



LEGISLATIVE UPDATE

June 13, 2014

The major event of the week was the House passing its proposed budget today, [SB 744: Appropriations Act of 2014](#) (for main public schools sections, see pp. 27-65). The bill now goes to the Senate for review, and critical budget negotiations between the chambers will begin soon. There are fundamental differences between the House version and the Senate version, both on public school issues and otherwise. However, when comparing the Governor's budget and the House budget, there are many similarities on public school provisions. Key budget analyses including the new House budget will be updated soon: <http://www.ncpublicschools.org/fbs/budget/>.

Some highlights of the proposed House Budget include:
(*not an exhaustive list; please see the budget bill for all provisions*)

Salary Adjustments:

1. Provides funds for a new teacher salary schedule as well as an experience-based step for all step-eligible educators. The new schedule increase would increase the pay of all educators to at least \$33,000 annually. The House budget would seek to generate greater lottery sales to pay for an *average* 5% increase in teacher pay that would not be tied to career status. The Senate budget would provide an *average* 11% increase for teachers who voluntarily relinquish career status.¹
2. Allocates \$18.7 million to restore graduate degree pay with new conditions. Similar to the Governor's budget, the House budget would require newly eligible teachers to work in their graduate degree field 70% of their work time in order to receive this pay. The following teachers and instructional support personnel are eligible for this supplement and "grandfathered in:" those who (i) complete a degree at the graduate level for which they completed a course prior to July 1, 2013, and (ii) would have qualified for said supplement pursuant to SBE policy, TCP-A-006, as it was in effect on June 30, 2013. (See Section 8.3 of the House budget for other relevant details).
3. School Based Administrators' salaries would be tied to the Teacher and Instructional Support salary schedule; School Based Administrators would receive an *average* 3.5% salary increase.
4. All other public school employees would receive a \$1000 annual recurring salary increase (approximately a \$1,236 salary and benefit increase). The Senate budget allocated for a \$500 annual increase.

¹ For news coverage on last Friday's court order on the 2013 law repealing career status and requiring the 25%/4-year contracts, please see: <http://www.newsobserver.com/2014/06/06/3917080/judge-issues-written-order-in.html>

Other Key Points

1. Repeals significant components of the 2013 repeal of career status (See Section 9.4).
2. No reduction in funding for teacher assistants (the Senate budget made a \$233.2 million reduction in funding for teacher assistants).
3. While the Senate budget proposed a 30% reduction to DPI, the House budget would reduce funding by 1%.
4. Creates a new pilot program as set forth in the Governor's budget, Career Pathways, to provide select LEAs with the resources to offer career paths for professional growth and advancement opportunities.
5. Provides for \$3.2 million in recurring funds to the North Carolina Center for the Advancement of Teaching (NCCAT).
6. Re-establishes the Teaching Fellows Program with a new \$3 million appropriation.
7. Transfers the Summer Food Service Program from the Division of Public Health at DHHS to DPI.
8. Institutes a Virtual Charter School Pilot Program, allowing for 2 new virtual charter schools, beginning in the 2015-16 school year and ending in 2018-19. (Please see Section 8.35 of the House budget for the complete provisions which are also summarized below in more detail).
9. Encourages LEAs to consider using new Textbook funding for accessing digital content through Home Base.
10. Pre-K changes include the following:
 - a. \$49.2 million of General Fund money supporting Pre-K is replaced by lottery receipts. The program would receive \$124.7 million (recurring) in lottery funds.
 - b. \$15.8 million of General Fund money replaced by federal TANF funds (non-recurring), a frequent budgeting strategy. TANF is the Temporary Assistance for Needy Families federally-funded program.
 - c. Adds \$9 million (\$5 million in General Fund money and \$4 million in TANF) (non-recurring).
11. Offers possible revisions to both the *Read to Achieve* and A-F School Performance Grades changes that were signed into law by the Governor on Tuesday ([HB 230 Clarify Read to Achieve/School Performance Grades](#)). For ease of reference, the relevant excerpts of the House budget (again, only *proposed* legislation that will be formally considered by the Senate next week for the first time) are as follows:

“READ TO ACHIEVE STUDENT PORTFOLIOS

SECTION 8.29.(a) If House Bill 230, 2013 Regular Session, becomes law, then G.S. 115C- 83.3(8), as amended by that act, reads as rewritten:²

"(8) "Student reading portfolio" means a compilation of independently produced student work selected by the student's teacher, beginning during the first half of the school year, and signed by the teacher and principal, as an accurate picture of the student's reading ~~ability~~-proficiency. The student reading portfolio shall include an organized collection of evidence of the student's ~~mastery of the State's reading standards that are assessed by the State~~-~~approved standardized test of reading comprehension administered~~

² Please note that, as stated above, HB 230 was enacted into law on Tuesday; therefore, this language from the House Budget simply does not reflect that enactment. This is standard language when a new bill seeks to make changes to a prior bill that has or will become law within the same General Assembly Session.

~~to third grade students. reading proficiency. A single piece of evidence may be used to show mastery of reading proficiency for up to two standards. For each benchmark, reading standard, there shall be three two examples of student work work, gathered over the course of the school year, demonstrating mastery by a grade of seventy percent (70%) or above. the student's reading proficiency. If a student correctly responds to eighty percent (80%) of the comprehension questions about one reading passage as used as an initial work sample, then that one work sample shall suffice to demonstrate student reading proficiency on the standards covered in that sample. A student reading portfolio shall only be compiled with students when it is determined that administration of a standardized test of reading comprehension would likely not yield positive findings of a student's reading proficiency.~~"

SECTION 8.29.(b) If House Bill 230, 2013 Regular Session, becomes law, then G.S. 115C- 83.7(b)(4), as amended by that act, reads as rewritten:³

"(4) Students who demonstrate, through a student reading portfolio, reading proficiency appropriate for third grade students. Student reading portfolio and review processes used by local school administrative units shall be approved by the State Board of Education. A local school administrative unit implementing the student reading portfolio process established by the State Board of Education shall limit the use of this portfolio process only to a student for whom it is appropriate as determined by the student's principal, after consulting with the teacher and the student's parents, and shall discontinue administration of the portfolio passages whenever a student is not demonstrating reading proficiency."

SECTION 8.29.(c) If House Bill 230, 2013 Regular Session, becomes law, then G.S. 115C- 83.3(2), as amended by that act, reads as rewritten:⁴

"(2) "Alternative assessment" means a valid and reliable standardized assessment of reading comprehension, approved by the State Board of Education, that is not the same test as the State- approved standardized test of reading comprehension administered to third grade students. The State Board of Education shall (i) provide several valid and reliable alternative assessments to local school administrative units upon request, (ii) approve valid and reliable alternative assessments submitted by local school administrative units, and (iii) establish achievement level ranges for each approved alternative assessment. The State Board of Education shall annually review all alternative assessments to ensure ongoing relevance, validity, and reliability. The State Board of Education shall complete the review and approval process as provided in this subdivision by September 15 of each year."

SECTION 8.29.(d) If House Bill 230, 2013 Regular Session, becomes law, then G.S. 115C- 83.9(d), as amended by that act, reads as rewritten:

"(d) Teachers and principals shall provide ~~opportunities~~ opportunities, including, but not limited to, information sessions, to discuss with parents and guardians the notifications listed in this section. Principals shall provide at least one information session within the first 30 days of school regarding the requirement for reading proficiency for third grade students."

³ See footnote 2.

⁴ See footnote 2.

SCHOOL PERFORMANCE SCORES AND GRADES

SECTION 8.30. If House Bill 230, 2013 Regular Session, becomes law, then G.S. 115C- 83.15(d), as amended by that act, reads as rewritten:⁵

"(d) Calculation of the School Performance Scores and Grades. – The State Board of Education shall use EVAAS to calculate the school performance score by adding the school achievement score, as provided in subsection (b) of this section, and the school growth score, as provided in subsection (c) of this section, earned by a school. The school achievement score shall account for ~~eighty percent (80%),~~twenty percent (20%), and the school growth score shall account for ~~twenty percent (20%)~~eighty percent (80%) of the total sum. If a school has met expected growth and inclusion of the school's growth score reduces the school's performance score and grade, a school may choose to use the school achievement score solely to calculate the performance score and grade. For all schools, the total school performance score shall be converted to a 100- point scale and used to determine a school performance grade based on the following scale:

- (1) A school performance score of at least ~~90~~85 is equivalent to an overall school performance grade of A.
- (2) A school performance score of at least ~~80~~70 is equivalent to an overall school performance grade of B.
- (3) A school performance score of at least ~~70~~55 is equivalent to an overall school performance grade of C.
- (4) A school performance score of at least ~~60~~40 is equivalent to an overall school performance grade of D.
- (5) A school performance score of less than ~~60~~40 points is equivalent to an overall school performance grade of F."

(House Budget bill, SB 744, Sections 8.29 & 8.30, pp. 38-39)

Key Committee Meetings: June 9-12

House Appropriations Subcommittee on Education (Tuesday)

House Appropriations (Wednesday)

The following amendments regarding Virtual Charter Schools were made to the House budget proposal during these Committee meetings and are included in the budget proposal that passed the House today:

1. Provides that the SBE shall establish a Virtual Charter School Pilot Program for 4 years, beginning with the 2015- 16 school year and ending in 2018-19. Only 2 schools would be permitted to participate in the pilot program and they, with a few exceptions, would be subject to the same statutes and rules applicable to traditional charter schools.
2. The maximum enrollment in any participating school would be no more than 1,500 students in its first year of operation and may increase annually by 20%; the maximum enrollment in year 4 would be 2,592 students. The maximum overall ratio of teachers to students for grades K-8 would be 1:50, and for grades 9-12 the ratio would be 1:150.
3. The following requirements would apply to a participating virtual charter school:
 - a. Maintains an administrative office within North Carolina and at least one testing center or meeting place within each of the 8 SBE districts where

⁵ See footnote 2.

- participating students reside.
- b. If the school contracts with a 3rd party for staffing, then those hired as superintendent, principal and business officer must be North Carolina residents.
 - c. All teaching staff must carry the appropriate State certification and receive professional development in virtual instruction. At least 90% of the teaching staff must be North Carolina residents.
 - d. Each of the 2 schools must maintain a withdrawal rate below 25%. A student with the intent of only being enrolled for a finite period of time is not counted in the withdrawal rate. A count of school attendance is required at least once during each semester.
 - e. The 2 schools must ensure that each student is assigned a learning coach to: 1) provide daily support and supervision; 2) ensure participation in online lessons; and 3) coordinate teacher-led instructional sessions and State assessments.
4. A participating virtual charter school that is academically successful during the pilot period would be eligible for approval by SBE without additional application requirements.
 5. Funding would generally be the same as typical charter schools, except that it would not include State allocations for low-wealth and small county supplemental funding. Local funding would be either \$790.00 per pupil or the actual LEA amount provided to charter schools, whichever is lower.
 6. If the 2 schools do not comply with the provisions of this proposed law, they risk deferment or termination of enrollment expansion or termination of their pilot charter. Participating schools would be subject to SBE examination of student achievement data.
 7. SBE is required to report on the initial implementation of the pilot program to the Joint Legislative Education Oversight Committee by November 15, 2016, and on findings from 3 years of operation of the pilot program by November 15, 2018.

Senate Committee on Education/Higher Education

[SB 793](#) Charter School Modifications (Tillman, Cook)

This legislation has changed significantly since its last version, but still presents several changes to current charter school law. First, it would allow a teacher employed by a charter school to serve as a non-voting member of that school's governing board. Next, SBE would be required to renew charters upon the request of the chartering entity for 10-year periods. The renewal period could be for less than 10 years if the charter school: 1) has not provided financially sound audits for the prior 3 years; or 2) student academic outcomes for the past 3 years have not been comparable to those in the LEA where the charter school is located.

SB 793 would also allow charter schools to limit admission based on gender, if it is the school's mission to provide single-gender education. Also, a charter school and its board of directors would be subject to the Public Records Act and Open Meetings Law in the same manner as traditional public schools.

It requires SBE to adopt a procedure and rules for a competitive bidding process that would allow experienced and successful charter operators to legally assume a charter school showing inadequate performance.

- Committee Substitute Adopted
- Placed on the Senate calendar for June 16

[HB 1060](#) (SB 771) Military Student Identifier (Holloway, Johnson, Horn, G. Martin)

HB 1060 would require SBE to develop an annual identification process for LEAs to identify military-connected students using the Uniform Education Reporting System.

- Favorable Report from Senate Education/Higher Education Committee
- Placed on the Senate calendar for June 16

Senate Judiciary I Subcommittee

[SB 815](#) Ensuring Privacy of Student Records (Barefoot, Brock, Soucek)

This bill seeks to codify current practices and policies that ensure the privacy and security of student educational records. To ensure student data accessibility, transparency, and accountability relating to the student data system, SB 815 would require SBE to: 1) create and make publicly available a data inventory and index of data elements with definitions of individual student data fields in the student data system; 2) develop rules to comply with all relevant state and federal privacy laws and policies, including but not limited to the Family Educational Rights and Privacy Act (FERPA); 3) prohibit the transfer of personally identifiable student data in the student data system, unless otherwise provided by law and authorized by rules; and 4) develop a detailed data security plan for the student data system.

- Committee Substitute Adopted
- Placed on the Senate Calendar for June 16

Relevant Bills with Action This Week:

House Bills

[HB 230](#) Clarify Read to Achieve/School Performance Grades (Malone, S. Martin, Brody, Samuelson)

The Governor signed this bill on Tuesday and it is now law (Session Law 2014-5). Please use the link to read and analyze this law in its entirety.

[HB 292](#) Moratorium/Lawsuits for School Funds (Brody, Fisher, Insko, Warren)

This is local legislation pertaining to Union, Gaston and Nash counties only and became law on Thursday (Session Law 2014-8). It involves the processes in the event of local budget disputes between county commissioners and boards of education. It enacts a temporary moratorium on a local board of education's ability to file an action challenging the sufficiency of funds appropriated by the county commissioners, and it has further related provisions unique to the named counties.

[HB 777](#) Sex Offender/Expand Residential Restrictions (Jackson)

- Passed the Senate on Thursday, June 12

[HB 831](#) Educational Services for Children in Psychiatric Residential Treatment Facilities (PRTFs) (Avila, Johnson, Glazier)

- Withdrawn from Senate Committee on Education/Higher Education
- Re-referred to Senate Committee on Appropriations/Base Budget

[HB 1031](#) ([SB 743](#)) NC Economic Development Modifications (Murry)

- Passed the House on Tuesday, June 10
- Referred to Senate Committee on Commerce

[HB 1060 \(SB 771\)](#) Military Student Identifier (Holloway, Johnson, Horn, G. Martin)

- Favorable report from Senate Committee on Education/Higher Education
- Placed on Senate calendar for June 16

[HB 1061](#) Replace Common Core Standards with NC's Higher Academic Standards (Holloway, Pittman, Speciale)

- Referred to Senate Committee on Education/Higher Education

[HB 1062 \(SB 770\)](#) Schematic Diagrams/Emergency Access to Schools (Holloway, Johnson, Hanes, Lucas)

- Referred to Senate Committee on Education/Higher Education

[HB 1108](#) Duplin BCC Elections/Harnett Vacancies (Dixon)

- Passed the Senate on Wednesday, June 11

[HB 1154](#) Moore Co. Schools Transfer of Property (Boles)

- Favorable report from House Committee on Government
- Re-referred to House Committee on Finance

Senate Bills

[SB 743 \(HB 1031\)](#) NC Economic Development Partnership Modifications (Brown)

- Passed the Senate on Monday, June 9
- Referred to House Committee on Finance

[SB 793](#) Charter School Modifications (Tillman, Cook)

- Favorable report from Senate Committee on Education/Higher Education
- Placed on Senate calendar for Monday, June 16

[SB 812](#) Maintain State Authority Over Academic Standards (Soucek, Tillman)

- Referred to House Committee on Education

[SB 815](#) Ensuring Privacy of Student Records (Barefoot, Brock, Soucek)

- Favorable report from Senate Judiciary Subcommittee I
- Placed on Senate calendar for Monday, June 16

[SB 880](#) Education Simplification Amendment (Tillman)

This bill would allow voters to amend the State Constitution by repealing Section 4 of Article IX that establishes the State Board of Education and the office of the State Superintendent of Public Instruction. It would furthermore establish the Department of Education. The SBE duty to supervise and administer the public school system and its education funds would now belong to this new department. The Governor, subject to confirmation by the General Assembly, would appoint the head of the Department, making it somewhat similar to a cabinet agency. The constitutional amendments would be on the statewide general election ballot November 4, 2014. This bill must receive at least a 3/5-majority vote in both the House and Senate to be present on the ballot, where it must receive better than a simple majority vote to amend the Constitution and become law. If the proposed amendments are approved, they would be effective January 1, 2017.

- Referred to Senate Committee on Education/Higher Education

[SB 881](#) Adjournment Sine Die (Apodaca)

- Referred to Committee on Rules and Operations of the Senate

Meetings: June 17-19

Tuesday, June 17

10:00 AM House Education Committee (643 LOB)
HB 1164 State Board of Education Rulemaking Clarification
SB 719 Student Organizations/Rights & Recognition

Wednesday, June 18

10:00 AM Senate Committee on Education/Higher Education (544 LOB)

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