

### ***K-12 Education Funding***

The 2017-19 biennium budget falls short of what North Carolina could achieve for our students. Instead of slashing already low tax rates for our wealthiest citizens and corporations, legislative leaders should have invested those revenues in our schools, particularly in better pay and in the support personnel our students desperately need. Likewise, the non-recurring \$11M added to the textbook budget should be both recurring and far more generous to meet the needs of our students.

- The total General Fund commitment to K-12 for 2017-18 is \$9B for 1,552,638 students. Adjusted for inflation it's **more than \$300M lower than 2008-09**. For 2018-19, it will be \$9.4B for 1,560,877 students.
- In 2008-09, North Carolina invested \$6,793 per student when adjusted for inflation. But under the 2017-18 budget, per-pupil funding is only \$6,339, **nearly \$500 less per student** than before the recession began.
- In 2008-09, North Carolina's textbook funding per student was \$75.95 when adjusted for inflation. Under the 2017-18 budget, it's only \$47.10, **nearly 40% lower** than the pre-recession amount. It will be even lower in 2018-19, just \$40.87!
- In 2008-09, North Carolina public schools had 22,502 state-funded teacher assistants. Under the 2017-18 budget, that number is down to 15,720, **nearly 7,000 fewer Teacher Assistants** than before the recession.
- In 2008-09, North Carolina spent \$65.98 per student on classroom materials when adjusted for inflation. Under the 2017-18 budget, per-pupil funding for classroom materials is only \$30.55, **less than half** of the pre-recession level.
- Increases funding cap for children with disabilities to 12.75%.
- Provides an additional \$2.4 M in recurring funds for the state's digital learning plan.
- Creates grants for LEAs to expand CTE programs to grades 6 and 7.

### ***Compensation and Benefits***

The budget includes raises for teachers, administrators, and retirees, however these could and should be more generous in order to improve retention of a workforce that boasts more nationally certified teachers than any other state. Moreover, the amount put in the state's "rainy day fund" could easily have covered the salaries of enhancement teachers whose jobs will be threatened when K-3 class size restrictions go into effect next year.

- Teachers will receive stated average raises of 3.3% in the first year, and 9.6% (over 2016-17) in the second, though there appears to be inadequate funding included to actually reach those goals. But the raises include almost every step, and there will be bonuses of \$385 for teachers with 25+ years in 2017-18 and 2018-19.
- Non-teaching state employees will receive \$1,000 raises (not bonuses).
- Assistant principals will receive average 13.4% raises over 2 years, and principals will be paid on a new schedule, with an average 8.6% raise. There are also two new bonuses for principals for the opportunity to earn up to an additional \$15,000.
- Rather than including guaranteed funds for Art, Music, PE, and world language teachers whose jobs will be at risk next year when K-3 class size restrictions prohibit districts from using classroom teacher allotments to pay them, legislative leaders included language indicating their intent to fund these positions. That language is found in the budget correction bill because it was omitted from the main bill.

- Retirees will get recurring (not one-time) 1% COLA.
- Three teacher bonus programs - Third Grade Read to Achieve, AP/IB, and Career and Technical Education – were made permanent.
- New bonuses of \$2,150 for grade 4-8 math teachers and grade 4-5 reading teachers will go to the top 25% statewide and within LEAs in 2017-18 only.
- Teacher assistant tuition assistance program in several counties is expanded.
- Initial teacher license application fees for graduates of an approved NC educator preparation program will be refunded.

### **Teacher Pipeline**

North Carolina continues to experience a shortage of teachers and of potential teachers. Middle schools STEM and special education positions are the most difficult to fill, but many districts face annual shortages across our state. The decline in pay - adjusted for inflation, even this year's raises represent lower pay than before the recession – and less generous benefits for graduate degree and longevity continue to demonstrate our legislative leaders' lack of commitment to making teaching a valued, viable profession for families in NC.

- The legislature created a new, less generous form of the Teaching Fellows program that they terminated in 2011. The new plan favors STEM/special education teachers and offers incentives for teaching in low-wealth schools, which is certainly commendable and helpful to deserving students and districts. However, the earlier program created 500 teachers per year (as would the governor's proposal) at 17 institutions across the state, while the program that passed will offer only 160 scholarships annually at the five "most effective" teacher preparation programs, a very narrow selection for a state with so many excellent higher learning choices.
- Retirement health benefits were eliminated for state employees hired after Jan. 21, 2021, which will create further drag on the already slow teacher pipeline and reinforce to young people that teaching is not a profession that will sustain a family in NC.
- Every year that Master's pay and career protections are not restored is a new message to NC teachers and potential teachers that the profession is not valued or rewarded here. This is a problem that must be addressed to restore our teaching pipeline and the strength of our once-enviable public school system.

### **Pre-K**

The research is clear: the advantages of pre-K last for years, showing up in test scores and in savings on special education and grade retentions. Other studies point to the economic benefits states gain from investing in early childhood education. Any expansion of this crucial program is welcome and celebrated. But again, the state chose to invest in tax cuts over a more ambitious expansion of this crucial program.

- Leaders added 3,525 new pre-K slots over 2 years, cutting in half the average annual waiting list of 7,000 known-eligible 4-year-olds. This is a wonderful start toward making NC's award-winning pre-K universal for eligible children.
- However, two-thirds of the funding for the new pre-K slots comes from a federal block grant (Temporary Assistance for Needy Families, or TANF) that is threatened by federal budget cuts making it a very precarious and worrisome expansion.

### ***Privatization and Vouchers***

The General Assembly used the budget to create an entirely new voucher program, egregiously diverting funds from our schools without properly debating and vetting such a program. The ESA program is the final piece of the privatization puzzle in our state. The completed picture is a state funding unaccountable private institutions at the expense of a nationally renowned system of free and equitable public schools.

- The General Assembly created a new voucher program within the budget with no committee work done on the proposal. These Personal Education Savings Accounts (or ESAs) for students with disabilities will take the form of a taxpayer-funded \$9,000 debit card given directly to parents for poorly defined “educational expenses,” and parents of students with serious disabilities may receive these funds even if their children are already receiving Disabilities Grants. Financial benefit management will be contracted to a private firm (or firms) that can charge parents fees, which may be paid with the cards. Kindergartners will be eligible for this program, which has proven controversial in other states.
- The budget legislation not only adds \$10M per year to the Opportunity Scholarship voucher program until 2027-28 (when it will plateau at \$144.8M annually), it also makes that funding part of the base budget going forward, regardless of demand!
- A new task force will study the idea of accountability within the voucher program, and the budget guarantees representation for: private schools that accept voucher students and associations that represent those schools; organizations “representing parental school choice, such as Parents for Educational Freedom in North Carolina”; independent organizations that evaluate K12 education; and public school leaders.
- The incipient NC Achievement School District shall henceforth be known as the Innovative School District (ISD), perhaps to distinguish it from the failing Tennessee program on which it is based.
- The budget calls for the school performance grade formula to remain 80% achievement, 20% growth, but it switches from a 15-point scale to a 10-point grading scale beginning with 2019-20 school year. These grades will be used to justify school takeovers (in the ISD), and probably to justify an expansion of the ESA program in the name of offering parents “choice.”

### ***Department of Public Instruction and State Board of Education***

In a December 2016 special session, the General Assembly took many duties from the State Board of Education and gave them to the Superintendent of Public Instruction. Because of the many closed meetings before and during the special session and the legislation it produced, citizens have no real idea why this reorganization occurred at all. Now the budget, also produced largely in secret, continues to favor the superintendent over the board of education, with no public explanation available.

- NCDPI will be cut by 13.9% over the next 2 years. Legislative leaders did not indicate what the department should stop doing, or do less of, to justify such deep cuts to the state agency that manages the single largest line item in the state budget.
- The Superintendent of Public Instruction will receive \$1,000,000 to pay for a private audit of NCDPI – even though NC has a state auditor – and \$700,000 for up to 10 new exempt positions within his office, for which he will need no approval from the State Board.
- The superintendent will also receive \$300,000 for his lawsuit against the State Board while the State Board is prohibited from using any state funds for private counsel in litigation.

- Five NCDPI staffers and the executive director of the State Board (who represents the board at the legislature) were fired by law in the budget.
- A new Joint Legislative Task Force on education funding reform, with 9 members appointed by each chamber's leaders, will begin work by Sept. 1, 2017. The goal is to propose a new funding formula in the form of proposed legislation by Oct. 1, 2018.

### ***Budget Resources***

<http://www.dpi.state.nc.us/fbs/budget/>

<http://pulse.ncpolicywatch.org/2017/06/20/final-budget-fails-strengthen-foundation-north-carolinas-public-schools/#sthash.iuYoTiJ0.dpbs>

<http://www.progressncaction.org/news/see-how-badly-the-gop-budget-fails-public-education>

<http://pulse.ncpolicywatch.org/2017/06/23/final-budget-plan-ignores-past-promises-irresponsibly-underfunds-teacher-salary-plan/#sthash.d46BMWGm.dpbs>

<http://files.constantcontact.com/2cfe515e301/f70de8c2-f306-45e8-9b45-fa4a2ce7086c.pdf?ver=1497970325000>

<http://www.ncpolicywatch.com/2017/06/27/budget-bill-fires-state-board-ed-director-dpi-staffers-ties-atkinson/>