** Council of State Governments (Legislative Resource Kit), U.S. Department of Defense

**TECHNICAL CONSIDERATIONS:** None

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