

**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1997**

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**HOUSE BILL 256**

Short Title: Sch. Budget Accountability.

(Public)

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Sponsors: Representatives Preston; Arnold, Baker, Barbee, Clary, Grady, Gray, Hall, McComas, McMahan, Mitchell, Morris, Nichols, Owens, Russell, Sherrill, Shubert, Smith, Warner, and Watson.

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Referred to: Education, if favorable, Appropriations.

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February 17, 1997

**A BILL TO BE ENTITLED**

**AN ACT TO REQUIRE THE REPORTING OF THE USE OF FUNDS FOR PUBLIC SCHOOLS AT THE UNIT AND BUILDING LEVELS; TO ALLOW THE STATE BOARD TO SUSPEND LOCAL BUDGET FLEXIBILITY IF A LOCAL BOARD FAILS OR REFUSES TO COMPLY WITH LAWS AND RULES CONCERNING THE BUDGETING, MANAGEMENT, AND EXPENDITURE OF PUBLIC SCHOOL FUNDS; TO PROHIBIT LOCAL BOARDS FROM USING STATE AND LOCAL FUNDS TO BUY OUT SUPERINTENDENTS' CONTRACTS; AND TO MAKE AN APPROPRIATION.**

The General Assembly of North Carolina enacts:

Section 1. The State Board of Education shall modify the Uniform Education Reporting System to provide clear, accurate, and standard information on the use of funds at the unit and school level. The plan shall provide information that will enable the General Assembly to determine State, local, and federal expenditures for personnel at the unit and school level. The plan also shall allow the tracking of expenditures for textbooks, educational supplies and equipment, capital outlay, at-risk students, and other purposes. The revised Uniform Education Reporting System shall be implemented beginning with the 1998-99 school year.

1 Section 2. G.S. 115C-451 reads as rewritten:

2 **"§ 115C-451. Reports to State Board of Education; failure to comply with School**  
3 **Budget Act.**

4 (a) The State Board of Education shall have authority to require local school  
5 administrative units to make such reports as it may deem advisable with respect to the  
6 financial operation of the public schools.

7 (b) The State Board of Education shall be responsible for assuring that local  
8 boards of education comply with State laws and regulations regarding the budgeting,  
9 management, and expenditure of funds. When a local board of education willfully or  
10 negligently fails or refuses to comply with these laws and regulations, the State Board of  
11 Education shall issue a warning to the local board of education and direct it to take  
12 remedial action. In addition, the State Board may suspend the flexibility given to the  
13 local board under G.S. 115C-105.21A and may require the local board to use funds  
14 during the term of suspension only for the purposes for which they were allotted or for  
15 other purposes with the specific approval from the State Board.

16 (c) If the local board of education, after warning, persists in willfully or  
17 negligently failing or refusing to comply with these laws and regulations, the State Board  
18 of Education shall by resolution assume control of the financial affairs of the local board  
19 of education and shall appoint an administrator to exercise the powers assumed. The  
20 adoption of a resolution shall have the effect of divesting the local board of education of  
21 its powers as to the adoption of budgets, expenditure of money, and all other financial  
22 powers conferred upon the local board of education by law."

23 Section 3. G.S. 115C-271 reads as rewritten:

24 **"§ 115C-271. Selection by local board of education, term of office.**

25 ~~Each local board of education shall elect a superintendent of schools for a term of one~~  
26 ~~to four years, ending on June 30th of the final 12 months of the contract. The board of~~  
27 ~~education may, with the written consent of the current superintendent, extend or renew~~  
28 ~~the term of the superintendent's contract at any time after the first 12 months of the~~  
29 ~~contract; provided, however, that the current superintendent's contract may not be~~  
30 ~~extended for a term of greater than four years; and provided, further, that if new board~~  
31 ~~members have been elected or appointed and are to be sworn in, the board may not act to~~  
32 ~~extend or renew the current superintendent's contract until after the new members have~~  
33 ~~been sworn in. The term and conditions of employment shall be stated in a written~~  
34 ~~contract which shall be entered into between the board of education and the~~  
35 ~~superintendent. A copy of the contract shall be filed with the Superintendent of Public~~  
36 ~~Instruction before any person is eligible for this office.~~

37 ~~Contracts of employment for a period of less than one year shall be governed and~~  
38 ~~limited by G.S. 115C-275.~~

39 ~~It is the policy of the State of North Carolina that the superintendents of each of the~~  
40 ~~several school administrative units be hired solely at the discretion of the local boards of~~  
41 ~~education and that a candidate for superintendent of a local school administrative unit~~  
42 ~~must have been, at least, a principal in a North Carolina public school or have equivalent~~  
43 ~~experience as prescribed by the State Board of Education and have other minimum~~

1 ~~credentials, educational prerequisites and experience requirements as the State Board of~~  
2 ~~Education shall prescribe. The State Board of Education is directed to promulgate~~  
3 ~~prerequisites for candidacy for superintendent not later than January 1, 1985.~~

4 ~~If any board of education shall elect a person to serve as superintendent of schools in~~  
5 ~~any local school administrative unit who is not qualified, or cannot qualify, according to~~  
6 ~~this section, such election is null and void and it shall be the duty of such board of~~  
7 ~~education to elect a person who can qualify.~~

8 (a) It is the policy of the State that each local board of education has the sole  
9 discretion to elect a superintendent of schools. However, the State Board shall adopt  
10 rules that establish the qualifications for election. At a minimum, each superintendent  
11 shall have been a principal in a North Carolina public school or shall have equivalent  
12 experience. In addition, the State Board may establish other minimum credentials,  
13 educational prerequisites, and experience requirements. It is the duty of each local board  
14 to elect a superintendent who is qualified. If a local board elects a superintendent who is  
15 not qualified or who cannot qualify under this section, then the election and contract are  
16 null and void and the board shall elect a person who is qualified.

17 (b) Each local board of education shall elect a superintendent under a written  
18 contract of employment for a term of no more than four years, ending on June 30 of the  
19 final months of the contract. Each contract shall contain a clause authorizing the local  
20 board in its discretion to terminate the contract at any time and for any reason the board  
21 considers sufficient. Contracts of employment for a period of less than one year shall be  
22 governed and limited by G.S. 115C-275. Each local board shall file a copy of the  
23 contract with the Superintendent of Public Instruction before the individual is eligible for  
24 this office.

25 (c) Each local board may, with the written consent of the current superintendent,  
26 extend or renew the term of the superintendent's contract at any time after the first 12  
27 months of the contract. However, a board shall not extend the current superintendent's  
28 contract for a term of greater than four years. In addition, if new board members have  
29 been elected or appointed and are to be sworn in, a board shall not act to extend or renew  
30 the current superintendent's contract until after the new members have been sworn in.

31 (d) A local board shall not use State or local funds to pay a superintendent in the  
32 event the board terminates the superintendent's contract before the contract term of  
33 employment has expired."

34 Section 4. There is appropriated from the General Fund to State Aid to Local  
35 School Administrative Units the sum of one million two hundred thousand dollars  
36 (\$1,200,000) for the 1997-98 fiscal year to implement Section 1 of this act.

37 Section 5. This act is effective when it becomes law. G.S. 115-271, as  
38 amended, in Section 3 of this act shall apply to contracts entered into, extended, or  
39 renewed on or after this effective date.