



HOUSE BILL 765: Jury Instructions for School Budget Dispute

2013-2014 General Assembly

Committee: Senate Judiciary I
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SUMMARY: *House Bill 765 would amend the instructions that must be given to a jury in a court action on a budget dispute between a local board of education and a board of county commissioners.*

CURRENT LAW: G.S. 115C-431 governs the procedure for resolution of disputes between boards of education and boards of county commissioners for disputes over appropriations to the local current expense fund or capital outlay fund. If the dispute is unresolved after a joint board meeting, the parties must start mediation. If the mediation is unsuccessful, an action may be filed in superior court and will be given precedence over other business of the court. The court must find the facts as to the amount of money necessary to maintain a system of free public schools and the amount of money needed from the county to make up the total. The issues of fact may be tried by a jury and the issue submitted to the jury would be "what amount of money is needed from sources under the control of the board of county commissioners to maintain a system of free public schools." When the facts have been found, the court must enter judgment ordering the board of county commissioners to appropriate a sum to the local school administrative unit and to levy property taxes that may be necessary to make up the sum when added to other available revenues.

BILL ANALYSIS: The bill would require that the court (or jury if the issue is submitted to the jury) make findings as to the amount of money needed from all sources and the amount of money legally needed from the board of county commissioners in order to maintain a system of free public schools. In making these findings, the judge or jury would be required to consider:

- the educational goals and policies of the State and the local board of education
- the budgetary request of the local board of education
- the financial resources of the county and the local board of education
- the fiscal policies of the board of county commissioners and the local board of education

EFFECTIVE DATE: The bill would become effective when it becomes law and applies to all actions commenced on or after that date.

BACKGROUND: In 2009, the NC Supreme Court held in *Beaufort County Bd. Of Educ. v. Beaufort County Bd. Of Com'rs*, 363 N.C. 500 (2009) that the trial court's jury instructions to the jury under G.S. 115C-431 were incorrect in that the definition of money "needed" was too expansive and should have conveyed a more restricted definition of the word "needed". The Court held that the trial court must instruct the jury that G.S. 115C-431 requires the board of county commissioners to provide that "appropriation legally necessary to support a system of free public schools, as defined by Chapter 115C and the policies of the State Board." The Court further held that the trial court must also instruct the jury to "consider the educational goals and policies of the [S]tate, the budgetary request of the local board of education, the financial resources of the county, and the fiscal policies of the board of county commissioners." According to the Court, anything beyond this measure would impermissibly infringe upon the discretionary authority of the board of county commissioners under Article IX, Section 2(2) of the State Constitution and could not be awarded by a jury.

Drupti Chauhan, counsel to House Education Committee, substantially contributed to this summary.

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