



LEGISLATIVE UPDATE

May 20, 2016

The House passed [HB 1030](#) 2016 Appropriations Act with bipartisan support and a final vote count of 103-12. This House budget will go to the Senate, which will be releasing a budget proposal of its own in the near future. For detailed information on budget line items and the proposed [teacher salary schedule](#), please see our Financial and Business Services' [Comparison of the 2016-17 Proposed Budgets](#) and [House Budget Summary](#).

The House budget proposal includes [teacher raises and step increases](#), among other items. The House's budget contains an *on average* 4.1% raise for teachers, including 2% raises for those with 25+ years of experience. Some teachers would also receive a one-time bonus of \$1,000. Meanwhile, most other state employees would receive a 2% raise, along with a one-time \$500 bonus. State retirees would receive a 1.6% cost-of-living adjustment (COLA).

House Proposed Teacher and Instructional Support Compensation

Years	2015-2016 Current "A" Salary Schedule	Increase to Salary Schedule	2016-17 Proposed Salary Schedule	Increase with Step	% increase with Step	2016-17 Proposed Bonus(1)
0	\$35,000	\$0	\$35,000			\$1,000
1	\$35,000	\$0	\$35,000	\$0	0.0%	\$1,000
2	\$35,000	\$0	\$35,000	\$0	0.0%	\$1,000
3	\$35,000	\$0	\$35,000	\$0	0.0%	\$1,000
4	\$35,000	\$0	\$35,000	\$0	0.0%	\$1,000
5	\$36,500	\$1,500	\$38,000	\$3,000	8.6%	\$0
6	\$36,500	\$1,500	\$38,000	\$1,500	4.1%	\$0
7	\$36,500	\$1,500	\$38,000	\$1,500	4.1%	\$0
8	\$36,500	\$1,500	\$38,000	\$1,500	4.1%	\$0
9	\$36,500	\$1,500	\$38,000	\$1,500	4.1%	\$0
10	\$40,000	\$2,000	\$42,000	\$5,500	15.1%	\$0
11	\$40,000	\$2,000	\$42,000	\$2,000	5.0%	\$0
12	\$40,000	\$2,000	\$42,000	\$2,000	5.0%	\$0
13	\$40,000	\$2,000	\$42,000	\$2,000	5.0%	\$0
14	\$40,000	\$2,000	\$42,000	\$2,000	5.0%	\$0
15	\$43,500	\$1,500	\$45,000	\$5,000	12.5%	\$0
16	\$43,500	\$1,500	\$45,000	\$1,500	3.4%	\$0
17	\$43,500	\$1,500	\$45,000	\$1,500	3.4%	\$0
18	\$43,500	\$1,500	\$45,000	\$1,500	3.4%	\$0
19	\$43,500	\$1,500	\$45,000	\$1,500	3.4%	\$0
20	\$46,500	\$1,500	\$48,000	\$4,500	10.3%	\$0

Years	2015-2016 Current "A" Salary Schedule	Increase to Salary Schedule	2016-17 Proposed Salary Schedule	Increase with Step	% increase with Step	2016-17 Proposed Bonus(1)
21	\$46,500	\$1,500	\$48,000	\$1,500	3.2%	\$0
22	\$46,500	\$1,500	\$48,000	\$1,500	3.2%	\$0
23	\$46,500	\$1,500	\$48,000	\$1,500	3.2%	\$0
24	\$46,500	\$1,500	\$48,000	\$1,500	3.2%	\$0
25	\$50,000	\$1,000	\$51,000	\$4,500	9.7%	\$1,000
26	\$50,000	\$1,000	\$51,000	\$1,000	2.0%	\$1,000
27	\$50,000	\$1,000	\$51,000	\$1,000	2.0%	\$1,000
28	\$50,000	\$1,000	\$51,000	\$1,000	2.0%	\$1,000
29	\$50,000	\$1,000	\$51,000	\$1,000	2.0%	\$1,000
30	\$50,000	\$1,000	\$51,000	\$1,000	2.0%	\$1,000
31	\$50,000	\$1,000	\$51,000	\$1,000	2.0%	\$1,000
32	\$50,000	\$1,000	\$51,000	\$1,000	2.0%	\$1,000
33	\$50,000	\$1,000	\$51,000	\$1,000	2.0%	\$1,000
34	\$50,000	\$1,000	\$51,000	\$1,000	2.0%	\$1,000
35	\$50,000	\$1,000	\$51,000	\$1,000	2.0%	\$1,000
36	\$50,000	\$1,000	\$51,000	\$1,000	2.0%	\$1,000
37	\$50,000	\$1,000	\$51,000	\$1,000	2.0%	\$1,000

(1) Eligibility is determined based on the step the teacher is on July 1, 2016

The chart below provides a comparison between the salary provisions of the Governor and House budgets:

Salary and Benefits		
	Governor	House
Teachers and Instructional Support		
Step	4.95%	4.10%
Average increase w/o Step		
Bonus		
Teachers	\$1,100 0-24 years	\$1,000 0-4 years Subject to Retirement
	\$5,000 25 years and above	\$1,000 25 years & above Subject to Retirement
Other certified personnel	3.5% average (max \$3,500) (1)	Same as teachers
School Based Administrators		
Step	1.22% average	Step + 2% increase in schedule
Bonus	3.5% average (max \$3,500) (1)	\$500 only for those who do not receive a step increase Not subject to Retirement
Non Certified and Central Office		
Bonus	3.0% average (max \$3,000) (1)	\$500 Not subject to Retirement

(1) Not guaranteed – amount per person is at the discretion of the LEA

Here is a quick rundown of key provisions (not exhaustive list) from the House budget:

	House Budget Item	Description	Dollars
1.	ADM Growth	<i>Fully funds net student population increase of 5,875 students.</i>	\$46,781,057
2.	Literacy Coaches to Support Read to Achieve	<i>Literacy coaches in the lowest-performing 20% of elementary schools.</i>	\$25,000,000 R ¹
3.	Read to Achieve 1st and 2nd Grade Reading Camps	<i>1st and 2nd grade students who are identified as reading below grade level.</i>	\$10,000,000 NR
4.	AP/IB Teacher Bonuses	<i>Provides a \$50 per-student bonus to such teachers whose students achieve scores of 3 or higher on AP exams or 4 or higher on IB exams. Bonuses per teacher are capped at \$2,000.</i>	\$4,300,000 R
5.	Salary Supplement for National Board Certified Instructional Coaches	<i>Ensures a 12% salary supplement for such coaches.</i>	\$1,309,335 R
6.	Instructional Supplies	<i>Brings the total net appropriation for instructional supplies to \$49.5 million.</i>	\$5,000,000 NR
7.	Digital Learning Plan	<i>Accelerates the implementation of the Digital Learning Plan, including leadership development and professional development for teachers.</i>	\$9,400,000 NR
8.	Textbooks and Digital Materials	<i>LEAs may use funds for textbooks and digital materials, and Home Base. Total appropriation: \$73.2 million.</i>	\$11,670,000 NR
9.	Teacher Compensation Models and Advanced Teaching Roles	<i>3-year pilot program to be administered by the State Board of Education where LEAs can develop models of advanced pay for advanced teaching (e.g., differentiated pay plans).</i>	\$1,000,000 R \$100,000 NR
10.	Distinguished Leadership in Practice	<i>Funds this principal leadership development program through NC Principals and Assistant Principals Association (NCPAPA).</i>	\$600,000 NR
11.	Teach for America	<i>Converts recurring funding to nonrecurring.</i>	\$6,000,000 NR
12.	Principal Preparation	<i>Funds the 2015 program, where revised net appropriation would be \$8.5 million.</i>	\$7,500,000 R
13.	NCSTAR	<i>NC Scholarship for Teacher Advancement and Retention, merit-based teaching scholarship</i>	\$2,000,000
14.	Special Education Scholarships	<i>Increases funding by 137% for grants of up to \$4,000 per semester, bringing total funding to \$10 million.</i>	\$5,800,000
15.	Pre-K State Funds	<i>Funds 800 additional children, bringing total number to 29,400.</i>	\$4,000,000
16.	Driver Education	<i>Uses proceeds from the new motor vehicle registration late fee under G.S. 20-88.03</i>	27,393,768
17.	Sewer and Water Projects	<i>Assists local LEAs with water and sewer projects.</i>	\$4,000,000 NR

¹ “R” means recurring funds, “NR” means nonrecurring.

As is par for the course during budget debates, budget amendments were presented and debated. Some successful amendments of interest to public schools include:

1. An [amendment](#) to maintain the current allowable withdrawal rate threshold at 25% for the two Virtual Charter School Pilots and to keep to the “withdrawal” definition as it was in FY 2015-16.
2. An [amendment](#) that changes the Virtual Charter School definition of a “withdrawal” to not include students who withdraw because they moved to another state, or because of a medical or family reason. It would also not include students who withdraw within the first 30 days of their enrollment.
3. An [amendment](#) requiring local superintendents to share student information on disabilities with the residential schools with parental consent. This amendment also includes language to conform with federal student privacy laws.

Other noteworthy items in the House budget include:

1. Pre-K Building Standards would be revised as follows: “Notwithstanding G.S. 110-91, private child care facilities and public schools operating prekindergarten classrooms shall meet the building standards for preschool students as provided in G.S. 115C-521.1.” *See* HB 1030, Section 12B.1, “NC Pre-K/Clarify Building Standards.”
2. An increase in the standard tax deduction of up to \$2,000. The intent is to phase in at \$500 per year over four years.
3. A favorable study to identify all school-based health services that are eligible for Medicaid federal matching funds to be conducted by the Department of Health and Human Services, Division of Medical Assistance (DMA). *See* HB 1030, Section 12H.9.
4. Changes to the Qualified Excess Benefit Arrangement (QEBA) such that the sunset of “retiring on or after August 1, 2016” is changed to an ineligibility for QEBA for those “who became a member of the Retirement System on or after January 1, 2015....” *See* HB 1030, Section 36.23(a).

Education-Related Bills

[HB 1134](#) Admin. Changes to Retirement System/Treasurer

This bill, filed Wednesday, sets a new minimum retirement age, 55, for newly-hired state employees first hired on January 1, 2017, or thereafter. This is partially in response to new federal regulations on the retirement age that go into effect on the same day – January 1, 2017. The bill also provides for longer payment plans for pension spiking, meaning that the Treasurer’s Department can provide payment plans of up to 27 months, as opposed to current law, which stipulates 12 months. There are a host of other retirement changes, largely technical; therefore, please have your HR/Benefits experts read the legislation carefully.

[HB 474](#) Exclude Yr-Round Track-Out Program/Child Care

On Tuesday, the Senate approved the amended HB 474, which would grant an exemption to “track-out” programs provided for school-aged children enrolled in year-round schools. This exemption would exclude such programs from the statutory definition of “child care” under G.S. 110-86(2). Its next step is a concurrence vote in the House.

Other Relevant Bills with Action This Week:

1. [HB 1012](#) ([SB 796](#)) Study Allocation of CC Subsidies/Waitlist
 - Referred to Senate Committee on Health Care
2. [HB 1013](#) ([SB 797](#)) Study Alignment of CC Services Applications
 - Referred to Senate Committee on Health Care
3. [HB 1014](#) NC Pre-K Conforming Change/Taylor’s Law
 - Referred to Senate Committee on Health Care
4. [HB 1030](#) 2016 Appropriations Act
 - [Money Report](#)
 - [Appropriations Amendments](#)
 - [House Floor Amendments](#)
5. [HB 1040](#) ([SB 800](#)) Study Costs Associated With NC Pre-K Slots
 - Passed the House sent to the Senate (HB 1040)
 - Referred to Senate Committee on Health Care (SB 800)
6. [HB 1133](#) Partisan Election/Transylvania Bd. of Ed
7. [HB 1134](#) Admin. Changes Retirement System/Treasurer
8. [SB 726](#) Internal Revenue Code (IRC) Update
 - Senate Conference Committee Appointed
 - House Conference Committee Appointed
9. [SB 727](#) Moore County Local Sales Tax Use Restriction
 - Referred to Senate Finance
10. ([SB 792](#)) [HB 1036](#) State IT Contracts/Contractor Liability
 - Referred to House Judiciary I (HB 1036)
 - Referred to Senate Committee on Information Technology (SB 792)
11. [SB 818](#) Increase the Zero Tax Bracket
 - Placed on Senate Calendar for Monday, May 23,2016

12. [SB 838](#) ([HB 968](#)) Medicaid Transformation Modifications
 - Passed the Senate (SB 838)
 - Referred to House Appropriations (HB 968)
13. [SB 877](#) ([HB 1126](#)) Red Light Cameras/City of Greenville
14. [SB 881](#) Union County School Funding

Committee Meetings/Session: May 23-26

Monday, May 23:

- 4:00 PM Senate Session
- 5:00 PM House Session

Tuesday, May 24:

- 9:00 AM House Committee on Finance, Subcommittee on Occupancy Tax, 544 LOB
- 10:00 AM House Committee on Pensions and Retirement, 415 LOB
 - HB 960 Retirement Creditable Service Charter Schools
 - HB 964 Commission Membership Winston-Salem Ret. Fund
 - HB 1011 Retirement Technical Corrections Act of 2016
 - HB 1027 Study Unfunded Liability/Retiree Health Fund
- 12:00 PM Senate Committee on State and Local Government, 423 LOB
- 12:00 PM House Committee on Transportation, 643 LOB
 - HB 959 DOT Proposed Legislative Changes

Wednesday, May 25:

- 10:00 AM Senate Committee on Agriculture/Environment/Natural Resources, 544 LOB

Thursday, May 26:

- TBA

Contact Information:

Rachel E. Beaulieu
Department of Public Instruction
Legislative & Community Relations Director
919-807-4035
Rachel.Beaulieu@dpi.nc.gov

Robb Jansen
State Board of Education
Policy Analyst and Legislative Liaison
919-807-3407
Robb.Jansen@dpi.nc.gov

Anne Murtha
Legislative Specialist
919-807-3403
Anne.Murtha@dpi.nc.gov