

Draft Legislation to Address Discussion on School Board Fund Balance

Section 1. 115C-426.2 is rewritten to read

Joint planning.

In order to promote greater mutual understanding of immediate and long-term budgetary issues and constraints affecting public schools and county governments,

- (a) local boards of education and boards of county commissioners are strongly encouraged to conduct periodic joint meetings during each fiscal year. In particular, the boards are encouraged to assess the school capital outlay needs, to develop and update a joint five-year plan for meeting those needs, and to consider this plan in the preparation and approval of each year's budget under this Article. The local board of education shall invite the county commissioners annually to tour all or a portion of the school buildings to assess the capital needs over the next five years.
- (b) the superintendent and finance officer or other person or persons responsible for budget development for each board of education to whom the county provides funding and the county manager and finance officer or other person or persons responsible for budget development for the county shall meet at least quarterly to discuss funding needs to the school systems and the funding capacity of the county, any known federal or state mandates or other factors that would affect funding capacity of the county or funding needs for the schools, the level and use of fund balances of the county and the school systems, fund balance policies if applicable, capital needs over the next five years and any other issue deemed pertinent to the school system budget. The superintendent shall organize the meetings in the even numbered calendar years and the county manager shall organize the meetings in the odd numbered calendar years. In a county with multiple local education agencies, the county manager shall determine whether the meetings will be held separately or jointly.

Section 2 115C-427 is amended to read:

Preparation and submission of budget and budget message.

- (a) Before the close of each fiscal year, the superintendent shall prepare a budget for the ensuing year for consideration by the board of education. The budget shall comply in all respects with the limitations imposed by G.S. 115C-432.
- (b) The budget, together with a budget message, shall be submitted to the board of education not later than May 1. The budget and budget message should, but need not, be submitted at a formal meeting of the board. The budget message should contain a concise explanation of the educational goals fixed by the budget for the budget year, should set forth the reasons for stated changes from the previous year in program goals, programs, and appropriation levels, the current year's unassigned fund balance and the amount of assigned fund balance designated for subsequent year's budget appropriation included in the upcoming year's budget, and should explain any major changes in educational or fiscal policy.