

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: Senate Bill 882

SHORT TITLE: Increase Flexibility/School Funds

SPONSOR(S): Senators Lee, Ward, Walker, Warren

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

<u>FUND AFFECTED:</u>	General Fund (x)	Highway Fund ()	Local Fund ()
	Other Fund ()		

BILL SUMMARY: Amends GS 115C-12 to direct State Board of Education, beginning with 1993-94 fiscal year, to certain categories of existing local funding allotments so that there are allotments for only four purposes: School Administration, Noncertified Personnel, Extended Services, and Consolidated Allotment. For budgetary reporting and accounting purposes, requires units to continue to provide expenditure information at such detailed levels as State Board may require, and provides that presentation, control, and reporting of salary and salary-related objects shall be in accordance with present law and practice. Provides that at the close of the fiscal year, unencumbered balances allotted under Extended Services and Consolidated Allotment categories shall not revert, but may be used thereafter for one-time expenditures that do not impose continuing obligations on the State or the local unit and that directly contribute to improved student performance.

Amends GS 115C-47 to authorize local boards of education to enter into agreements with other local school boards for shared delivery of services.

Authorizes local boards of education to investigate whether private business can provide maintenance, janitorial, clerical or similar services at less cost and more efficiently. If the local board finds private provider would be preferable, authorizes board to contract for those services under general laws and regulations governing State purchase and contract.

EFFECTIVE DATE: Effective upon ratification

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:

Department of Public Education Public School Fund

FISCAL IMPACT

<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>	<u>FY</u>
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EXPENDITURES**TOTAL EXPENDITURES**

STATE FUNDS	\$2,388,000	\$2,460,000	\$2,534,033	\$2,610,054	\$2,690,054
FEDERAL FUNDS					
LOCAL FUNDS					
OTHER FUNDS					
RECEIPTS/FEES					

POSITIONS:**ASSUMPTIONS AND METHODOLOGY:**

1. Local school boards can retain any unencumbered balances of funds in the Extended Services and the Consolidated Allotment. This eliminates all reversions in the Public School Fund within these two allotted categories.
2. The five year fiscal estimate assumes a 3% growth rate in each of these categories, and a 2.5% reversion rate.
3. Consolidating school administrators and finance officers combines two existing separate allotment categories in the Public School Fund. These funds could be used for school administrators, or the local school system could request waiver to expend these funds for other purposes approved by the State Board of Education.
4. Consolidating clerical assistants, teacher assistants, and custodians into one allotment combines three existing separate allotment categories. These funds could be used to hire noncertified personnel in any combination desired by the local school board, or the local school system could request a waiver to expend these funds for other purposes approved by the State Board of Education.
5. Consolidating summer school, remediation, dropout prevention, community schools, duty-free period, and sports medicine into one allotment combines six existing separate allotment categories. These funds could be used for any of these purposes, or the local school system could request a waiver to expend these funds for other purposes approved by the State Board of Education.
6. Consolidating staff development and the consolidated allotment combines all existing staff development allotments with those areas that are now a part of the consolidated allotment. The consolidated allotment now includes instructional materials, instructional supplies, instructional equipment, and testing support. Funds that are now a part of the new consolidated allotment can be expended for any of the above purposes, or for other purposes providing a waiver is granted by the State Board of Education.
7. Local Boards of Education that contract for maintenance, janitorial, clerical, or other similar services can, using a

waiver from the State Board of Education, utilize those funds in other portions of their local school budget.

SOURCES OF DATA: Department of Public Instruction

TECHNICAL CONSIDERATIONS:

1. The language of the bill states that local school systems may use the reversions from these two allotment categories for one-time expenditures that directly contribute to student performance, but since the language is permissive there is no requirement that the funds be expended for these purposes.
2. The statutory requirement for local matching funds in community schools may need modification, because it will no longer be possible to track these funds separately once the consolidation occurs.

FISCAL RESEARCH DIVISION

733-4910

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DATE: April 26, 1993



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