

On May 14<sup>th</sup>, 2014 Governor McCrory released his [proposed budget](#) for FY2013-2015. The proposed budget would affect various aspects of public education, including teacher salaries, school resources, and local education agencies (LEAs).<sup>i</sup>

### Teacher Salaries:

The chart below shows how the proposed budget will affect different school personnel:

<b>Teachers with 0-7 yrs. of Experience</b>	7.1% increase in base pay (\$30,800-33,000)
<b>Teachers with 7-37 yrs. of Experience</b>	Average 2-4.3% pay increase
<b>Teachers with 37+ yrs. of Experience</b>	No salary increase <sup>ii</sup>
<b>Assistant Principals &amp; Principals</b>	2% pay increase for “experienced”; all others receive one-time bonus of \$1000
<b>All Other School Personnel</b>	\$1000 salary + benefit increase
<b>Master’s Salary Supplement</b>	Restored only <b>if</b> degree is held in subject(s) being taught
<b>Teacher Assistants (K-3)</b>	<b>No</b> increase in funds

### Performance-Based Teacher Compensation System

The Governor’s proposed budget appropriates **\$9.8 million** of lottery receipts for what he calls an “innovative Career Pathways pilot that will support LEAs in their transition to a rigorous, aligned performance-based compensation system.”

- What is [Career Pathways](#)?
  - **Career Pathways for Teacher** is a salary framework unveiled by the Governor in early May 2014.
  - The program proposes compensation increases for teachers when they take advantage of opportunities, such as “locally-determined leadership roles.”
  - The **Career Pathways Fund** will “assist” school districts in the creation of performance-based pay systems over the course of **three years**. Pilot programs will begin in eight school districts the first year with eight more pilots the next year.
  - The Governor intends to fully implement **Career Pathways** by **2018**.<sup>iii</sup>

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### School Resources and Materials

- **Textbooks:** The proposed budget provides a one-time increase to the textbook budget through nonrecurring lottery funds. The increase will bring per-student funding for textbooks to \$30.48, still more than **50% below** the \$68 per student budget in 2008-2009.<sup>iv</sup>
- **Average Daily Membership (ADM):** The proposed budget cites data that indicates that the expected increase in enrollment is lower than what was originally projected. Thus, even though enrollment rates are still increasing, the budget justifies cutting funding for “instructional positions and instructional supplies” by **\$38 million** to account for the “discrepancy” in projected enrollment.<sup>v</sup>
- **NC Pre-Kindergarten Program:** The 2014-2015 Budget for Pre-K will be increased by **\$3.6 million**; however, the sources of funding will change in 2014-2015. **In place of state appropriation**, the Governor proposes using a one-time federal *Temporary Assistance for Needy Family* block grant and increased lottery receipts.
- **North Carolina Center for the Advancement of Teaching (NCCAT):** The Governor proposes nonrecurring appropriation for each year of the 2013-2015 biennium for NCCAT. Provides funds for severance costs for all state-funded positions. The Governor’s budget intends to eliminate all funding for NCCAT after 2015. NCCAT specializes in providing professional development programs for teachers, encouraging leadership and collaboration across schools and counties, and training teachers in new educational technology.
- **School Transportation:** Reduces transportation funding by **\$5.5 million** to adjust for “anticipated” decrease in student enrollment

### Workers’ Compensation and Tort Claims

- **Workers’ Compensation:** Under the proposed budget, local boards of education will pay *all* workers’ compensation claims from events occurring on or after July 1, 2014. “These claims must be paid from non-state funds”
- **Tort Claims:** Under the proposed budget, local boards of education will assume liability for *all* tort claims from events occurring on or after July 1, 2014. “Claims payments shall be made with non-state funds.”
  - *Example of a Tort Claim:* If a bus driver employed by a school system was driving a school bus at the time that it hit and injured a motorcyclist, the injured could file a tort claim against the school system for damages. With the revocation of the North Carolina Tort Claims Act, the local school system would be fully responsible for the tort claim as opposed to the State assisting with the burden of the claim—financially and legally.

**What are the major concerns with the proposed budget?**

1. There were *no* funding increases for teacher assistants in grades K-3 despite increasing enrollment demands. Last year, **3,850** teacher assistants' positions were eliminated. In addition, there were *no* raises for North Carolina's most experienced teachers with 37+ years of experience.
2. In many areas, the education budget still falls below pre-recession levels even though North Carolina has regained much of its economic strength.
3. The commitment to raise the **base pay** for all teachers was put off until the next fiscal year.
4. The *Career Pathways* program would begin to implement controversial performance-based compensation plans across North Carolina. These performance-based plans would be based on student test score results, per the [Excellent Public Schools Act](#).
5. The increase to \$30.48/student for **textbook** expenditure barely even hits 50% of the pre-recession budget and falls below the actual cost of textbooks, which is \$35-\$85/book.<sup>vi</sup>
6. While increasing funding to **NC Pre-K**, the budget proposes to cut out state funding from the picture and rely on federal grants and lottery receipts, possibly leaving Pre-K funding over the next budget cycle.
7. Shifting **workers' compensation** and **tort claims** to local boards of education will put an additional burden on local funds. Specifically, if all workers' compensation is shifted to local dollars, LEAs would need to find additional funding to cover insurance policies that could cover the estimated \$60-\$70 million in long-term costs of workers' compensation. If all responsibility for tort claims is transferred to LEAs, the cost of insuring all yellow buses in the state would be between **\$4 million** and **\$9 million**, far more than the **\$1 million** previously expended by the State under the State Tort Claims Act.<sup>vii</sup>

*See next page for citations and sources.*

**Last Revised: June 10, 2014**

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<sup>i</sup> *The Governor's Recommended Budget Adjustments*. May 14, 2014. <http://osbm.nc.gov/thebudget>

<sup>ii</sup> <http://www.wral.com/ncae-mccrory-pay-plan-omits-hundreds-of-teachers/13667599/>

<sup>iii</sup> "Governor McCrory Announces Sweeping Array of Education Initiatives." *State of North Carolina, Governor's Office*. May 7, 2014. <http://governor.nc.gov/newsroom/press-releases/20140507/governor-mccrory-announces-sweeping-array-education-initiatives>

<sup>iv</sup> "2013-2015 Budget Information." Public Schools of North Carolina. <http://www.ncpublicschools.org/budget/>

<sup>v</sup> Tazra Mitchell. "Governor McCrory's Budget Proposal Misses the Mark, Keeps State on Unsustainable Path." *NC Policy Watch*. May 14, 2014.

<sup>vi</sup> <http://www.ncpolicywatch.com/2013/08/26/state-budget-cuts-temper-hopes-for-new-school-year/>

<sup>vii</sup> "Legislative Update." *North Carolina School Boards Association*. May 23, 2014.