



LEGISLATIVE UPDATE

May 22, 2015

The House passed [HB 97](#), its budget proposal, after 1 a.m. this morning (93:23), after over 60 amendments were taken up on the floor from Thursday afternoon through the night. The budget bill will now go to the Senate where its budget volley back is expected in June. The week’s recap includes Tuesday’s House Appropriations Committee where members offered 104 amendments – apparently a Committee record. On Thursday afternoon, Speaker of the House Tim Moore and other members of House leadership held a [press conference](#) to discuss the budget proposal and compromises struck this week. Notably, Speaker Moore indicated that this budget is a “very very pro-education budget” and that the toll of post-recession state cuts endured by our schools are mitigated in this proposal.

Some of the big ticket items of good news are as follows:

1. Full funding of the student enrollment growth (over \$100 million each year);
2. Two-percent pay increase for all teachers and state employees;
3. Raising beginning teachers’ salaries to \$35,000;
4. Reinstatement of masters’ pay for certain qualified personnel;
5. No cuts to teacher assistants;
6. Increase to textbook and digital resources funding: \$43.5 million (recurring);
7. Reinstatement of Driver Education funding.

For detailed budget analysis, including salary schedule and benefits information, please visit DPI’s Financial and Business Services Division under “What’s New” <http://www.ncpublicschools.org/fbs/>.

House Budget: K-12 Money Report Highlights:

(This chart does not reflect all K-12 line items. The House budget, incorporating yesterday’s amendments, will be online in the next few days. Please [check here](#) for the up-to-date version next week; see mid-page on left under “News and Information,” “Committee Report.”)

Expansion Item	FY 2015-16	FY 2016-17														
1. Compensation Increase – Educators	169, 417,383 (R)	169, 417,383 (R)														
<p>Funds several changes to the Statewide teachers salary schedule, including a 2% increase in all tiers of the salary schedule, an increase in starting pay from \$33,000 to \$35,000 per year, an experience-based step increase for educators earning a year of creditable experience, and a sixth tier for school psychologists, speech pathologists and school audiologists.</p> <table style="margin-left: auto; margin-right: auto; border: none;"> <thead> <tr> <th colspan="2" style="text-align: center;"><u>Monthly Teacher Salary Schedule</u></th> </tr> </thead> <tbody> <tr> <td style="padding-right: 20px;">0-4 years</td> <td style="text-align: right;">\$3,500</td> </tr> <tr> <td>5-9</td> <td style="text-align: right;">3,723</td> </tr> <tr> <td>10-14</td> <td style="text-align: right;">4,080</td> </tr> <tr> <td>15-19</td> <td style="text-align: right;">4,437</td> </tr> <tr> <td>20-24</td> <td style="text-align: right;">4,743</td> </tr> <tr> <td>25+</td> <td style="text-align: right;">5,100</td> </tr> </tbody> </table>			<u>Monthly Teacher Salary Schedule</u>		0-4 years	\$3,500	5-9	3,723	10-14	4,080	15-19	4,437	20-24	4,743	25+	5,100
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2. Compensation Increase - SBAs	10,842,283 (R)	10,842,283 (R)
Provides funds for a 2% increase in the School-Based Administrator salary schedule and an experience-based step increase for SBAs earning a year of creditable experience. SBAs at the top of the salary schedule are provided an \$809 bonus to ensure that their compensation is 2% more than their FY 2014-15 compensation.		
3. Compensation Increase - LEA	27,389,470 (R)	27,389,470 (R)
Provides funds for a 2% salary increase for noncertified personnel, central office personnel, and other state-funded employees of LEAs.		
4. Compensation Increase - DPI	1,345,840 (R)	1,345,850 (R)
Provides funds for a 2% salary increase for state agency employees. In addition, funds are appropriated for the changes to the statewide teacher salary schedule that affect state agency teachers within DPI.		
5. State Retirement - LEA Personnel	26,382,150 (R)	20,073,375 (R)
Increases the state's contribution for members of the Teachers' and State Employees' Retirement System to fund the annual required contribution, provides a 2% cost-of-living adjustment to retirees, provides additional benefits to probation/parole officers, and funds retiree medical premiums.		
6. State Health Plan - LEA Personnel	15,339,011 (R)	15,339,011 (R)
Provides additional funding to reflect the possible passage of HB 56 and continue health benefit coverage for enrolled active employees supported by the General Fund for the 2015-2017 fiscal biennium.		
7. Average Daily Membership (ADM)	100,236,542 (R)	207,195,864 (R)
Revises allotted ADM to reflect an estimated 17,338 more students in school year 2015-2016 and 17,701 in school year 2016-2017.		
8. Teacher Assistants	88,855,273 (R)	88,855,273 (R)
Changes a prior lottery receipt appropriation for teacher assistants to an appropriation from the General Fund.		
9. Low Wealth Supplemental Funding	(8,500,000) (R)	(8,500,000) (R)
Adjusts the supplemental allotment for school districts in low wealth counties to align funding availability with formulaic requirements. \$207.1 million would be available for this allotment. Also, increases the allotments for three LEAs, as follows: <ul style="list-style-type: none"> • Cumberland County Schools - \$3,000,000 • Onslow County Schools - \$1,000,000 • Craven County School - \$500,000 		
10. Driver Training	26,376,131 (NR)	
Restores state funding for driver education programs administered at the LEA level using non-recurring money from the General Fund in FY 2015-2016 and recurring money from Civil Fines and Forfeitures in FY 2016-2017.		
11. Elevating Educators Act of 2015	200,000 (R)	10,000,000 (R)
Funds a new 3-year pilot program for LEAs to apply for funds to implement advanced teacher roles with additional pay.		
12. Textbooks and Digital Resources	43,500,000 (R) 4,800,000 (NR)	43,500,000 (R)
Increases funding for textbooks and digital resources, bringing total funding for this allotment to \$72.6 million in FY 2015-16 and \$67.8 million in FY 2016-17.		

13. School Connectivity Initiative	12,000,000 (R)	12,000,000 (R)
Supports initiative to bring broadband connectivity to all K-12 public school classrooms in the state. This level of support is anticipated to leverage approximately \$60 million in additional federal E-Rate funds over the biennium. Total state funding for School Connectivity will be \$31.9 million.		
14. Digital Learning Plan	9,000,000 (R)	9,000,000 (R)
Supports aspects of the state's Digital Learning Plan. \$4 million is allocated to establish regional support organizations to provide technology support services to LEAs. \$5 million is allocated to support professional development for digital learning education leaders in each LEA. The SBE is to contract with the Friday Institute to support these activities.		
15. Regional Leadership Academies	3,900,000 (NR)	
Non-recurring support to continue efforts of the three RLAs that develop new school administrators in the Northeast, Sandhills, and Piedmont-Triad regions.		
16. AP/IB Teacher Bonuses	3,900,000 (R)	4,300,000 (R)
Funding for a \$50 bonus payment (per student) to teachers of record for students achieving high grades on either the Advanced Placement (AP) or International Baccalaureate (IB) exams (3 or higher on AP; 4 or higher on IB).		
17. CTE Teacher Bonuses	600,000 (R)	600,000 (R)
Funding for a \$25 or \$50 bonus payment (per student) to teachers of record for students who complete a career and technical education class and gain an industry certification and/or credential.		
18. RESAs	2,400,000 (R)	2,400,000 (R)
Funding for recurring \$300,000 grants to each of the state's eight Regional Education Service Alliances to provide professional development to teacher and LEA personnel. The SBE would be directed to collaborate with the RESAs to provide the training.		
19. Distinguished Ldrshp. in Practice	300,000 (NR)	
Provides non-recurring funding to the NC Principals and Assistant Principals' Association to continue implementation of this program for practicing school principals.		
20. Microsoft Statewide Agreement	2,600,000 (R)	2,700,000 (R)
Funding for DPI to enter into a statewide cooperative purchasing agreement with Microsoft to make Microsoft Office products available to every student and staff member in NC public schools at no cost to LEAs or students.		
21. School Safety Support Personnel	1,700,000 (R)	1,600,000 (R)
Funding for LEAs, regional schools, and charter schools to hire additional school psychologists, counselors, and social workers.		
22. ADM Contingency Reserve Fund	2,715,000 (R)	2,715,000 (R)
Increases funding for the ADM Contingency Reserve Fund to offset the potential costs to LEAs associated with two virtual charter school pilots beginning operation in the 2015-2016 school year. Also, \$215,000 was added to this fund for potential additional costs associated with a pilot dropout prevention charter school set to open August 2015.		
23. Charter School Accelerator	1,000,000 (R)	1,000,000 (R)
Funds a pilot program administered by Parents for Educational Freedom in North Carolina (PEFNC) intended to accelerate charter school development in rural North Carolina.		

24. Competency Education Pilot	2,000,000 (R)	2,000,000 (R)
Funds a competency education pilot developed by North Carolina New Schools Project, Inc. (NCNSP), as part of its public and private partnership with LEAs to advance education innovation. NCNSP would establish three pilot programs through an RFP process.		
25. NC New Teacher Support Program	1,500,000 (R)	1,500,000 (R)
Increases funding to this program within the UNC System, which targets beginning teachers in schools across the state that qualified for Race to the Top services. The program is administered through a central office and four regional anchor sites at UNC Greensboro, UNC Charlotte, East Carolina University, and the UNC Center for School Leadership Development.		
26. Teacher Recruitment & Retention	200,000 (R)	1,000,000 (R)
Establishes a new teacher scholarship loan program. The program is intended to recruit teachers for placement in hard-to-staff schools or subjects.		
27. Principal Preparation	500,000 (R)	9,500,000 (R)
Creates a competitive grant program for principal development to be administered by the State Education Assistance Authority.		
28. Opportunity Scholarships	6,800,000 (NR)	
Increases funding for the Opportunity Scholarship program for one year. Total FY 2015-2016 funding would be \$17.6 million.		
29. Transportation	(20,079,807) (R)	(20,079,807) (R)
Reduces the total transportation allotment by approximately 4% to reflect a lower cost for diesel fuel (\$2.35/gallon vs. \$3.15/gallon, as previously projected).		

House Budget: K-12 Special Provisions Highlights:

(This summary does not reflect all K-12 provisions in the House budget proposal. Please [check here](#) for the full bill with up-to-date Special Provisions.)

Section 8.10 NCVPS Revenues

Would provide North Carolina Virtual Public School (NCVPS) with an exemption from the Umstead Act, thereby allowing NCVPS to sell seats in its courses to out-of-state students, provide professional development courses, and provide consulting services to other states' virtual schools.

Section 8.11 NCVPS Alternative Funding Formula

Would allow the SBE to adopt an alternative funding formula for NCVPS for use by LEAs and charter schools in order for schools to fully enroll all interested students in these courses. Districts and schools may elect to use this alternative formula instead of the current formula.

Section 8.12 Competency-Based Learning and Assessments

Would direct the SBE to evaluate the feasibility of a statewide system of testing and assessments applicable for all elementary and secondary public school students that utilizes competency-based learning assessments to measure performance and growth. The provision states that a competency-based student assessment system should provide that (i) students advance upon mastery, (ii) competencies are broken down into explicit and

measurable learning objectives, (iii) assessment is meaningful for students, (iv) students receive differentiated support based on their learning needs, and (v) learning outcomes emphasizing competencies that include the application and creation of knowledge.

Section 8.14 Collaborative Procurement

Would direct DPI to collaborate with the Friday Institute at North Carolina State University to continue to implement public school cooperative purchasing agreements for the procurement of information technology goods and services to support public schools, available for LEAs, regional schools, and charter schools to leverage economies of scale and reduce costs.

Section 8.21 *Read to Achieve* Changes

This section includes basically the same changes to *Read to Achieve* as in [HB 727](#) and [HB 673](#), which was summarized in the [May 1 Legislative Update](#).

Section 8.23 Education-Based Supplements for Certain Teachers

This section would repeal the prior repeal of masters pay. It would provide for the following teachers and instructional support personnel to be classified as "M" teachers or those who receive a salary supplement for academic preparation at the six-year degree level or at the doctoral degree level for the 2015-2016 school year and beyond:

1. Certified school nurses and instructional support personnel in positions for which a master's degree is required for licensure.
2. Teachers and instructional support personnel who were paid on the "M" salary schedule or received that salary supplement prior to the 2014-2015 school year.
3. Teachers and instructional support personnel who (i) complete a degree at the master's, six-year, or doctoral degree level for which they completed at least one course prior to August 1, 2013, and (ii) would have qualified for the salary supplement pursuant to State Board of Education policy, TCP-A-006, as it was in effect on June 30, 2013.
4. Teachers and instructional support personnel who do not qualify under subdivisions (1), (2), and (3) of this subsection but who spend at least seventy 70% of their work time, as follows:
 - a. For teachers, in classroom instruction related to their graduate academic preparation in their field or subject area within their area of licensure.
 - b. For instructional support personnel, performing work within the employee's area of graduate academic preparation.

Beginning with the 2015-2016 fiscal year and subsequent fiscal years, for teachers who are classified as "M" teachers under 4.b., determination of whether teachers and instructional support personnel shall be classified as "M" teachers or receive a salary supplement for academic preparation shall take place on an annual basis. Teachers and instructional support personnel may be removed from the classification as an "M" teacher or discontinue receiving salary supplements if they are not meeting those requirements in that year.

Section 8.24 NC Elevating Educators Act/Advanced Teaching Roles

This section is a highly-amended version of [HB 662](#) (which did not pass the House). This provision outlining a three-year pilot is only three-and-a-half pages, whereas HB 662 had been over eight pages. Now, the new “NC Elevating Educators Act” would have SBE establishing a pilot to develop advanced teaching roles and concomitant salary supplements in up to 10 LEAs. SBE would issue a request for proposal by September 15, 2015, and LEAs would submit proposals by January 1, 2016, with SBE selecting up to 10 by March 15, 2016, with the pilots to begin in the 2016-17 school year. The proposals must meet a series of criteria, including, but not limited to:

1. Minimum qualifications for “advanced teaching roles” (e.g., advanced certifications, an “accomplished” rating on Standards 1-5 of the Teacher Evaluation Instrument, or exceeding expected student growth based on three years of teacher evaluation data);
2. Additional job responsibilities beyond the classic classroom teaching duties (e.g., mentoring, leading a “collaborative teaching community,” coaching other teachers in highly effective instruction, etc.);
3. Publishing the criteria so that teachers and the public can access it;
4. Eligibility requirements and other criteria for maintaining the new “advanced teaching role;”
5. Salary supplements for such roles up to thirty percent of the state teacher salary schedule;
6. Develop measures for how the “advanced teaching role” plan will accomplish all of the following:
 - a. Improve the quality of classroom instruction and increase school-wide growth;
 - b. Increase the attractiveness of teaching;
 - c. Encourage the recognition, impact, and retention of high-quality teachers; and
 - d. Assist and retain beginning teachers.

The House budget would appropriate \$200,000 in 2015-16 for start-up costs and \$10,000,000 in 2016-17 for the salary supplements, development costs and transition costs, etc.

Section 8.31 Textbooks and Digital Resources Allotment/Use of Funds

This amendment adopted on the House floor would add further requirements to G.S. 115C-105.25(c) directing LEAs to provide a description on its website of any transfer of funds from the Textbooks and Digital Resources Allotment into another allotment category with an explanation of why the transfer was made. It would also require a chart that clearly reflects how the LEA spent state funds.

Section 11.9 Transforming Principal Preparation

This section is the same as [HB 902](#) that the House previously passed. The provision would establish a new competitive grant program administered by the State Education Assistance Authority (SEAA), through a cooperative agreement with a separate, unnamed, private nonprofit corporation to provide funds for the preparation and support of highly effective

future principals. The bill seeks to transform the preparation of principals. For-profits, nonprofits, and institutions of higher education would be eligible to receive the competitive grants. The timeline set forth in the bill would have the SEAA issue a Request for Proposal for eligible nonprofits by September 1, 2015, with a decision on the selected nonprofit by January 1, 2016. \$9,500,000 (recurring) would be appropriated in FY 2016-2017 for awarding of grants and administration of the program.

Section 11.10 Teacher Recruitment and Scholarships

This section is the same as [HB 661](#) that the House previously passed. The provision would create the new “North Carolina Competitive Teaching Scholarship Program” to be administered by the SEAA, which would award scholarships of up to \$8,500 to at least 1,000 candidates each year who will teach for four years in either a hard-to-staff school or hard-to-staff position. \$1,000,000 (recurring) would be appropriated in FY 2016-2017 for the scholarships.

Section 30.9A Special Annual Leave Bonus

Full-time permanent employees of the state, LEAs, and community colleges would be provided an additional five days of annual leave credited on July 1, 2015. The additional leave would be accounted for separately from existing annual leave and would remain available until used. Part-time permanent employees would receive a pro rata amount of the five days.

Relevant Bills on the Floor This Week:

HB 113 Protect Our Students Act

On Wednesday, the Senate Judiciary I Committee approved HB 113, and the Senate amended and passed it on Thursday. It will now go back to the House for concurrence on the Senate changes. The bill would increase the criminal penalty from a Class A1 misdemeanor to a Class I felony for a defendant who is school personnel, other than a teacher, school administrator, student teacher, school safety officer, or coach, and is less than four years older than a student and engages in a sex act or indecent liberties with a student. There are, of course, other criminal charges that apply to those who engage in illegal sex acts with students. This bill would also establish a procedure for colleges, community colleges, and universities to obtain a list of students and employees of their respective institution who are registered sex offenders. The bill was amended to clarify that employees of nonpublic, charter, and regional schools would also be covered under this bill.

HB 189 Rockingham County School Board

On Tuesday, the Senate Committee on State and Local Government amended and approved HB 189. The Senate passed it on Wednesday, and it will now go to the House for potential concurrence with Senate changes. The bill would consolidate the number of school board members for Rockingham County from eleven to nine beginning in 2016. Four of the members would be elected from designated districts specified in the act and five would be elected at-large. Beginning in December 2018, the Rockingham Board would be further

reduced to seven members, with four elected from the designated districts and three elected at-large.

Also, beginning in 2016, the election would be on a partisan basis with candidates nominated in the same manner as other county officers. In the event of vacancies, the Rockingham County Board of Commissioners would choose a replacement from the same political party as the vacating member to serve until such term expires.

[HB 355](#) Evidence Passed Vehicle is a School Bus

On Thursday, the Senate Judiciary II Committee amended and approved HB 355. The Senate is scheduled to hear the bill on Tuesday, May 26. The bill would provide criteria to prove that a school bus was in fact a school bus if it is passed by another vehicle in violation of the law. The bill was amended to require that the SBE develop instruction in school bus safety for LEAs to provide to all elementary school students each year beginning with the 2015-2016 school year. Further, DPI and the Department of Transportation would be directed to study procedures that may be employed, and equipment that may be utilized, to increase the safety of children boarding and exiting school buses. DPI would be directed to report its findings and recommendations to the General Assembly by January 15, 2016.

[HB 237](#) Repeal Personal Education Plans (PEPs)/Modify Transition Plans

On Thursday, the House concurred with Senate changes made to this bill last week. It will now go to the Governor's desk for his consideration. The bill would repeal the requirement for PEPs, but would not repeal the requirement to identify and help at-risk students. It would also require school improvement teams to develop plans for at-risk students to assist them in making successful transitions between elementary, middle and high school years.

Other Bills with Action this Week:

[HB 110](#) Cherokee/Rutherford/Clay Boards of Education Election (West)

- House concurred with Senate
- Ordered enrolled

[HB 232](#) Study/Update Bicycle Safety Laws (Whitmire, Shepard, Jeter)

- Favorable report from the Senate Committee on Transportation
- Passed the Senate on Thursday, May 21

[HB 295](#) Juvenile Media Release (Boles)

- Favorable report from the Senate Committee on Judiciary 1
- Passed the Senate on Wednesday, May 20

[HB 878](#) Expand Board of Trustees/School of Science and Math (Jordan, Blackwell)

- Ratified
- Presented to the Governor on Tuesday, May 19

[HB 879](#) Juvenile Code Reform (Jordan, Glazier, McGrady, Avila)

- House concurred with Senate
- Ordered enrolled

Meetings May 25 - 28:

Tuesday, May 26

1:00 PM House Session

2:00 PM Senate Session

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