
STATE AND LOCAL ROLE IN EDUCATION

KEY ISSUES

The Governor, the State Board of Education, the State Superintendent of Public Instruction, the Department of Public Instruction, and the North Carolina General Assembly all have influence on the direction of education policy and governance in North Carolina.

With a majority of the education budget for public schools coming from the state, these state entities play an important role in providing resources, setting policy, and ensuring equity and quality in North Carolina schools. Still, while the majority of resources and major policies come from the state, local education agencies have a great deal of control over the functions of schools, including the hiring and firing of teachers and administrators and developing curricula.

STATE-LEVEL GOVERNING ENTITIES AND THEIR ROLES IN FORMULATING EDUCATION POLICY

North Carolina's public school system is heavily funded by the state government, with 65% of school funds coming from the state for the 2016-17 school year. In the same year, local dollars contributed 24% of the total budget, with federal funding for North Carolina's public schools amounting to 11% of total education funding.¹

During the Great Depression, North Carolina took on the responsibility for funding the operations of public schools with the passage of the School Machinery Acts (enacted in 1931 and amended in 1933). As the State took on the responsibility for funding a larger percentage of school budgets, it also took on additional governance and decision-making authority. Since the passage of the Machinery Acts, North Carolina's state government responsibilities have grown to include:

- ✓ Majority of personnel issues, ranging from state salary schedules to standardized fringe benefit and retirement plans;
- ✓ Personnel allocations through class size provisions and a variety of other allocation formulas;
- ✓ Standardized testing policies;
- ✓ Pay for performance rewards and consequences based on student performance on tests; and
- ✓ Certification and licensing standards for educators.

DIVISION OF AUTHORITY AT STATE LEVEL

While the State Board of Education is charged with setting overall state policy regarding education, the State Board generally lacks its own independent ability to provide funding for education policy initiatives. The NC General Assembly's control over the allocation of funds gives it great power in directing education policy in North Carolina. The Governor also influences education policy by proposing new initiatives through his/her annual budget presentation and by exercising veto power of legislation passed by the General Assembly.

¹ NC DPI Statistical Profile, Table 22 – Current Expense Expenditure by Source of Funds. Available at <http://apps.schools.nc.gov/ords/f?p=145:32::NO:::>

The State Superintendent of Public Instruction is an elected position, chosen by voters across the state in general elections every four years. Like the Governor, the State Superintendent commands positional power and frequently advances new initiatives. In recent years, however, legislative action has altered the amount of authority given to the State Board of Education and the State Superintendent. Increasingly, it has been the NC General Assembly that has passed laws affecting the division of powers and responsibilities of the State Board of Education and the State Superintendent, with the courts weighing in on compliance with the state constitution.

NC SUPREME COURT CASE: NC STATE BOARD OF EDUCATION V. THE STATE OF NORTH CAROLINA AND [STATE SUPERINTENDENT] MARK JOHNSON, IN HIS OFFICIAL CAPACITY

On June 8, 2018, the NC Supreme Court issued a 32-page decision in public education, ruling that HB 17 (Session Law 2016-126) was constitutional in granting new and significant authority to the State Superintendent of Public Instruction; authority that had previously been maintained by the State Board of Education. This was the first decision to have reached the highest state court that addressed: 1) the balance of powers between the State Superintendent and State Board of Education, 2) what is an allowable balance under the state constitution, and 3) to what degree the NC General Assembly can change the balance of powers.

Additionally, in the week after this court decision, the General Assembly passed a new bill, House Bill 374 “Regulatory Reform Act of 2018” (Session Law 2018-114). This law further delineates how the State Board of Education should proceed with policies and rulemaking in light of the above NC Supreme Court ruling upholding S.L. 2016-126. The chairman of the State Board of Education has gone on record to say HB 374 further weakens the Board’s ability to oversee public education in North Carolina.

EDUCATION DECISION-MAKING PROCESS

While school governance (see page 4) appears straightforward, the process of education decision-making is anything but simple. A new idea proposed by the Governor, the State Board of Education, or the State Superintendent can be supported or opposed by any of the same three entities. A proposed bill will advance to the General Assembly where it must run the gauntlet from the Education Committee to the Education Appropriations Committee in both the House and the Senate (if it requires funding); from there, it will go to the full House or Senate Budget Committee and then to a vote of the entire membership of each respective body.

That process must be completed in both the House and Senate and, typically, the bill’s final budget proposal will be decided by the joint House and Senate Budget Conference Committee. That proposal then returns for a vote in both the House and Senate. The budget and other education initiatives that survive the process are then subject to approval or veto by the Governor.

Once legislation is enacted, the State Board of Education takes over the process of setting policy that follows the directives enshrined in law.

DEPARTMENT OF PUBLIC INSTRUCTION

The North Carolina Department of Public Instruction (NC DPI) is charged with carrying out the directives of the State Board of Education and the General Assembly. NC DPI employees are responsible for all federal and

state requirements of the public education system, including, but not limited to, testing, accountability, curriculum, and all licensure and personnel issues for the state.

THE ROLE OF LOCAL BOARDS OF EDUCATION & COUNTY COMMISSIONERS

As noted, the state government has increasingly assumed education decision-making authority; however, the influence that locally elected officials hold over schools should not be underestimated. Locally elected school boards shape policy and make critical decisions related to schools, while the county commissioners approve any local initiatives that require new local funds. By constitutional law and statute, local school boards and/or county commissioners are responsible for:

- ✓ Construction and maintenance of school facilities;
- ✓ Providing transportation to students;
- ✓ Hiring personnel, especially local school superintendents; and
- ✓ Funding programs, equipment, material, technology, and personnel not provided by state funding.

GOVERNANCE OF NORTH CAROLINA PUBLIC SCHOOLS

The Constitution

Article I Declaration of Rights

Sec. 15 Education

The people have a right to the privilege of education, and it is the duty of the State to guard and maintain that right.

Article III Executive

Sec. 5 Duties of the Governor

To prepare and recommend to the General Assembly a comprehensive budget of the anticipated revenue and proposed expenditures of the State... and administer [the budget as enacted by the General Assembly.]

Article IX Education

Sec. 4 State Board of Education

(Lieutenant Governor, the Treasurer, and eleven members appointed by the Governor) shall supervise and administer the free public school system and the education funds and... make all rules and regulations... subjected to the laws enacted by the General Assembly.

Article IX Education

Sec. 4 Superintendent of Public Instruction

(elected by the people)

Shall be secretary and chief administrative officer of the State Board of Education

Article IX Education

Sec. 2 The General Assembly

By Taxation shall provide a general and uniform system of free public schools... wherein equal opportunities shall be provided for all children.
(Final decision on policy & funding)

Sec. 2 Local Units of Government

Boards of County Commissioners have responsibility for the financial support of the free public schools as the General Assembly deem[s] appropriate.
Fund buildings, transportation, utilities, and other items as per the LEA Budget.
(General Statutes 153A, 115C-426 to 115C-437)

Local Boards of Education

Provide general control and supervision of all matter pertaining to public schools in the local administrative unit and enforce the school law.
Prepare LEA Budget for submission to County Commission.
(General Statutes 115C-35 to 115C-50)

Local Superintendent
(serves at pleasure of Local Board)
(General Statute 115C-271)

THE 2017-18 BUDGET PREPARATION PROCESS

Article III, Section 5 of the North Carolina Constitution stipulates that *"the Governor shall prepare and recommend to the General Assembly a comprehensive budget of the anticipated revenue and proposed expenditures of the State for the ensuing fiscal period."* In addition, the Constitution requires that the Governor's budget *"shall not exceed the total of receipts during that fiscal period and the surplus remaining in the State Treasury at the beginning of the period."*

The Governor is directed by the Constitution to *"continually survey the collection of the revenue and shall affect the necessary economies in State expenditures..."* The Office of State Budget and Management (OSBM) implements the budget process under the direction of the State Budget Officer.

The Governor can choose to reflect the priorities of certain state agencies by recommending the same level of funding for an item, the same source of funding (non-recurring or recurring) for an item, or not including an item at all in his/her proposed budget.

The Governor presented a two-year biennium budget to the General Assembly upon the opening of the General Assembly's long session in January 2017. Following legislative review, a two-year budget was approved by the General Assembly in June 2017.

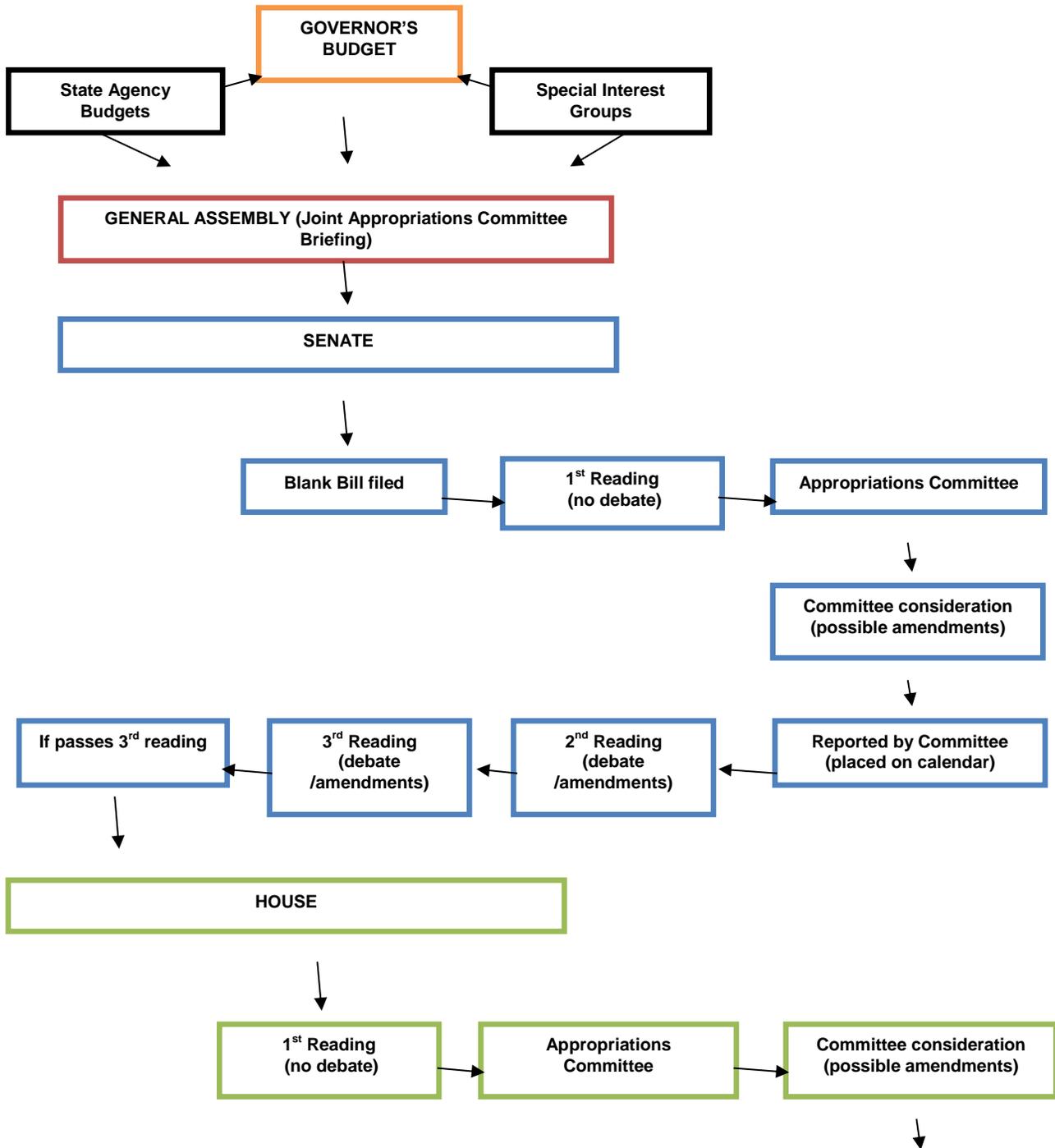
The budget process runs on a "dual" track during the even numbered years when the General Assembly revisits the second year of the biennial budget. The Governor's staff worked with the OSBM in the second year of the biennial budget to prepare the Governor's Supplemental Budget Request for 2018-2019 for submission to the 2018 Short Session of the General Assembly.

During the Short Session, the General Assembly debates the Governor's supplemental request, state agencies' requests, and its own items that are under consideration. The OSBM directed the implementation of the schedule for the 2017-2018 budget preparation process according to the schedule provided in the chart on page five.

Once the Governor's budget is presented to the General Assembly, it is not considered in isolation. The House and Senate also propose their own budgets for consideration during this process. State agencies are then given an opportunity to respond to the budget requests and make a case for items not recommended. In addition, other organizations and associations have recommendations for budget items. Some of these groups are well organized and have strong constituencies. Depending upon their "modes of leverage," (political endorsements, financial contributions, etc.) these organizations can garner support for their issues, or provide the ammunition to "kill" an item. The flow chart on page five outlines the path of the budget bill as well as agency requests.

In 2018, for the first time in modern state history, the budget bill was not open for amendment on the House or Senate floor. The budget bill did not move through committees for amendments; it was fast-tracked and exclusively introduced as a conference report for an up or down vote by each chamber.

THE BUDGET PROCESS²



²At the Joint Appropriations Committee briefing, the State Budget Officer presents the Governor's budget to a joint session of the House and Senate Appropriations committees. Education subcommittees will be briefed jointly until the chamber of bill origination begins to make decisions. Then Committees meet separately. The Chamber leadership gives parameters for spending. Subcommittees will determine budgets. The full Appropriations Committee will vote on the Budget Bill. The bill then becomes the Committee substitute for the Blank Bill and goes to the Chamber Floor and proceeds from that point. The Budget Bill originates in each chamber in alternate years.

