

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** House Bill 1464 (Second Edition)

**SHORT TITLE:** School Calendar Changes.

**SPONSOR(S):** Representatives Culpepper, Hill, Miner, and C. Wilson

<b>FISCAL IMPACT</b>					
	<b>Yes (X)</b>	<b>No ( )</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2004-05</u></b>	<b><u>FY 2005-06</u></b>	<b><u>FY 2006-07</u></b>	<b><u>FY 2007-08</u></b>	<b><u>FY 2008-09</u></b>
<b>REVENUES</b>	N/A				
<b>EXPENDITURES (in millions)</b>					
State Public School Fund					
Payments at Separation	N/A	\$0.3-1.6	\$0.3-1.6	\$0.3-1.6	\$0.3-1.7
Substitute Teachers	N/A	\$0-27.1	\$0-27.4	\$0-27.8	\$0.6-28.2
State Retirement Fund	N/A	** See Assumptions & Methodology section**			
<b>State Total</b>	<b>At least</b>	<b>\$0.3-28.7</b>	<b>\$0.3-29.0</b>	<b>\$0.3-29.4</b>	<b>\$0.3-29.9</b>
Local Education Agencies (LEA)					
Payments at Separation	N/A	\$0.1-0.4	\$0.1-0.4	\$0.1-0.4	\$0.1-0.4
Utilities	N/A	(\$2.5)	(\$2.8)	(\$3.1)	(\$3.4)
<b>LEA Total</b>		<b>(\$2.4)-(\$2.1)</b>	<b>(\$2.7)-(\$2.4)</b>	<b>(\$3.0)-(\$2.7)</b>	<b>(\$2.8)-(\$3.0)</b>
<b>POSITIONS:</b>	N/A				
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Local Education Agencies, State Public School Fund, And State Retirement Fund.					
<b>EFFECTIVE DATE:</b> The act is effective July 1, 2004, and applies to school years beginning with the 2005-06 school year.					

**BILL SUMMARY:**

**Section one** of the bill amends statute (G.S. 115C-84.2) by reducing the total number of days required to be in the school calendar from 220 to 210. This bill achieves this reduction by reducing the number of teacher workdays from 200 to 190. The number of instructional days (180) is not affected. Section one also reduces by three (from eight to five) the number of days that had been at the discretion of local boards of education (local boards) for designation as teacher workdays, additional instructional days, or other lawful purposes [G.S. 115C-84.2(a)(4)]. While the bill allows local boards to retain discretion in scheduling the days, it eliminates the local boards' discretion in designating the *type* of day by establishing these five days as "protected" teacher workdays during which teachers are allowed to complete instructional and administrative duties and are exempted from

required meetings or professional development activities. Local Boards may still require teachers to work on these five workdays. One of the days must be scheduled at the beginning of the year and one day must be scheduled at the end of each academic quarter. Of the remaining 4-5 teacher workdays, two must be designated as days on which teachers may take accumulated vacation leave.

Section one of the bill also establishes that, except for year-round schools, the opening date for students shall not be before August 25 and the closing date shall not be after June 10. The State Board of Education (State Board) can waive this requirement for Local Administrative Units (LEAs) in which schools have been closed eight or more days in any four of the past ten years due to severe weather or other emergency situations.

**Section two** of the bill amends the daily rate of pay for teachers to be one twenty-first (instead of one twenty-second) of the monthly rate. The daily rate of pay for the purposes of paying substitute teachers or any other personnel whose pay is based on the daily rate of pay for teachers remains one twenty-second of the monthly rate for teachers. Section two also establishes that the initial pay date for teachers must be no later than August 31, with subsequent pay dates to be no more than one month apart and to include a full monthly payment.

**Section three** of the bill establishes that no certified or non-certified employee employed on or after the effective date of the act shall experience a reduction in annual rate of pay as a result of the act.

**Section five** of the bill establishes that the act becomes effective July 1, 2004 and applies to school years beginning with the 2005-06 school year.

## **ASSUMPTIONS AND METHODOLOGY:**

### **Section One**

#### *Impact Resulting from Unused Accumulated Annual Vacation Leave*

Under current law, teachers cannot use annual vacation leave on any of the 180 instructional days in the school calendar. The bill does not change this rule. Teachers still may only use vacation leave on optional non-instructional teacher workdays. The bill reduces the number of non-instructional teacher workdays from 19-20 to 9-10.<sup>1</sup> Assuming that LEAs continue the current practice of designating, on average, 5.5 workdays as mandatory LEA-wide teacher workdays, 4-5 *optional* non-instructional workdays will remain. These workdays will be the only days on which teachers can use accumulated annual vacation leave. The reduced opportunity for teachers to utilize vacation leave time will create a situation in which vacation leave accumulates at a greater rate than under current statute. This increased accumulation will create an annual fiscal impact on the State and on LEAs. The fiscal impact derives from the effects that increased accumulation of teachers' vacation leave will likely have on payments for unused vacation leave at separation ("payments at separation"), increased accumulated sick leave, age at retirement, and calculation of retirement benefits.

Teachers earn annual vacation leave monthly at one-twelfth the rate of State employees. A beginning teacher earns ten days, the number of days already built into the calendar explicitly for annual

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<sup>1</sup> G.S. 115C-84.2(a)(3) requires "the same or equivalent number of legal holidays occurring within the school calendar as those designated by the State Personnel Commission for State employees." Depending upon the day upon which Christmas day falls, there are ten or eleven State holidays in a given year. In years when there are eleven holidays, nine total teacher workdays are required to complete the 210 day calendar. Local boards are assigned *five* days to designate and the principals are left to schedule *four or five* "remaining days."

vacation leave (typically scheduled as winter and spring breaks). These teachers, therefore, accumulate no additional or “discretionary” vacation leave days to use on non-mandatory, non-instructional workdays. Teachers with two or more years of experience, however, accumulate 11.5 vacation days annually, while teachers with ten or more years of experience accumulate at least 16.5 days, up to an annual maximum of 21.5 days for teachers with twenty or more years of experience. All teachers with two or more years of experience, therefore, accumulate annually between 1.5 and 11.5 days of discretionary vacation leave that will carry over to the following year if not utilized during non-instructional, non-mandatory workdays. The following chart illustrates the number of vacation days accumulated annually by teachers of varying experience levels:

**Accumulated Annual Vacation Leave for Teachers**

Years of Experience	Vacation Leave Days Accumulated per Year
Less than 2	0.0
2 but less than 5	1.5
5 but less than 10	4.0
10 but less than 15	6.5
15 but less than 20	9.0
20 or more	11.5

The bill directs that local boards and individual schools designate at least two non-instructional teacher workdays as optional days when teachers may use accumulated vacation leave. Assuming that teachers in every LEA have the opportunity to use 4-5 vacation days annually, even if all teachers choose to use leave on all the available days, there would still be an estimated statewide total of between 206,475 and 250,461 unusable vacation days accumulated per year.<sup>2</sup> The following chart illustrates how these unusable days create an annual financial liability to the State based on the payable value of the days:

**Accrued State Liability Resulting from Unusable Accumulated Vacation Days**

Number of State Holidays in the School Calendar	Minimum Annual Number of Unusable Vacation Days	Annual Salary for Teachers Earning Them	Daily Rate of Pay for Teachers Earning Them	Total Annual Accrued State Liability for Payments at Separation <sup>2</sup>
10	206,475	\$41,881	\$199.44	\$41,178,647
11	250,461	\$41,881	\$199.44	\$49,951,049

In the 2005-06 school year, the first in which the act will apply, the total liability will be greater because of vacation days accumulated in prior years. The incremental annual liability identified in the chart above will increase each year as growth in the student population (average daily membership or “ADM”) requires increases in the total number of State-paid teachers (i.e., more teachers = more unusable vacation days). ADM growth is estimated to be approximately 1.33% annually. The total liability will also grow each year because the rate of teacher turnover (and payments at separation) will not keep pace with the rate of accumulation of vacation leave. The

<sup>2</sup> Estimate based on number of State-paid teachers from December 2003. As the number of State paid teachers has increased by approximately 2,500 since that time, this estimate is likely somewhat *understated*. Note also that for any teacher who currently uses no vacation leave, the bill will not create any incremental additional accrued liability. An estimate of the number of teachers currently not using any accrued vacation leave is not available at this time. Assuming some number of teachers fits this description, the estimate is likely somewhat *overstated*.

impact of this liability on annual expenditures will depend upon teacher decisions regarding utilization of vacation and sick leave, continuation of employment in the public schools or State service, and retirement.

Since it is not possible at this time to predict with any precision how teachers will utilize their vacation and sick leave after the changes in the bill are implemented, it is not possible to predict precisely how the annual liability created by the bill will translate into expenditures. It is possible, however, to examine several scenarios under which additional expenditures may be generated by the liability. The scenarios involve vacation leave days accumulating and being paid at separation, and/or rolling over into sick leave and accumulating for potential use as creditable service toward retirement.

The following chart illustrates the most probable scenarios and their fiscal implications:

**Effects of Bill on Teacher Utilization of Annual Vacation and Sick Leave**

<b>Scenario</b>	<b>Effect on Annual Vacation Leave</b>	<b>Effect on Annual Sick Leave</b>	<b>Fiscal Impact</b>
(1) Teachers use less vacation leave, and use same amount of sick leave as they currently do.	Teachers accumulate more vacation leave.	More unused vacation leave is “rolled over” at fiscal year end into sick leave.	(a) Teachers are paid for more unused vacation leave at separation.  (b) Teachers retire earlier and/ or with higher benefits using accumulated sick leave as creditable service time.  (c) Teachers’ final average compensation is higher due to higher payments at separation, as referenced in (a) above.
(2) Teachers use less vacation leave, but compensate by using more sick leave.	Teachers accumulate more vacation leave.	More unused vacation leave is “rolled over” at fiscal year end into sick leave.	(a) LEAs expend more to pay substitute teachers.  (a), (b), and (c) from Scenario (1)
(3) Teachers use same amounts of vacation and sick leave as they do currently.	Teachers accumulate more vacation leave	More unused vacation leave is “rolled over” at fiscal year end into sick leave.	(a), (b), and (c) from Scenario (1)  Note: For teachers who currently use zero days of vacation leave, there would be no impact.

In all three scenarios, the bill would increase expenditures from the State Public School Fund (SPSF) and LEA funds for payments at separation, and from the State Retirement Fund for retirement benefits. SPSF expenditures for payments to State-paid teachers separating prior to retirement would increase as accumulated vacation leave increased.<sup>3</sup> Similarly, expenditures by LEAs for payments to

<sup>3</sup> Payments to teachers separating due to retirement likely would not increase, as almost all retiring teachers are currently paid for the maximum number of accumulated vacation days (30).

locally paid teachers would increase. Based on current expenditure data, each additional day of unused vacation leave paid out at separation for a non-retiring teacher would cost the State an estimated \$317,436 and LEAs \$95,230. If one assumes an average of 3.82 additional days paid out per terminating employee,<sup>4</sup> the total additional annual expenditure for severance would be \$1,211,180 for the State and \$363,779 for the LEAs.

### **Estimated Additional Annual Payments to Teachers at Separation**

<b>Non-Retiring State-Paid Teachers Separating Annually<sup>5</sup></b>	<b>Average Additional Accrued Vacation Days Paid Out</b>	<b>Annual Salary for Teachers Earning Them</b>	<b>Daily Rate of Pay for Teachers Earning Them</b>	<b>Total Annual Additional State Expenditure for Payments at Separation</b>
1,772	1	\$39,410	\$179.14	\$317,436
1,772	3.82	\$39,410	\$179.14	\$1,211,180
1,772	5	\$39,410	\$179.14	\$1,587,180

As a result of teachers applying accumulated sick leave toward earlier retirements (creating longer benefit duration), higher benefit levels (because of more creditable State service time at time of retirement), or both, expenditures from the Retirement Fund would increase by an amount that cannot be estimated by the General Assembly staff or the actuaries with whom they confer.

In the second scenario, in addition to the increased expenditures noted above, expenditures from LEA funds, and ultimately from the SPSF, for substitute teachers would increase.<sup>6</sup> On average, each additional substitute teacher day costs \$70.91. If each of the 76,314 State-paid teachers<sup>7</sup> used one additional sick day annually as a result of the implementation of the changes in the bill, the additional annual expenditures for substitute teachers would be \$5,411,426. If each teacher used one additional sick day in place of each vacation leave day that would now be unusable (i.e., the 206,475 noted above), the additional annual expenditure for substitute teachers would be \$14,641,142 (in years with 10 State holidays) or \$17,760,190 (in years with 11 holidays). If each teacher uses five additional sick days, the additional cost would be \$27,059,129.

### **Estimated Additional Annual Expenditures for Substitute Teachers**

<b>Number of State-Paid Teachers</b>	<b>Number of Additional Sick Days Used per Teacher</b>	<b>Number of Additional Substitute Teacher Days</b>	<b>Average Daily Rate of Pay for Substitute Teachers</b>	<b>Total Additional Expenditure</b>
76,314	1	76,314	\$70.91	\$5,411,426
76,314	2.71	206,475	\$70.91	\$14,641,142
76,314	3.28	250,461	\$70.91	\$17,760,190
76,314	5	381,570	\$70.91	\$27,057,129

<sup>4</sup> The average accrued unusable vacation days for FY 2002-03 teachers with 5-24 years of experience.

<sup>5</sup> Based on FY2002-03 actual expenditures for payments at separation to teachers with 5-24 years of experience.

<sup>6</sup> While increased cost for substitute teachers is actually borne by the LEAs, this analysis assumes that the General Assembly would appropriate more funds to the LEAs for this purpose.

<sup>7</sup> FY 2003-04 State-paid teachers.

### *Effects on Professional Development*

Current practice in the LEAs is to conduct the majority of LEA- or school-sponsored professional development activities during non-instructional teachers workdays. As noted above, the bill reduces the number of these workdays by ten and mandates that the five local board-designated days, must be set aside for teachers to perform only “instructional and classroom administrative duties.” Assuming that these duties do not include LEA-wide organizational meetings or professional development activities, the bill, therefore, prohibits local boards from requiring teachers to attend such activities on the five local board-designated workdays. This change effectively removes from local boards any direct authority to require LEA-wide professional development on non-instructional teacher workdays.

School principals will still have the ability to schedule mandatory professional development activities on all but two of the 4-5 days over which they have discretion. Given that current practice in the LEAs is to schedule an average of 5.5 mandatory, or “protected,” workdays, it seems likely that 2-3 principal days will be used in this manner. These 2-3 days will represent the only remaining opportunities outside of the instructional calendar to hold LEA-wide organizational meetings or provide professional development to instructional staff. As a result, local boards and schools will either explore alternative schedules for delivering the same amount of professional development as is currently scheduled for instructional staff, or the amount of LEA- or school-sponsored professional development to which staff is exposed in the course of their work year will decline. It is not possible to predict which of these scenarios will come to be. It is clear, however, that both of these possibilities carry significant personnel and/or policy implications. In addition, the possibility of reduced staff development activities carries potential fiscal implications.

FY 2002-03 expenditures from all sources for professional development totaled approximately \$65 million, of which \$18.4 million were state funds and \$22 million were local funds. The State allots \$11.9 million specifically for professional development. The other \$6.5 million of State dollars used for this purpose come from other supplemental allotment categories, such as At-Risk Student Services, Limited English Proficiency, Academically Gifted, and Children with Special Needs. If professional development activities are reduced as a result of the bill such that expenditures for this purpose from various supplemental allotment categories are reduced, the LEAs will be able to use the funding that had been used for professional development for other purposes. Since it is not possible to predict with any precision whether or by how much LEAs or schools will reduce the amount of professional development activities they conduct, it is not possible to estimate the potential reductions in expenditures for these activities. It seems reasonable to assume, however, that if these activities are reduced, the LEAs will still utilize at least the full \$12 million State allotment and the approximately \$24.5 million in federal dollars currently used for professional development. Approximately \$6.5 million in State dollars and up to \$22 million in local dollars may therefore be freed for use for other purposes.

### *Impact of New Start and Closing Dates*

The bill allows the State Board of Education to waive the school opening and closing date requirements for LEAs in which schools have been closed for eight days or more during any four of the last ten years as a result of severe weather conditions, energy shortages, power failures, or other emergency situations.

The following chart illustrates how 21 of 115 LEAs would be eligible for a waiver if the act were in effect the 2004-05 school year.<sup>8</sup> FY 2003-04 data for some LEAs is not available (N/A) at this time. Were it available, four additional LEAs; Guilford, Orange, Randolph, and Wilkes Counties, might appear as eligible for the waiver.

**Number of Days Schools Closed in LEAs each of Past Ten Years**

LEA	2003 -04	2002 -03	2001 -02	2000 -01	1999 -00	1998 -99	1997 -98	1996 -97	1995 -96	1994 -95	Years >=8 Days	Eligible for Waiver?
Avery County	17	16	8	16	13	11	18	12	22	14	10	Yes
Alleghany County	11	14	7	10	13	9	9	15	20	8	9	Yes
Ashe County	14	16	7	10	12	13	15	15	22	14	9	Yes
Mitchell County	15	16	7	12	13	14	18	8	24	13	9	Yes
Yancey County	13	13	1	14	12	14	15	10	23	13	9	Yes
Watauga County	N/A	17	7	14	12	11	13	10	23	14	8	Yes
Madison County	13	13	5	14	15	8	13	7	24	7	7	Yes
Haywood County	7	10	1	11	9	7	9	5	17	8	6	Yes
Buncombe County	10	8	4	6	7	7	8	6	18	4	4	Yes
Davidson County	9	8	3	1	11	2	0	3	12	2	4	Yes
Lexington City	9	8	0	1	11	1	0	3	10	2	4	Yes
Thomasville City	8	8	2	1	9	2	0	3	9	2	4	Yes
Forsyth County	8	10	2	0	9	2	0	3	12	1	4	Yes
Granville County	9	9	3	2	14	0	0	3	14	3	4	Yes
Chapel Hill-Carrboro	8	8	0	0	9	0	0	3	10	0	4	Yes
Person County	10	10	1	2	10	0	0	3	12	3	4	Yes
Rockingham County	11	12	0	3	13	3	0	3	14	1	4	Yes
Rowan-Salisbury	8	8	3	0	8	1	0	2	10	2	4	Yes
Stokes County	14	13	3	2	14	5	1	6	14	2	4	Yes
Surry County	14	13	3	7	11	7	1	5	14	2	4	Yes
Mount Airy City	11	10	2	4	8	3	0	2	12	1	4	Yes
Vance County	5	9	3	2	11	0	0	3	12	8	4	Yes
Alamance-Burlington	6	8	3	0	13	1	0	3	11	2	3	No
Alexander County	8	8	0	2	6	4	0	3	10	1	3	No
Caldwell County	8	8	1	3	6	6	0	2	10	1	3	No
Caswell County	9	6	0	0	12	1	0	3	11	2	3	No
Durham County	7	9	2	0	11	0	0	6	8	3	3	No
Guilford County	N/A	9	1	0	13	1	0	2	12	1	3	No
Halifax County	10	7	0	1	16	2	0	2	10	2	3	No
Hertford County	12	3	3	2	14	2	0	1	9	1	3	No

<sup>8</sup> Data for FY 2004-05 would be required to determine eligibility for waiver in the 2005-06 school year, the first year that the act would require adherence to the new school start and end dates.

LEA	2003 -04	2002 -03	2001 -02	2000 -01	1999 -00	1998 -99	1997 -98	1996 -97	1995 -96	1994 -95	Years >=8 Days	Eligible for Waiver?
Northampton County	9	5	0	1	13	2	0	1	9	1	3	No
Orange County	N/A	9	2	0	11	1	0	3	10	2	3	No
Randolph County	N/A	9	1	0	12	2	0	2	10	3	3	No
Warren County	7	8	1	2	14	0	0	2	14	2	3	No
Wilkes County	N/A	10	0	5	10	6	1	4	11	3	3	No
Yadkin County	9	9	2	3	7	2	0	3	12	1	3	No
Bertie County	11	3	0	2	16	2	1	1	6	1	2	No
Burke County	N/A	8	0	3	6	5	0	2	11	2	2	No
Chatham County	N/A	7	3	0	9	1	0	5	12	3	2	No
Edenton/Chowan	10	2	0	1	8	3	1	1	6	1	2	No
Dare County	10	5	1	0	11	0	0	0	2	2	2	No
Davie County	7	9	0	1	7	2	0	2	11	1	2	No
Franklin County	5	7	1	1	10	1	0	5	12	3	2	No
Gates County	10	2	0	1	10	2	0	1	6	1	2	No
Roanoke Rapids City	7	6	3	1	10	2	0	1	8	1	2	No
Weldon City	6	2	2	1	16	2	0	1	10	1	2	No
Henderson County	9	6	1	6	4	4	5	7	12	3	2	No
Iredell-Statesville	N/A	8	2	1	6	2	0	2	9	1	2	No
Jackson County	N/A	7	5	6	5	5	8	4	14	5	2	No
Johnston County	7	5	2	0	13	2	0	6	8	1	2	No
McDowell County	9	7	0	6	4	5	2	2	11		2	No
Nash-Rocky Mount	6	5	3	1	13	2	0	2	9	1	2	No
Pender County	3	2	0	0	12	3	1	8	0	0	2	No
Asheboro City	6	7	2	0	9	2	0	2	8	2	2	No
Elkin City	11	10	2	3	7	3	0	3	7	1	2	No
Transylvania County	9	6	2	7	2	3	4	6	10	5	2	No
Wake County	7	6	3	0	12	0	0	6	8	1	2	No
Washington County	9	2	2	1	8	3	0	1	3	1	2	No
Wilson County	6	3	2	1	10	2	0	3	9	1	2	No
Beaufort County	3	2	2	2	11	3	0	1	2	1	1	No
Bladen County	6	2	0	1	11	2	0	3	2	0	1	No
Brunswick County	1	2	2	0	9	3	0	6	0	0	1	No
Asheville City	7	6	4	3	5	4	6	5	15	4	1	No
Camden County	7	2	2	1	8	3	1	1	5	2	1	No
Catawba County	7	7	2	1	4	2	0	2	9	1	1	No
Hickory City	6	6	2	1	2	3	0	2	9	1	1	No
Newton-Conover	6	7	2	1	2	2	0	2	9	1	1	No
Cherokee County	3	4	1	3	3	2	3	2	15	4	1	No

LEA	2003 -04	2002 -03	2001 -02	2000 -01	1999 -00	1998 -99	1997 -98	1996 -97	1995 -96	1994 -95	Years >=8 Days	Eligible for Waiver?
Clay County	3	0	4	2	2	2	0	2	13	5	<i>I</i>	<b>No</b>
Columbus County	5	1	2	0	8	3	0	4	1	1	<i>I</i>	<b>No</b>
Whiteville City	5	1	0	0	8	3	0	4	1	1	<i>I</i>	<b>No</b>
Cumberland County	N/A	3	2	1	9	2	0	4	3	1	<i>I</i>	<b>No</b>
Currituck County	5	2	0	1	10	3	1	1	4		<i>I</i>	<b>No</b>
Duplin County	5	3	0	1	17	3	0	6	2	0	<i>I</i>	<b>No</b>
Edgecombe County	5	3	3	2	19	2	0	1	7	1	<i>I</i>	<b>No</b>
Graham County	5	5	6	5	4	5	6	2	19	6	<i>I</i>	<b>No</b>
Greene County	3	0	0	2	17	2	0	1	4		<i>I</i>	<b>No</b>
Harnett County	7	4	3	0	9	2	0	6	7	1	<i>I</i>	<b>No</b>
Hyde County	3	4	0	1	9	3	0	3	2	1	<i>I</i>	<b>No</b>
Jones County	4	2	0	1	12	2	0	2	1	0	<i>I</i>	<b>No</b>
Lee County	7	4	2	0	9	0	0	2	7	1	<i>I</i>	<b>No</b>
Lenoir County	N/A	2	2	1	18	2	0	4	2	0	<i>I</i>	<b>No</b>
Lincoln County	6	7	2	0	3	1	0	1	8	0	<i>I</i>	<b>No</b>
Macon County	2	3	2	1	3	3	3	1	10	3	<i>I</i>	<b>No</b>
Martin County	5	2	0	2	13	0	0	1	6	1	<i>I</i>	<b>No</b>
Montgomery County	6	7	2	0	12	0	0	1	7	1	<i>I</i>	<b>No</b>
Moore County	N/A		3	0	11	0	0	2	7	0	<i>I</i>	<b>No</b>
Onslow County	5	2	0	1	10	3	1	4	1	0	<i>I</i>	<b>No</b>
Pasquotank County	8	2	2	1	7	3	0	1	5	1	<i>I</i>	<b>No</b>
Perquimans County	9	2	2	1	7	2	1	2	6	1	<i>I</i>	<b>No</b>
Pitt County	7	2	0	2	17	2	0	1	4	1	<i>I</i>	<b>No</b>
Polk County	7	6	1	2	3	2	1	3	9		<i>I</i>	<b>No</b>
Richmond County	5	3	3	0	9	0	0	1	4		<i>I</i>	<b>No</b>
Robeson County	6	3	2	1	8	2	0	2	3	0	<i>I</i>	<b>No</b>
Rutherford County	5	6	2	2	4	2	2	3	8	0	<i>I</i>	<b>No</b>
Sampson County	6	2	3	1	14	2	0	6	3	0	<i>I</i>	<b>No</b>
Clinton City	5	3	2	1	8	2	0	2	1	0	<i>I</i>	<b>No</b>
Scotland County	5	2	2	0	8	2	0	1	3	1	<i>I</i>	<b>No</b>
Stanly County	5	6	0	0	8	0	0	1	7	0	<i>I</i>	<b>No</b>
Swain County	4	5	4	2	5	5	4	1	10	5	<i>I</i>	<b>No</b>
Tyrrell County	8	2	2	0	5	4	0	1	3	1	<i>I</i>	<b>No</b>
Wayne County	5	4	2	1	15	0	0	6	3	1	<i>I</i>	<b>No</b>
Anson County	5	5	2	0	6	0	0	1	4	0	<i>0</i>	<b>No</b>
Cabarrus County	6	7	1	0	6	0	0	1	7	1	<i>0</i>	<b>No</b>
Kannapolis City	6	7	2	0	5	0	0	1	7	1	<i>0</i>	<b>No</b>
Carteret County	5	2	1	1	7	3	0	2	1	1	<i>0</i>	<b>No</b>

LEA	2003 -04	2002 -03	2001 -02	2000 -01	1999 -00	1998 -99	1997 -98	1996 -97	1995 -96	1994 -95	Years >=8 Days	Eligible for Waiver?
Cleveland County	7	6	2	1	2	1	0	2	7	0	0	No
Kings Mountain	5	5	2	0	3	1	0	1	6	0	0	No
Shelby City	5	5	2	0	2	2	0	1	4	0	0	No
Craven County	3	2	2	1	6	2	0	2	3	0	0	No
Gaston County	N/A	6	0	0	4	0	0	0	7	0	0	No
Hoke County	5	4	0	0	6	0	0	1	2	1	0	No
Mooresville City	5	6	2	0	3	2	0	0	7	0	0	No
Mecklenburg County	5	7	2	0	4	0	0	0	6		0	No
New Hanover County	1	2	2	0	7	3	0	7	0	0	0	No
Pamlico County	1	2	0	1	5	3	1	1	2	1	0	No
Union County	5	6	2	0	7	0	0	1	3	0	0	No

*Impact on Utility Costs*

By requiring that school begin later in August, the bill will allow schools to operate on fewer late summer days when temperatures are high and air conditioning systems must run constantly. As a result, LEAs that do not receive waivers from the calendar requirements may save up to 2% of their total annual costs for electricity.<sup>9</sup> Assuming 84% of the total expenditures for electricity in FY 2002-03 were in non-waiver LEAs, the total estimated annual savings is up to \$2.5 million.

**Estimated Annual Reduction in LEA Expenditures for Electricity**

Statewide Total LEA Expenditures for Electricity (FY 2002-03)	Percentage of LEA Expenditures for Electricity in Non-Waiver LEAs	Estimated Reduction in Expenditures	Annual Reduction in Statewide Total LEA Expenditure for Electricity
\$148,490,890	84%	2%	\$2,494,647

**Section Two**

*Impact of Amending Daily Rate of Teacher Pay*

By amending the daily rate of pay for teachers to effectively hold their salaries harmless from any effects of other changes in the bill, section two creates a situation in which teachers (and other ten month certified personnel paid off of the teachers salary schedule) are paid the same salaries for ten fewer days of work. The following are two ways to interpret this situation:

- Teachers receive an increase of 4.8% in their daily rate of pay.
- Schools will be losing 10 days of work, but paying teachers the same salaries.

<sup>9</sup> According to a 2003 estimate by Duke Power Company.  
House Bill 1464 (Second Edition)

The following chart illustrates the costs to the State and LEAs:

**Cost of Paying Teachers and Other Certified Personnel for 10 Days Not Worked**

<b>Type of Employee</b>	<b>Number of State-Paid Employees</b>	<b>Cost of 10 days of Work*</b>	<b>Number of Locally-Paid Employees</b>	<b>Cost of 10 Days of Work**</b>
Teachers	76,314	\$132,040,564	5,973	\$10,334,648
Instructional Support	8,878	\$17,217,670	2,052	\$2,155,717
Assistant Principals	1,735	\$3,748,389	774	\$1,672,192
<b>Total</b>	<b>86,927</b>	<b>\$153,006,623</b>	<b>8,799</b>	<b>\$14,162,557</b>

\*Costs calculated using average salaries from the 6<sup>th</sup> pay period of FY 2003-04.

\*\*Local costs do not include the average local salary supplements. The cost of ten days of average local salary supplements for teachers would add another \$11,531,082. Data on average supplements for instructional support and assistant principals is not available at this time.

**SOURCES OF DATA:** Department of Public Instruction, State Board of Education, Duke Power Company.

**TECHNICAL CONSIDERATIONS:**

1. **Changes to existing school calendars required by bill:** Each LEA’s eligibility for a waiver from the requirements of the act theoretically could change each year as the ten years upon which the waiver is based changes. Most local boards establish their school calendars at least a year in advance of a given school year. Many, particularly the larger LEAs, establish their calendars two years in advance. Given that final school closing data will not be available to local boards until, on average, March of each year, many LEAs will not know at the time that they plan their calendars whether or not they are eligible for a waiver. A number of LEAs have already established a school calendar for the 2005-06 school year. Passage of the bill will require them to change those calendars to comply with the new opening and closing dates. For LEAs that plan their calendars only one year at a time, as is the practice in Virginia, whose waiver policy is the basis for the policy in the bill, no changes to existing calendars should be necessary.
2. **“Hold harmless” clause for non-certified employees:** The bill requires that the annual rate of pay for non-certified employees “not be reduced as the result of this act.” While the requirement does prevent LEAs from reducing the annual pay for these employees specifically because their duties have been reduced “as a result of this act,” LEAs are not prevented from establishing another reason for reducing these employees’ pay. LEAs interested in avoiding a violation of this “hold harmless” clause could find a number of justifications for altering terms of employment (such as moving employees from full-time to part-time) in ways that would effectively reduce employees’ annual rates of pay. It would be very difficult to verify that these changes had been made as a result of the bill.

3. **Effects on high schools employing block scheduling:** Approximately 292 (65%) of the State’s 446 high schools currently employ block scheduling. As a result of the later school start date, these high schools will no longer be able to schedule second quarter exams prior to the winter holiday break.
4. **Use of the term “protected”:** The term “protected” is used in the bill in a manner that is inconsistent with the typical usage in the public schools. This difference will likely be a source of confusion for those familiar with the public schools. In the bill, the term is used to characterize the five local board-designated workdays as being ineligible for scheduling of mandatory professional development or organizational activities. Local boards may still mandate teacher attendance on these days, but these days are “protected” to “allow teachers to complete instructional and classroom administrative duties” and “shall not impose any additional tasks on these days.” In public schools vernacular, the term “protected” is used simply to refer to “required/mandatory” workdays.
5. **Conflicting clauses regarding school closing date:** The bill is inconsistent regarding flexibility in setting the closing date for schools. One sentence states that “the closing date for students shall not be after June 10.” Two sentences later the bill states that “a local board may revise the scheduled closing date if necessary in order to comply with the minimum requirements for instructional days or instructional time.”

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**DATE:** July 1, 2004



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