

I am writing to you today on behalf of both the NC School Boards Association (NCSBA) and the NC Council of School Attorneys (NCCOSA). We appreciate the General Assembly's focus last session on principal and assistant principal pay and the increased appropriation. For the last month, NCSBA held district meetings in each of the eight education regions of the state. NCCOSA held a lengthy conference call to discuss implications of the new principal pay plan and a number of school attorneys have contacted NCSBA directly. Based on these meetings and conversations with school board members, school administrators and school board attorneys, we have identified the following issues with the implementation of the principal pay and assistant pay salary schedule and bonus programs. The items highlighted in yellow, you may wish to address during your extra session this week.

Principal Pay

1. Many principals will make more off the assistant principal schedule. This is more likely for a principal serving a school of 400 or fewer students and who only qualifies for base pay. Disproportionately, this group of schools serve elementary grades. According to DPI, approximately 30% of our schools fall into the 400 or fewer student category.
2. There is little to no incentive for individuals considering moving from an assistant principal position to a principal position if they are going to make the same salary and increase his/her workload and responsibility. This is further hindered by the fact that a principal does not even have an opportunity to move off the base salary schedule until they are in their third year as a principal.
3. The salary schedule creates inequities for veteran principals in relation to new principals because the new schedule does not include any recognition of years of experience. A veteran principal who serves a school of 400 or fewer students and whose school has exceeded growth 2 out of the last 3 years would make the same as a brand new principal paid on base at a 1,300 plus student school.
4. Many school officials are concerned that the hold harmless for pay to 2016-17 will not be extended past this fiscal year.
5. Many veteran principals are considering retiring after this school year due to the issues identified in #3 and #4.
6. G.S. 115C-287.1 and G.S.115C-325.4 provides the process to demote a principal. The applicable definition of demotion in G.S.115C-325(a)(4) states, "*Demote means to reduce salary of a person who is classified or paid by the State Board of Education as a classroom teacher or as a school administrator. The word "demote" does not include...(ii) the elimination or reduction of bonus payments, including merit based supplements...*" If it is the intent of the General Assembly for a principal to move up and down the state salary schedule, then you may wish to consider either changing the definition of "demote" or potentially defining the "met growth" and "exceed" portions of the schedule as "merit based supplements." Without a change, LEAs will likely be responsible for the pay differential from local taxpayer dollars which could be as high as \$14,720 for a single principal. Even if the principal's contract makes reference to the state salary schedule, the reduction in pay will ultimately be litigated if a principal's state pay is reduced and there is not some change due to the definition above.

7. Principals are initially on two to four-year contracts with all renewed contracts being four years. While not universal, some contracts have a specific dollar amount salary based upon the previous salary schedule and local supplements. The notion of salaries moving up and down based on performance was not contemplated in the existing contracts signed before the current structure was adopted. This is especially problematic for principals who became principals starting this school year and are not covered by the hold harmless pay provision.
8. We have been notified by one district that their contracts have specific demotion language included. Those LEAs will be bound to that language for the term of the contract.

Principal Bonuses

1. The bonus program, worth \$5,000/\$10,000, is only available to principals that either did not meet growth or met growth in 2015-16 and then exceeded growth in 2016-17. This means our most accomplished principals who exceeded growth both years, will not earn this reward. According to DPI, there may be as many as 235 principals in this category.
2. Principals who exceeded growth in 2016-17 and either did not meet or met growth in 2015-16 and exceeded growth in 2014-15 earn a salary on the exceed column of the salary schedule and receive the \$5,000/\$10,000 bonus while the principal who has exceeded growth all three years is not eligible for the bonus.

Note: If the goal of the bonus is to attract high performing principals to low performing schools, then placing their salary at risk (potentially knocking them down from the exceed pay), decreasing their bonus as they move their school from a grade D or F (\$10,000) to a grade A, B, or C (\$5,000), and not providing any incentive upfront to move to the school, is not likely to be a successful strategy. The General Assembly may wish to consider a substantial restructuring of the bonus to attract principals who have exceeded growth at his/her previous school or saw success at turning around low performing schools. It is more likely that a principal would be willing to take on the challenge of a low performing school if he/she is given a bonus to make the move to the school and is assured that their pay will not be affected. Dependent upon the circumstances, it takes time to take a school that has been low performing and not meeting growth to one that exceeds growth. NCSBA would be happy to participate in any discussions going forward on what might be a successful way to attract and retain top notch principals for these schools.

Assistant Principal Pay

1. The hold harmless for assistant principals who are paid off the teacher salary schedule for 2016-17 is now tied to the A teacher salary schedule. There is a group of assistant principals who have a significant number of years of experience and are nationally board certified. These individuals were paid last year off the teacher salary schedule plus longevity plus the national board certification supplement. Because the hold harmless did not include the national board certification bonus, these individuals will not pull down the same amount of state pay as they did last year. This creates an unfunded mandate to the

LEAs because this would be deemed a demotion under G.S.115C-324(a)(4) (see #6 above) and the LEA would have to pay the hold harmless salary amount. **To accomplish this, "pursuant to Section 9.2 of SL 2016-94" merely needs to be struck in Section 8.5(e)(2)(a) and (3).**

As you continue to examine principal and assistant principal pay, please let us know if there are ways that NCSBA and NCCOSA can assist you in modifying the salary structure to ensure our talented human capital succeeds in these critical leadership roles. Bruce Mildwurf, Richard Bostic or I are available this week while you are in special session if you wish to discuss this.

Sincerely,

Leanne E. Winner
Director of Governmental Relations
NC School Boards Association