



LEGISLATIVE UPDATE

May 26, 2016

The biggest news of the week occurred on Wednesday, when Senate President Pro Tempore Phil Berger unveiled his chamber's plan to raise teacher salaries to an average of \$54,000 a year over the next two years. Citing a strengthening economy and improved tax receipts, Senator Berger indicated that under the [Senate plan](#), teachers would be able to reach their maximum pay grade in 15 years, as opposed to the current 25 years. The Senate's stated average of \$54,000 includes local supplements. With this proposal, the Senate joins the House and the Governor in prioritizing teacher pay increases in the budget this year. The Senate is expected to release its full budget next week.

Also, for more information on the budget proposals moving through the legislative process, visit DPI's Financial and Business Services Office [website](#). You will find comparisons and summaries of the current budget proposals, and analyses will be updated after the Senate budget proposal is released.

On Tuesday, both chambers of the General Assembly honored the late Senator Earline Parmon with [Senate Joint Resolution 853](#). Senator Parmon is a familiar name in the Winston-Salem area, where she was a Forsyth County commissioner from 1990 to 2002, and a member of the state House from 2003 until 2012. It was that year when she was elected to the Senate (2012-2014). A dedicated public servant, Senator Parmon was also an Army veteran and school administrator.

Education-Related Bills

[HB 1080](#) Achievement School District

The House Education Committee passed this bill (18-11) on Wednesday. HB 1080 is a controversial bill, setting forth in 10 ½ pages a graduated pilot program that would have a new "Achievement School District" (ASD) take over up to five of the lowest performing elementary schools in the state, beginning in 2017-18. This ASD would be established pursuant to new state statutes and would have an AS operator (e.g., KIPP or other charter management company) directly managing the schools in the ASD; however, the ASD would also technically be under the administration of the State Board of Education. LEAs that transfer a school into the ASD would also have the option to create an Innovation Zone (I-Zone) for up to 3 of its continually low-performing schools, thereby granting charter-like flexibility and other exemptions. The bill also contains a new "Principal Turnaround Model" under the various models available to certain low-performing schools under current G.S. 115C-105.37B(a). The bill is lengthy and complex; therefore, reading it in its entirety is recommended.

[HB 960](#) Retirement Creditable Service Charter Schools

On Tuesday, the House passed HB 960, which caps at five years the amount of creditable service that a qualified member of the state retirement system can purchase under G.S. 135-4(cc) from certain charter school employment. This bill would also repeal G.S. 135-8(6)(5)d. The bill now proceeds to the Senate.

[SB 575](#) NC/SC Original Border Confirmation

This bill, approved by the Senate Finance Committee on Tuesday and the full Senate on Thursday, provides conditions for those impacted by the changes being made to the North Carolina/South Carolina state line. The boundaries would be certified as of January 1, 2017, except for property tax purposes. With regard to public education, North Carolina students who find themselves residing in South Carolina after the changes are made can continue to attend schools within their LEA in North Carolina until the student obtains a high school diploma or turns 21. There are also provisions allowing students to retain in-state residency for the purpose of admissions and tuition at North Carolina public institutions of higher education.

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

On Tuesday, the House concurred with Senate changes to 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). The bill will now head to the Governor.

[HB 632](#) Student Online Protection Act

The Senate Education/Higher Education Committee approved HB 632 on Tuesday, and it cleared the full Senate on Thursday. This bill prevents third-party vendors who contract with public schools from either: 1) releasing personally-identifying student data to other corporations, or 2) using that data for targeted advertising. The bill also requires third-party vendors to delete personally-identifying information within 45 days, if requested by the school or local school board. The bill will now head to the House for a concurrence vote.

[SB 867](#) Protect Students in Schools

On Tuesday, the Senate Education/Higher Education Committee heard SB 867, which would require fingerprint-based criminal background checks for licensure applicants and renewals within public schools. This bill seeks to strengthen our state’s ability to oversee such background checks by vesting the responsibility in the State Board of Education under a newly-created statute, G.S. 115C-297.1. The bill also proposes a move to nationwide background checks for licensure applicants in North Carolina public schools. The Senate Judiciary I Committee approved the bill on Thursday; its next stop is the Senate Finance Committee.

[HB 1011](#) Retirement Technical Corrections Act of 2016

This bill, which received House approval on Wednesday, makes technical changes to statutes involving the Teachers' and State Employees' Retirement System (TSERS). Changes include gender-neutral language, and changes to provide that if a member dies after filing their application for retirement but before selecting a beneficiary and payment options, the administrator or executor of the deceased member's estate could select an option and a beneficiary (or beneficiaries). The bill also amends TSERS "special retirement allowance" statutes to clarify that the election to transfer any portion of the member's accumulated contributions from the Supplemental Retirement Income Plan or NC Public Employee Deferred Compensation Plan to the Retirement System is an irrevocable election. For more details on this bill, please see the [summary](#) available through the General Assembly's website.

[SB 838](#) Medicaid Transformation Modifications

This bill makes changes to North Carolina's Medicaid reform model. One promising provision of this bill is the cost recovery of Medicaid dollars for services that presently do not exist in North Carolina's school-based Medicaid plan. These are services that are billable in all other Medicaid-eligible agencies. There will be an approximate addition of \$50-60 million available to public schools if these services are made available.

Other Relevant Bills with Action This Week:

1. [HB 169](#) Regulatory Reduction Act of 2016
 - Senate calendar for Tuesday, May 31
2. [HB 960](#) Retirement Creditable Service Charter Schools
 - Passed 3rd Reading in the House
 - Referred to Senate Committee on Pensions and Retirement
3. [HB 1011](#) Retirement Technical Corrections Act of 2016
 - Passed the House, sent to the Senate
4. [HB 1027](#) Study Unfunded Liability/Retiree Health Fund
 - Referred to Senate Committee on Pensions and Retirement
5. [HB 1030](#) 2016 Appropriations Act
 - [Money Report](#)
 - [Appropriations Amendments](#)
 - [House Floor Amendments](#)
 - Referred to Senate Appropriations
6. [HB 1134](#) Admin. Changes Retirement System/Treasurer
 - Referred to House Committee on Pensions and Retirement
7. [HB 1137](#) Treasurer's 2016 Investment Admin. Changes.-AB
 - Referred to House Committee on Pensions and Retirement

8. [HB 1140](#) ([SB 885](#)) Governor's Budget
 - Referred to House Appropriations (HB 1140)
 - Referred to Senate Appropriations (SB 885)
9. [HB 1142](#) Inclement Weather/Avery Co. Schools
 - Referred to House Committee on Education - K-12
10. [SB 726](#) IRC Update
 - Passed the House, sent to the Governor
11. [SB 792](#) ([HB 1036](#)) State IT Contracts/Contractor Liability
 - Passed the Senate, sent to the House (SB 792)
 - Referred to House Judiciary I (HB 1036)
12. [SB 818](#) Increase the Zero Tax Bracket
 - Passed the Senate, sent to the House
13. [SB 838](#) ([HB 968](#)) Medicaid Transformation Modifications
 - House passed an amended version, sent to Senate for concurrence (SB 838)
 - Referred to House Appropriations (HB 968)
14. [SB 873](#) Access to Affordable College Ed. Act
 - Referred to Senate Committee Rules and Operations
15. [SB 881](#) Union County School Funding
 - Referred to Senate Committee on State and Local Government
16. [SB 888](#) Buncombe School Capital Fund Commission
 - Referred to Senate Committee on Education/Higher Education

Committee Meetings/Session: May 31 – June 2

Tuesday, May 31:

- 10:00 AM House Committee on Pensions and Retirement, 415 LOB
 - HB 1134 Admin. Changes Retirement System/Treasurer
 - HB 1137 Treasurer's 2016 Investment Admin. Changes
- 10:00 AM Senate Committee on Finance, 643 LOB
 - SB 727 Moore County Local Sales Tax Use Restriction
 - SB 867 Protect Students in Schools

Wednesday, June 1:

- 9:00 AM House Committee on Health, 643 LOB

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