



PUBLIC EDUCATION: NORTH CAROLINA'S BEST INVESTMENT

2016 LEGISLATIVE SUMMARY

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2016 Legislative Summary

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SUMMARY OF FY 2016-17 APPROPRIATIONS ACT
HB 1030 (S.L. 2016-94)

Includes provisions of Budget Technical Correction Bill (HB 805)

Money Report

K-12 PUBLIC EDUCATION	FY 16-17 Certified		FY 16-17 Adjustments	
Base Budget <i>Enrollment Growth Not Included</i>	\$8,106,033,100			
A. Reserve for Salaries & Benefits				
Teachers/Instructional Support Personnel Compensation 4.7% Avg Increase for 2016-17 Step Increases for Years 0-15	\$62,171,653	R	\$190,947,111	R
School-Based Admin Compensation 1.5% Avg Increase for 2016-17 Step Increases 0.5% Bonus for 2016-17 per Sec. 36.16	\$4,550,919	R	\$8,443,728	R
Non-Certified/Central Office Compensation 1.5% Salary Increase 0.5% Bonus for 2016-17 per Sec 36.16			\$1,610,575	NR
Merit-Based Bonuses for Non-Educator LEA Employees for 2016-17 (Section 36.1A)			\$21,032,217	R
DPI & State Agency Teacher Salary Schedule Increases 1.5% Avg Salary Increases 0.5% Bonuses for 2016-17	\$216,430	R	\$7,010,739	NR
Retirement Contribution – LEA Personnel Adjusted Contribution and One-Time COLA	\$6,308,775	R	\$17,242,627	NR
Retirement Contribution – DPI Personnel Adjusted Contribution and One-Time COLA	\$49,396	R	\$1,227,599	R
			\$223,588	NR
			\$18,594,062	R
			\$27,891,094	NR
			\$143,478	R
			\$215,216	NR

State Health Plan Contribution – LEA Personnel	\$14,124,040	R		
State Health Plan Contribution – DPI	\$77,199	R		
3 rd Grade Reading Teacher Merit Pay Pilot (Section 9.7)			\$10,000,000	NR
B. Technical Adjustments				
Average Daily Membership (ADM) Growth – Fully Funded	\$100,236,542	R	\$46,781,057	R
Exceptional Children Headcount – Adjust to Reflect Actual Headcount	\$404,103	R	(\$2,349,715)	R
Avg Salary Adjustment Based on Actual December Salary Data	(\$14,977,035)	R		
Lottery/General Fund Swap-Out for Classroom Teacher Allotment	\$254,586,185	R		
General Fund/Lottery Swap-Out Noninstructional Support Personnel Allotment	(\$314,950,482)	R	(\$57,316,378)	R
Civil Penalties - Increase Receipts/Supplant GF Revenue	(\$3,978,850)	R		
C. Other Public School Funding Adjustments				
Low Wealth Supp Funding Allotment	(\$10,091,091)	R		
At-Risk Student Supplemental Funding Allotment - Reduction to Funding for LEAs			(\$4,784,539)	R
Set-Aside for After-School Grant Program			\$2,000,000	NR
Central Office Admin Allotment			(\$2,500,000)	R
Teacher Assistants	\$138,134,525	R		
Classroom Teachers	\$26,898,798	R		
Reduce Grade 1 Funded Class Size to 1:16				
Textbooks/Digital Resources Allotment	\$31,030,837	R	\$10,000,000	NR
Instructional Supplies/Equip Allotment			\$2,500,000	R
School Connectivity Enhance Wi-Fi Infrastructure	\$12,000,000	R		
Digital Learning Plan – Funds for Professional Development and Other Activities			\$4,000,000	R
			\$700,000	NR
Cooperative/Innovative High Schools - New CIHSs in Pitt, Watauga, and Wilson	\$932,007	R		
Cooperative/Innovative High Schools - Tuition for Dual Enrollment	\$800,000	R		
Transportation Allotment	(\$25,079,807)	R	(\$2,000,000)	R
ADM Contingency Reserve – Funding for Virtual Charter Pilot Enrollment of Nonpublic School Students	\$2,500,000	R		
Read to Achieve Reading Camps – Enrollment for 1 st and 2 nd Graders	\$20,000,000	R		
Excellent Public Schools Act Funding	\$8,520,748	R		
EVAAS Capacity Expansion	\$871,474	R		

Driver Education	<i>Funding from Fines/Forfeitures</i>			
NE Regional School of Biotechnology and Agriscience	\$310,669	R		
AP/IB Teacher Merit Bonuses			\$4,300,000	R
CTE Teacher Merit Bonuses			\$600,000	NR
AP Summer Professional Development Institutes			\$126,000	NR
Panic Alarms – Last Allocation Needed for Installation			(\$900,000)	R
			\$100,000	NR
NC Education Endowment Fund			\$5,000,000	R
D. Pass-Through Funds/Grants				
Beginnings for Children, Inc.	\$84,486	R		
Eastern NC Summer STEM Program	\$180,000	NR		
Teacher Assistant Tuition Reimbursement Pilot Program (Section 8.29)			\$112,500	R
Triangle Literacy Program			\$690,000	NR
Muddy Sneakers			\$500,000	NR
Communities in Schools of Cape Fear			\$50,000	NR
E. Department of Public Instruction				
Flexible Reduction	(\$2,500,000)	R	(\$250,000)	NR
SBE Legal Services <i>note this will revert since SB 867 did not pass</i>			\$140,000	R
Licensure System Update			\$250,000	NR
Alternative Teacher Prep Pilot Program (Section 8.27)			\$500,000	NR
Total Legislative Changes to Base	\$313,231,521	R		
	\$180,000	NR		
Revised Budget	\$8,419,444,621			
Revised Budget After Adjustments			\$8,733,375,580	

OTHER MONEY PROVISIONS	FY 16-17 Original		FY 16-17 Adjustments	
Community Colleges				
NC Works Career Coaches	\$150,000	R		
UNC System				
Opportunity Scholarship Voucher Program	\$14,000,000	R	\$34,840,000	NR
<i>Section 11A.3 Creates a Reserve Fund and Sets Future Appropriations Levels</i>				

Special Ed Voucher Program	\$250,000	R	\$5,800,000	R
Hunt Institute	(\$737,230) Eliminates Funding	R		
Academic Summer Bridge Program	(\$1,193,000)	R		
App. St. High Needs Teacher Placement Pilot Program	\$140,868	NR		
Transforming Principal Prep Program	\$1,000,000	R	\$3,500,000	R
Lab School Administrative Funding			\$1,000,000	NR
Department of Health and Human Services				
NC Pre-K – Swap-Out TANF Funds	(\$12,333,981)	R	(\$6,430,899)	NR
NC Pre-K Direct Funding Additional Slots to 29,400	\$2,323,599	R	\$1,325,000	R
NC Early Childhood Integrated Data System	\$699,690	R		
Union County Schools – Best Start Program			\$250,000	NR
Funds must be used by June 30, 2017				
Department of Justice and Public Safety				
School Risk Management Plans			\$507,784	NR
Office of State Budget and Management - Special				
CTE Education School Renovation Funds – Onslow County			\$5,000,000	NR
Communities in Schools of Caldwell County			\$100,000	NR
School Construction Funds for Collocated Middle and High School – Jones County			\$3,000,000	NR
CTE High School Planning – New Hanover County Schools			\$1,000,000	NR
Department of Cultural Resources				
A+ Schools	\$482,711	NR		
Statewide Children’s Digital Library (funding for pre-K through 4 th grade reading materials)			\$200,000	NR
Information Technology				
P-20 SchoolWorks System			\$270,000	R
Statewide Reserves				
Reserve for ADM Growth in 2016-17	\$107,000,000	R	(\$107,000,000)	R
Achievement School District Implementation (included with other pending legislation)			Up to \$1,000,000	R
			\$200,000	NR

SPECIAL PROVISIONS

***ALL SPECIAL PROVISIONS ARE EFFECTIVE **JULY 1, 2016**, UNLESS OTHERWISE
NOTED***

PART V - OTHER APPROPRIATIONS

Section 5.2 Education Lottery Funds/Expenses of the Lottery/Limit Regional Offices Deposits excess lottery revenue from 2015-16 into the Lottery Reserve Fund.

Allocates projected lottery revenue for 2016-17 as follows:

	<u>2016-17</u>	<u>% of Total</u>
Noninstructional Support Personnel	\$372,266,860	62.9%
NC Pre-K	\$78,252,110	13.2%
Public School Building Capital Fund	\$100,000,000	16.9%
Scholarships for Needy Students	\$30,450,000	5.1%
UNC Need-Based Financial Aid	\$10,744,733	1.8%

Total Appropriation **\$591,713,703**

Section 5.3 Civil Penalty and Forfeiture Fund/Revisions

Makes proceeds from the fee for late motor vehicle registrations the permanent source of State funding for LEA Driver Education programs (previous authority for this extended only for one fiscal year).

See corresponding Section 35.13.

PART VI – GENERAL PROVISIONS

Section 6.3 Budget Stability and Continuity

Creates a set of procedures that will govern if a State budget has not been enacted by the time the new fiscal year has started. In the event this is the case, there will be statutory directives to keep government funded at whatever level was authorized by the prior fiscal year's. Additionally, teachers, school administrators, and others paid on a State salary schedule will stay at their current step or experience level and retirement contributions rates will stay the same until a new budget is enacted. Any vacant positions subject to reductions in either or both budgets as passed will not be filled.

This provision will prevent the need for the General Assembly to pass Continuing Resolutions if a budget has not been enacted by July 1.

G.S. 143C-5-4.

PART VIII - PUBLIC SCHOOLS

Section 8.1 Funds for Children with Disabilities

Allocates supplemental funding for children with disabilities to align actual numbers with April, 2016, headcount. Increases per-pupil funding to \$3,985.53 (was, \$3,926.97). Retains 12.5% cap on portion of LEA's ADM that can be funded through this allotment.

Section 8.2 Funds for Academically Gifted Children

Increases per-pupil funding for academically gifted children in 2016-17 from \$1,280.70 to \$1,295.27. Retains 4% cap on portion of LEA's ADM that can be funded through this allotment.

Section 8.4 Small County Supplemental Funds Eligibility

Provides that an LEA only becomes ineligible for Small County Schools Supplemental Funding phase-out provision if actual prior year ADM or first two months current year ADM exceeds 3,200.

Section 8.5 Drivers Education Program Funds

Makes permanent the requirement that a local school board establish a process for reducing or waiving its local driver education fee for low income students/families (was scheduled to sunset).

Makes permanent the restriction that an LEA cannot transfer funds into the Driver Education allotment (this restriction was scheduled to sunset).

Section 8.7 Teacher Compensation Models and Advanced Teaching Roles

Establishes a three-year program for up to 10 LEAs to pilot local models of teacher positions with additional roles/responsibilities (Advanced Teaching Roles) linked to salary supplements. Local boards interested in participating will detail the components of their plan through a response to a Request for Proposal (RFP) from the SBE. Selected pilots will begin their program in 2017-18 and end in 2019-20.

Local School Board Proposal Standards and Guidelines

Defining Advanced Teaching Roles	LEAs submitting a proposal have flexibility in establishing what constitutes the Advanced Teaching Roles (ATR) that will be eligible for salary supplements, except that an ATR must include at least one of the following duties: <ul style="list-style-type: none">• Teaching an increased number of students as the teacher of record for those students.• Becoming a lead classroom teacher among a group of teachers and being the teacher of record for all students taught by that group of teachers.• Leading a schoolwide effort to implement data-driven instructional models and focusing on methods of improvement
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	<p>for school-wide performance issues.</p> <ul style="list-style-type: none"> • Completing training that certifies the teacher as an in-house provider of professional development or functioning as a professional development coach.
Salary Supplements Linked to Advanced Teaching Roles	<p>LEAs have flexibility in how to set salary supplements for teachers that assume ATRs.</p> <p>LEA proposals must make certain statements associated with the salary supplements.</p> <p>LEAs may propose innovative compensation models that focus on professional growth and student outcomes.</p>
Criteria for Teachers to be Eligible for Advanced Teaching Roles	<p>LEAs have flexibility in determining how a teacher can be eligible for an ATR except that teachers must have at least one of the following:</p> <ol style="list-style-type: none"> 1. Advanced certifications, such as National Board Certification or a master's degree in the area in which the teacher is licensed and teaching. <p style="text-align: center;">OR</p> <ol style="list-style-type: none"> 2. Has a rating of at least “Accomplished” on each of Standards 1-5. <p style="text-align: center;">OR</p> <ol style="list-style-type: none"> 3. Has exceeded expected student growth over a rolling three-year period. <p style="text-align: center;">OR</p> <ol style="list-style-type: none"> 4. Has equivalent demonstrated mastery of teaching skills as required by the new compensation model.
Other Requirements to be Outlined by LEA	<p>LEAs submitting a proposal must detail their implementation plan, including # of schools that will have ATRs, any new proposed compensation model, # of ATRs at each of those schools, # of students whose teacher of record will be a teacher in an ATR, and # of teachers overall who would be eligible for the proposed new compensation model.</p> <p>Description of how all employees and the public will be informed of the criteria and selection, retention, and evaluation of teachers in advanced teaching roles.</p> <p>Ensure advanced role classroom teachers may voluntarily relinquish the</p>

	position.
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Timeline and LEA Selection Requirements

Dates	<p>September 15, 2016: SBE must issue specs for the Advanced RFP</p> <p>October 15, 2016: deadline for local boards to submit responses to the RFP</p> <p>December 15, 2016: SBE must select the pilot LEAs</p>
Guidelines for Pilot LEA Selection	<p>Up to 10 Pilot LEAs as follows:</p> <p>1-5 LEAs with ADM of 4,000 and below</p> <p>1-3 LEAs with ADM of 4,001- 20,000</p> <p>1-2 LEAs with ADM of 20,001 and over</p>
Funding	<p>\$9.8 million for selected LEAs to implement the pilots. Distributed based upon proportion of current teacher salary expenditures.</p> <p>\$200,000 for administration.</p>
Allowable Uses of Funds	<p>Salary supplements for advanced teaching roles.</p> <p>Development of advanced teaching role plans.</p> <p>Transition costs.</p> <p>Pilot LEAs will also have the ability to exceed maximum class size requirements for grades K-3.</p>

Section 8.8 Advanced Placement/International Baccalaureate Teacher Bonus Pilot Program

Creates a two-year pilot program where the SBE awards AP/IB teachers a \$50 merit bonus for each of their students passing AP/IB exams, up to \$2,000 for any individual teacher. Outlines reporting requirements.

Begins with 2015-16 Data. Program Expires June 30, 2018.

Section 8.9 Industry Certification and Credentials Teacher Bonus Pilot Program

Creates a two-year pilot program where the SBE awards CTE teachers a \$25 or \$50 merit bonus for each of their students who attain a certain industry certification or credential, up to \$2,000 for any individual teacher. Outlines reporting requirements.

Program Expires June 30, 2018.

Section 8.11 Certain CIHS Operating Without Additional Funds

Declines State funding requests for the 9 new and 4 existing Cooperative Innovative High Schools that requested funding for 2016-17. Allows all requesting Cooperative Innovative High Schools to operate despite the State funding.

Section 8.12 Report for Schools for Students with Visual and Hearing Impairments/Foreign Exchange Students

Requires LEA superintendents to, by October 1 annually, issue a notification to parents/guardians of visually/hearing impaired children domiciled in the district. The notification will be a request for written consent to release their information to the three residential schools. Requires the notification to read as follows:

North Carolina provides three public residential schools serving visually and hearing impaired students: the Governor Morehead School for the Blind, the Eastern North Carolina School for the Deaf, and the North Carolina School for the Deaf. Do you consent to the release of your contact information and information regarding your child and his or her impairment to these schools so that you can receive more information on services offered by those campuses?

Requires that LEA superintendents compile a list of those parents/guardians who give consent and transmit that information to the directors of all three residential schools. The report is to include the names and addresses of those parents/guardians who gave consent along with the type and range of disability of the child. Exempts these reports from public record laws.

First consent form must be issued by October 1, 2016. First transmission of information from those who provide consent is to be made by November 30, 2016.

Gives authority to residential schools to enroll foreign exchange students beginning 2016-17. G.S. 115C-150.14, -150.15.

Section 8.13 Virtual Charter School Changes

Makes the following changes to parameters for the virtual charter school pilots beginning with the 2016-17 school year:

- Requires additional categories of students be exempt from the calculation of withdrawal rates for the schools: any student enrolled less than 30 days; students who move out of state; students who withdraw for a family, personal or medical reason.
- Increases the percentage of teachers who can reside outside of NC from 10% to 20%.
- Allows for third-party test administration.

Section 8.15 School Business System Modernization

Directs DPI/SBE to develop and implement a plan for updating DPI's technological systems in consultation with the Friday Institute.

Section 8.16 International Exchange Teacher Funds

Specifies how LEAs may use dollars converted for International Exchange Teachers (only for salaries, State approved bonuses, and costs supporting the individual).

G.S. 115C-105.25(b)(5a).

Section 8.17 K-12 Cybersecurity Study

Creates a State-level study of policies and practices used by LEAs to protect personally identifiable student and personnel data. Empowers DPI with the authority to request local districts provide summaries of their local cybersecurity practices.

Section 8.19 Modify School Performance Grades Scale for Three School Years

Extends the 15-point grading scale used to calculate A-F school grades for three (3) additional school years. The 15-point scale will be used through grades issued for 2018-19.

Section 8.21 Pilot Program to Raise the High School Dropout Age from Sixteen to Eighteen

Allows Hickory City Schools and Newton-Conover City Schools to continue their pilot programs raising the compulsory attendance age to 18. Allows Rutherford County to also implement a pilot for raising the compulsory attendance age. Lays out pilot program guidelines.

Section 8.23 Digital Learning Plan Funds

Establishes certain directives for SBE's continued implementation of the statewide Digital Learning Plan. Among those directives is to modify and update State policies to provide support and flexibility necessary for local digital innovations.

Section 8.24 Local Board Report on School Start and Release Times

Directs each local school board to provide the *start times* and *release times* of all its schools to DPI as part of annual State reporting requirements.

Start time definition: *time of day when academic classes begin for the majority of enrolled students.*

Release time definition: *time of day when academic classes end for the majority of enrolled students.*

In the event that local school boards have schools that use an alternative definition for *start time* and *release time*, information on those schools must be provided as well.

The first report will be due October 1, 2016, and must include start/release times for all a local district's schools for: 2011-12, 2012-13, 2013-14, 2014-15, 2015-16, 2016-17.

G.S. 115C-84.2.

Section 8.25 After School Quality Improvement Competitive Grant Funds for Third Year for Certain Recipients

Allows grant awards through the After School Quality Improvement Competitive Grant program to last three years (previous language limited grant awards to two years). Continues to have the funding for the grants come from a reduction to funds available to LEAs in the At-Risk Student Services Allotment.

Section 8.27 Alternative Teacher Preparation

Establishes a program where up to five (5) LEAs or coalition of LEAs will pilot five-year alternative teacher prep models for lateral-entry teachers to attain full licensure. Models would begin in 2017-18 and end in 2021-22. Local boards interested in proposing such a plan either on

their own or in a coalition will detail the components of their plan through a response to a Request for Proposal (RFP) from the State Board of Education. Full licensure will be given to those teachers who successfully complete the program.

Local School Board Proposal Standards and Guidelines

<p>Program Design Requirements</p>	<p>LEAs/coalitions will have flexibility in designing alternative teacher prep programs except that the following components are required:</p> <ul style="list-style-type: none"> • A minimum of 150 contact hours of appropriate pedagogy and content for licensure in the teacher’s area of licensure that is comparable to the quality of instruction required for a traditional teacher preparation program. • Evidence of relevant partnerships with universities or community colleges. • A minimum of 150 contact hours with mentor teachers, classroom coaching, and periodic evaluations with timely feedback to each individual in the program over the teacher’s first year of employment.
<p>Program Continuation Standards</p>	<ul style="list-style-type: none"> • Completion rate of no less than 70% of initial enrollees. • Minimum contact hour requirements and other program elements contained in the approved proposal. • Demonstration of an increase in retention of lateral-entry teachers over the previous year’s retention rate.

Timeline and LEA Selection Requirements

<p>LEA Eligibility</p>	<p>Individual LEAs are eligible if they have a student population \geq 20,000.</p> <p>Coalition of multiple LEAs that have a combined student population \geq 20,000.</p>
<p>Dates</p>	<p>September 15, 2016: SBE must issue specs for the RFP</p> <p>January 6, 2017: deadline for local boards to submit responses to the RFP</p> <p>March 15, 2017: SBE must select pilot LEAs</p>
<p>Funding</p>	<p>\$300,000 for grants for pilots for 2016-17; \$200,000 to outside entity for administration</p>

	<p>Local boards must fully finance the cost of the program, based on the per teacher cost estimate contained in the approved proposal.</p> <p>Funding can come through public or private funds, as available.</p>
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Section 8.29 Teacher Assistant Tuition Reimbursement Pilot Program

Establishes a pilot program for the local school boards of Anson, Franklin, Moore, Richmond, and Scotland to award tuition assistance grants to up to 5 of their teacher assistants to attend an educator preparation program for full licensure. Caps awards at \$4,500 per academic year for four years. TAs chosen for the awards may be full-time or part-time and the local board may grant academic leave to pursue coursework that can only be taken during working hours.

Requires participating TAs to fulfill the student teaching requirements of the program by working in their employing LEA.

Sets out baseline requirements for eligibility and selection criteria. Establishes that the local boards must enter into Memorandums of Understanding with the college that the teacher assistant attends and delineates three clauses that must be part of the MOU. Sets out reporting requirements for the participating local boards.

Section 8.30 Use of Department of Public Instruction Budget Reductions

Places two new restrictions on how DPI may implement its required budget reductions for the 2015-17 biennium. Also requires DPI to transfer \$50,000 to OAH to pay for the Rules Review Commission to defend itself in the case challenging their authority over the SBE.

Section 8.31 Remediation Plan for Principals in Low-Performing Schools

Currently, remediation plans must be created for principals of low-performing schools who have been in the position for 2 years or more. Amends this directive to allow these principals to continue *without* a remediation plan if in the prior year (a) the school met growth expectations and (b) students experienced improved test scores.

Effective with the 2016-17 school year.

G.S. 115C-105.39(a).

Section 8.32 School Notification Requirements/Teacher Employment/Licensure Changes and Beginning Teacher Support

Student Surveys

Requires that if DPI/SBE develops plans to make student/parent surveys mandatory, prior notice must be given to both the legislature and LEA superintendents.

G.S. 115C-12.

Local Testing Reports

Directs local school boards to give notice to DPI/SBE by September 1 of each year of any local testing it administers as well as the local testing administration calendar. Provides that the report must also include information on the source of funds supporting the local testing program.

Directs DPI/SBE to subsequently make a report to the legislature on local testing programs.

G.S. 115C-174.12.

Adjunct CTE Instructors

Allows local school boards to contract, on an annual or semester basis, with an individual to serve as an adjunct instructor for a specific CTE career cluster. Delineates four restrictions for terms of employment, one of which is that the employment is not to exceed 10 hours per week. Empowers SBE with authority to establish experience standards for CTE instructors. G.S. 115C-157.1.

Teacher Licensure Requirements

Links teacher licensure to evaluations by requiring a teacher to be rated *Proficient* on the most recent annual evaluation in order to maintain continuing licensure. Allows those who fall below this standard to be eligible for initial licensure if the teacher satisfies all other licensure requirements and has been placed on a mandatory improvement plan.

Requires that teacher license applicants from out of NC show evidence of their effectiveness as measured by their previous employing State's evaluation system.

Effective with applications submitted on or after

G.S. 115C-296(b)(1) and (b)(1)b.

Mentor Teachers

Establishes that any Mentor Teacher must have attained a rating of at least Accomplished on the teacher evaluation instrument and met student growth expectations.

G.S. 115C-296(e).

Field Experience in Teacher Prep Programs

Directs that teacher prep programs require field experiences in every semester. Requires at least one semester of field experience be in a low-performing school.

G.S. 115C-296.11(b)(4).

Beginning Teacher Evaluation Requirements

Prescribes that all teachers with less than 2 years of licensure receive at least 3 observations from principal/designee, 1 from a teacher, and 1 from a principal each year. Requires at least 2 of the observations to take place in the 1st semester and at least 1 within the first grading period, if practicable.

G.S. 115C-333.

Section 8.33 K-3 Class Size Allotment Ratios

Puts into statute the allotment ratios used to allocate funds for classroom teachers in Kindergarten, Grade 1, Grade 2, and Grade 3. These allotment ratios had previously been determined by the General Assembly as part of the annual budget process.

Allows LEAs to keep K-3 average and individual class size maximums at the current level for the 2016-17 school year. Starting with the 2017-18 school year, the K-3 average and individual class size maximums will be reduced to align with statute. Class size funded ratio, average, and individual maximums are as follows for 2016-17 and 2017-18.

2016-17 Class Sizes

Grade Level Class Size	Funded Allotment Ratio	Max Average Class Size for LEA	Max Individual Class Size
Kindergarten	1:18	1:21	1:24
Grade 1	1:16	1:21	1:24
Grades 2-3	1:17	1:21	1:24

2017-18 Class Sizes

Grade Level Class Size	Funded Allotment Ratio	Max Average Class Size for LEA	Max Individual Class Size
Kindergarten	1:18	1:18	1:21
Grade 1	1:16	1:16	1:19
Grades 2-3	1:17	1:17	1:21

G.S. 115C-301(c).

PART IX – COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

Section 9.1 Teacher Salary Schedule

Lays out the “A” base salary schedule for classroom teachers and instructional support personnel for the 2016-17 fiscal year. Reestablishes annual step increases in the schedule for years 0-14. Awards a year of experience to those on the schedule earning a year of creditable service. Continues to build longevity payments into the salary schedule. Retains frozen pay bands at years 15-19 and 20-24. Average increases for 2016-17 are 4.7%.

Years of Experience	Annual Salary 2015-16	Annual Salary 2016-17	% Increase w/ Yr of Exp
0	\$35,000	\$35,000	
1	\$35,000	\$35,750	2.1%
2	\$35,000	\$36,000	2.9%
3	\$35,000	\$36,250	3.6%
4	\$35,000	\$36,750	5.0%
5	\$36,500	\$37,250	6.4%
6	\$36,500	\$38,000	4.1%
7	\$36,500	\$38,500	5.5%
8	\$36,500	\$39,000	6.8%
9	\$36,500	\$39,500	8.2%
10	\$40,000	\$40,250	10.3%
11	\$40,000	\$41,000	2.5%
12	\$40,000	\$41,750	4.4%
13	\$40,000	\$42,500	6.3%
14	\$40,000	\$43,250	8.1%
15	\$43,500	\$45,250	13.1%
16	\$43,500	\$45,250	4.0%

17	\$43,500	\$45,250	4.0%
18	\$43,500	\$45,250	4.0%
19	\$43,500	\$45,250	4.0%
20	\$46,500	\$48,000	10.3%
21	\$46,500	\$48,000	3.2%
22	\$46,500	\$48,000	3.2%
23	\$46,500	\$48,000	3.2%
24	\$46,500	\$48,000	3.2%
25	\$50,000	\$51,000	9.7%
26+	\$50,000	\$51,000	2.0%

Declares legislative intent to establish a new salary schedule starting with the 2018-19 fiscal year.

Retains separate tier for 25+ years school psychologists (including audiologists and SLP) that is 7.5% higher than the 20-24 tier.

Retains 12% supplement for Nationally Board certified teachers and 10% supplement for certified school nurses. Authorizes 10% advanced degree supplements for those who qualify (subject to grandfathering provisions).

Sets out a hold harmless provision for employed teachers that earn more than the highest step on the schedule by doing one of the following:

- Take the certified salary paid to the teacher in 2013-14.
- Add the longevity on the 2013-14 compensation for longevity calculated at the longevity rate the teacher would be eligible for based on the teacher's current years of service.
- Add the annual bonus paid in 2014-15 (\$1,000)

OR

- Take the certified salary paid in 2013-14.
- Add the annual bonus paid in 2014-15 (\$1,000)

Section 9.2 School-Based Administrator Salary Schedule

Establishes salary schedules for principals and assistant principals for the 2016-17 fiscal year. Base salary levels throughout the schedule increased 1.5%. Awards a year of experience to those earning a year of creditable service.

Retains historical salary supplements, longevity pay, and classification directives.

School Administrators also receive 0.5% bonus per Section 36.16.

Section 9.3 No Pay Loss for Break in Service or for Teachers Who Become Principals

Amends statute so that teachers who move to a principal position are paid on whichever pay scale is higher. Also amends statute to ensure that those moving to administrator positions with a break in service also qualify for the higher schedule. Prohibits retroactive pay modification for work performed prior to July 1, 2016.

G.S. 115C-285(a).

Section 9.4 Joint Legislative Study Committee on School-Based Administrator Pay

Establishes a joint legislative committee to study various issues affecting school-based administrator salaries. Requires that the committee study and make recommendations on the following issues:

- The possibility of and need for changes to the school-based administrator salary schedule.
- Principal recruitment and retention compared with other professions.
- Hard-to-staff recruitment and retention strategies.

Sets a December 31, 2016, report due date.

Section 9.5 Central Office Salaries

Establishes monthly salary ranges for central office staff. Increases minimum and maximum allowable salary levels for 2016-17 by 1.5%.

Retains historical salary supplements, longevity pay, and classification guidelines.

Central Office personnel also receive 0.5% bonus per Section 36.16

Section 9.6 Noncertified Personnel Salaries

Increases salaries for permanent full-time and part-time noncertified school personnel by 1.5%. The increase shall go to employees who were employed for all or part of 2015-16 and continue employment for 2016-17.

Noncertified staff also receive 0.5% bonus per Section 36.16

Section 9.7 Third Grade Reading Teacher Performance Pilot Program

Establishes a two-year Third Grade Reading Teacher Performance Pilot Program.

Creates two groups of 3rd grade teachers to receive bonus pay in January 2017:

- (1) the top 25% of statewide EVAAS 3rd grade reading growth scorers for 2015-16
- (2) the top 25% of each local school district's EVAAS 3rd grade reading growth scorers for 2015-16

Appropriates \$5 million to be awarded to each group, with the \$5 million for the local awards to be distributed based upon ADM. Awards bonuses to the same groups for 2016-17 scorers (funding to be determined later), with those bonuses to be paid in January 2018. Each award would be approximately \$3,400. A teacher may be given a bonus under both the statewide 25% **and** local 25%, for a total of up to \$6,800 for any individual teacher.

Provides that a teacher working in an LEA with three or fewer 3rd grade teachers can receive the bonus if that teacher's EVAAS third grade reading growth score exceeds expected growth.

Sets out reporting requirements for DPI/SBE.

Program expires on June 30, 2018.

PART X – COMMUNITY COLLEGES

Section 10.3 Youth Apprenticeship Tuition Waiver

Provides for tuition and fee waivers for community college courses for high school students who are in an approved apprenticeship program.

Section 10.5 Clarify Career and College Ready Graduate Program

Revises the language on the Career and College Ready Graduate Program. The program introduces college developmental mathematics and developmental reading and English curriculums in 12th grade of high school and provides opportunities for college remediation for students prior to high school graduation through cooperation with community college partners. Original language required implementation for the 2016-17 school year. This language is revised to move implementation of this program to 2018-19.

Lays out additional reporting requirements.

PART XI - UNIVERSITIES

Section 11.6 UNC Teacher and Principal Preparation Program Lab School for K-8 Students

Mandates that the UNC system set up 8 “Lab Schools” for K-8 students in LEAs where 25% or more of schools have been designated as low-performing. These Lab Schools function with the same freedoms and flexibilities as charter schools, except they are run by UNC institutions with high-performing teacher prep programs instead of a non-profit governing board. Designates that the purpose of the Lab Schools are to provide an enhanced education program for students as well as exposure and training for teachers and principals to successfully address challenges existing in high-needs school settings.

Sets out a process for UNC institutions to establish the Lab Schools.

Requires each local school board of the LEA in which a Lab School is located to continue providing food and transportation services to students enrolled in a Lab School. Sets out the same State funding mechanism for Lab Schools as exists for charter schools.** Sets out the same local funding transference timelines and calculation disclosure requirements as are in place for charter schools.

**Budget technical corrections bill (HB 805) also excludes transportation dollars from what is transferred to Lab Schools, since LEAs are required to continue providing transportation services.

Requires that local school boards grant a one-year leave of absence to any teacher who requests leave to work in a Lab School. During the first year of a Lab School, the teacher has up to 45 days before the date to return to duty to request the leave. In the subsequent years, the request must be made at least 90 days before the first designated day to report back to work. Once a teacher has taken a leave to work in a Lab School, any subsequent requests to take or extend leave to work in a Lab School are within the discretion of the local school board. Career status teachers who take Lab School leave can return to the LEA with career status at the end of the

leave if an appropriate position is available. If no appropriate position is available, the teacher's name shall be placed on a list of available teachers.

Provides for a regular review process of a Lab School. If a Lab School is dissolved, the local school board of the LEA will have the opportunity to take over the school unless the LEA has 25% or more of its schools low-performing, in which case the another UNC teacher prep school will have right of first refusal.

Requires 4 Lab Schools to open in 2017-18 and the remaining 4 to open in 2018-19.
G.S. 116-239.5 through -239.13.

Section 11A.2 Modifications to the Special Education Scholarship Grant Program for Children with Disabilities

Adds three new categories of students with disabilities who are eligible for the special education school vouchers: (1) those with a parent/guardian on full-time duty status in the active uniformed service of the US; (2) those domiciled in NC for 6 months or more; and (3) those who attended an DOD school in North Carolina.

Allows a psychiatrist to make a determination as to a child's continued eligibility for special education services for purposes of qualifying for the voucher (previously, only the LEA or a licensed school psychologist could make those determinations).

Sets out a June 15 deadline for special education voucher applications to be received. Makes changes to priority of awarding vouchers and the method by which vouchers are to be disbursed to the enrolling private school.

Section 11A.3 Opportunity Scholarship Modifications/Program Forward Funding

Reserve Fund

Creates a Reserve Fund to allow for the accumulation of moneys available for Opportunity Scholarship school vouchers. Builds into statute annual appropriation levels to be transferred to the Reserve Fund from the General Fund as follows:

- 2017-18: \$44.84 million
- 2018-19: \$54.84 million
- 2019-20: \$64.84 million
- 2020-21: \$74.84 million
- 2021-22: \$84.84 million
- 2022-23: \$94.84 million
- 2023-24: \$104.84 million
- 2024-25: \$114.84 million
- 2025-26: \$124.84 million
- 2026-27: \$134.84 million
- 2027-28 and future fiscal years: \$144.84 million

Authorizes up to 2,000 new voucher recipients each fiscal year. Allows moneys in the Reserve Fund that are not awarded to new voucher recipients in a fiscal year to continue accumulating and made available for future years.

G.S. 115C-562.1, -562.2, -562.8

Programmatic Changes (Effective 2016-17)

Increases the percentage of new vouchers that can be awarded to Kindergarten and 1st Grade students from 35% to 40%. Since Kindergarteners and 1st Graders do not need to have any previous public school experience to receive a voucher, this provision therefore increases the portion of public funds that could potentially be awarded to families who had no intention of enrolling students in the public school system.

Allows children who attended a DOD school or whose parent/guardian is on full-time duty status in the active uniformed service of the US to be eligible for a voucher.

G.S. 115C-562.1(3), -562.2(a)(2).

Section 11A.4 Transforming Principal Preparation/Clarify RFP Grants

Makes a clarifying change to the language governing the Transforming Principal Preparation program.

Section 4.3 of the budget technical corrections bill HB 805 makes additional changes to the language governing this program by: reducing the amount of funds to be transferred to the contractual administrative nonprofit (\$500,000 to \$300,000); adding an additional data point to be included in legislative reporting requirements.

PART XII – DEPARTMENT OF HEALTH AND HUMAN SERVICES

Section 12B.1 NC Pre-K Program/Clarify Building Standards

As title indicates, adds language to the NC Pre-K guidelines to establish that private child care facilities and public schools operating prekindergarten classrooms are to meet preschool building standards as provided in the public school statutes.

Section 12B.4 Study Costs and Effectiveness Associated with NC Pre-K Slots

Establishes a cost/effectiveness study of NC Pre-K slots. Tasks the Division of Early Childhood Development and Education to analyze several prekindergarten items, including:

- Total cost (admin and local included) of funding an NC Pre-K slot.
- NC Pre-K's anticipated effectiveness in preparing children in five critical developmental domains.
- Whether the anticipated effectiveness justifies the determined costs or whether there are other alternatives to achieve the same objectives.
- The State share needed to fund a NC Pre-K slot by each setting.
- Amount of funds needed to maintain the current number of NC Pre-K slots if the per slot cost was increased to the amount recommended by the study.
- Recommendations on how often the NC Pre-K slot costs should be evaluated and reported to the General Assembly.

Sets February 1, 2017, as the due date of the study.

Section 12B.5 State Agency Collaboration on Early Childhood Education/Transition from Preschool to Kindergarten

Requires regular inter-agency collaboration to develop and implement a statewide vision for early childhood education, including a comprehensive birth to 3rd grade approach, including data and accountability indicators. Directs that the findings and recommendations of this review are to be reported to the legislature on or before January 1, 2017, with a follow-up report a year later.

Requires inter-agency development and implementation of a standardized preschool to kindergarten transitional program for children. Enumerates seven minimum components of the standardized program. Directs that a legislative report of findings and recommendations must be provided by January 1, 2018. Provides for the development of an initial transition plan to be used prior to the statewide transition plan.

Section 12E.2 Healthy Out-of-School Time (HOST) Recognition Program

Creates a program called the “Healthy Out-of-School Time (HOST) Recognition Program” to be administered by DHHS in collaboration with the NC Center for Afterschool Programs based in the Public School Forum.

HOST will utilize a website to publicize and provide information on youth before-school, afterschool, and summer programs that meet the standards of The National Institute on Out-of-School Time Healthy Eating and Physical Activity. Sets out certain other standards to ensure HOST recognized programs are maintaining quality.

Section 12H.9 Study Medicaid Coverage for School-Based Health Services

Provides for a DHHS study of all the school-based health services for which NC schools could be receiving Medicaid Administrative Claiming reimbursements but are not under the NC Medicaid Plan. Requires an analysis of the fiscal impact to LEAs of adding additional Medicaid school-based health service coverage and a description of any plans for adding coverage of the services. Sets November 1, 2016, as the due date for the report.

Section 12I.1.(x) Maternal and Child Health Block Grant

Prescribes that if federal funds are received under the Maternal and Child Health Block Grant for abstinence education in the 2016-17 fiscal year then those funds are to be transferred to SBE to be administered by DPI to establish an abstinence until marriage education program. Sets out guidelines for DPI to follow in using the grant funds.

PART XIII – DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

Section 13.3 Future Farmers of America Pilot Program

Makes a one-time appropriation of \$120,000 for the 2016-17 fiscal year to the following Future Farmers of America programs:

- Southern Guilford High School in Guilford for a pilot program relating to animal science (\$60,000).

- Each of the following for pilot programs relating to animal science and agricultural crop planting, including greenhouses and hydroponics:
 - Mountain Heritage High School in Yancey (\$12,000)
 - Madison High School in Madison (\$12,000)
 - Central Haywood High School in Haywood (\$12,000)
 - Pisgah High School in Haywood (\$12,000)
 - Tuscola High School in Haywood (\$12,000)

PART XVII-C – DIVISION OF ADULT CORRECTION

Section 17C.1(b) Misdemeanant Confinement Program

Repeals the automatic transfer of funds from the Statewide Confinement Fund to the Sheriffs’ Association and Division of Adult Correction for operating and administrative expenses.

*Part of the moneys in this fund come from a \$50.00 fine for operation of improper equipment. The proceeds of this fine have been ruled by the courts to be owed to local boards of education via *Richmond County Board of Education v. Cowell*.*

PART XXV – GENERAL ASSEMBLY

Section 25.1 School Construction Needs Study

Creates a study of statewide school construction needs to be conducted by an outside entity through a contract with the legislature’s Program Evaluation Division. Directs that there is also to be an evaluation of those LEAs that have the highest facility needs in relation to revenue raising capacity. Sets a March 15, 2017, report due date.

PART XXVII – OFFICE OF STATE BUDGET AND MANAGEMENT

Section 27.4 Disposition of Certain Funds

Establishes that funds provided to Jones County in 2015-16 and 2016-17 for construction of a collocated middle and high school may stay with the school district and do not have to be returned to the State.

PART XXXII – DEPARTMENT OF ADMINISTRATION

Section 32.1 Study E-Procurement Service

Establishes a study of the management of NC’s E-Procurement service, including the vendor transaction fee and the delay in implementing an e-bidding module within the system. Report due to the 2017 legislature.

PART XXXV – DEPARTMENT OF TRANSPORTATION

Section 35.13 Repeal Sunset on Late Fee for Motor Vehicle Registrations

Makes the fee for late motor vehicle registrations permanent (was previously scheduled to end on December 31, 2017). Corresponding Section 5.3 makes the proceeds from the fee permanently dedicated to supporting the driver education program.

PART XXXVI – SALARIES AND BENEFITS

Section 36.1 Governor and Council of State

Increases salary level of the Superintendent of Public Instruction, along with the Governor and other members of the Council of State, 1.5% for 2016-17.

Section 36.1A State Funded Personnel/Merit-Based Bonuses Authorized

Directs local school boards to develop policies to award merit bonuses to LEA personnel who are *non-educators* for 2016-17 only. Eligible non-educator personnel include:

- School-based administrators
- Central office personnel
- Noncertified personnel

Allocates \$17,242,627 for the merit bonuses but does not establish how the funds are to be allocated among LEAs. Directs each local board to come up with local policies to guide how the merit-based bonuses are to be given out (Money Report provides that policies are to be developed with guidance from the SBE). Prohibits across-the-board awards of the bonuses. Sets out a requirement that local boards report to DPI the details of how the funds are distributed by district and school.

Section 36.12 State Agency Teachers

Authorizes the same salary increases for employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, and the SBE as for those who are paid on the “A” Teacher Salary Schedule.

Section 36.14 All State-Supported Personnel

Clarifies that the salary increases provided for 2016-17 do not apply to persons separated from State service due to resignation, dismissal, RIF, death, retirement, or whose last workday is prior to July 1, 2016.

Section 36.16 Compensation Bonus/Across-the-Board/Awarded for Fiscal Year 2016-2017

Awards a 0.5% one-time lump-sum bonus to all non-teacher school district personnel employed in a permanent State-funded position on September 1, 2016. Pays out the bonus in October 2016.

Prevents the bonus from being considered salary for the purpose of calculating retirement benefits. Clarifies that the bonus will be awarded without regard to placement within the salary range, including employees at the top of the salary range. Adjusts the bonus pro rata for permanent part-time employees.

Section 36.17 Use of Funds Appropriated for Legislatively Mandated Salary Increases/Compensation Bonuses/Employee Benefits

Sets out guidelines and reporting requirements for use of funds set aside for salary increases and compensation bonuses.

Section 36.20 Salary-Related Contributions

Sets the retirement system employer contribution for the 2016-17 fiscal year at 16.12% (was, 15.32%). Sets the State Health Plan employer contribution for the 2016-17 fiscal year at \$5,471, the same level as 2015-16. Authorizes the State Budget office to increase the health benefit contribution in January to \$5,659.

Section 36.21 Provide One-Time Cost-of-Living Supplement for Retirees of the Teachers' and State Employees' Retirement System, The Consolidated Judicial Retirement System, and the Legislative Retirement System

Provides a 1.6% one-time Cost-of-Living supplement to eligible State retirees (a) living as of September 1, 2016, and (b) whose benefits began on or before September 1, 2016. Pays out the benefit on or before October 31, 2016. Provides that the benefit is to be paid to the retiree's legal representative if the retiree passes before the payment is made.

Section 36.23 Qualified Excess Benefit Arrangement (QEBA)

Extends eligibility for benefits under the Qualified Excess Benefit Arrangement to those who were a member of the system on or before January 1, 2015 (previously, an individual had to retire on or before August 1, 2016). Sets out a procedure for the QEBA to recoup supplemental payments from the last employer of a QEBA beneficiary who retires on or after August 1, 2016.

Section 36.24 State Health Plan Cost-Controlling Measures and Reallocation of Reserve for Future Benefit Needs

Directs the State Treasurer and Board to adopt measures to limit the growth rate of projected employer contributions to the State Health Plan for 2017, 2018, and 2019.

SUMMARY OF LEGISLATION ENACTED BY THE GENERAL ASSEMBLY

ALL BILLS ARE EFFECTIVE UPON BECOMING LAW UNLESS OTHERWISE NOTED

Public/Statewide Legislation

House Bills

HB 169: Restore State Claim for Wrongful Discharge (S.L. 2016-99) restores an employee's ability to file a tort claim for wrongful discharge amending the legislation that was passed in HB 2 earlier in the year. However, a one-year statute of limitations on filing such a claim is created.

Effective when it becomes law.

G.S. 143-422.3, 1-54.

HB 242: Various Charter School Law Changes (S.L. 2016-79)

Directs the SBE to:

- Review the operations of a charter at least once prior to the expiration of a charter rather than once every 5 years.
- Require that the preceding 3 years be used in the consideration of a renewal request
- Consider renewing charters for less than 10 years or not at all provided that 1 of the 3 conditions applies in the renewal request
- Have authority to waive the requirement that the actual enrollment is with 10% of maximum enrollment upon request of a charter for a material revision because of proposed capital expansion with failure to meet that requirement.
- Changes the identification of low performing charter schools to mirror the LEA definition
- Decide whether to grant a charter through the fast track replication process by October 15 of the year immediately preceding the year of the school opening.

Directs the LEA to:

- To provide the SBE with the same information that it provides to the charter schools to which it transfers a per pupil share of its local current expense fund.
- Make a decision on the charter's request to lease within 90 days of the request.

Effective when it becomes law.

G.S. 115C-218.5, -218.6, -218.7, -218.8, -218.35, -218.45(f), -218.94, -218.95, -218.105; 135-5.3(b7).

HB 474: Exclude Year-Round Track-Out Program/Child Care (S.L. 2016-7) revises the definition of "child care" to exclude track-out programs that are provided for school-age children when they are out of school on a year-round calendar.

G.S. 110-86(2)

HB 561: School System Auth. RE: Legal Proceedings (S.L. 2016-116) directs the General Assembly's Program Evaluation Division to study the process of resolving education funding disputes between local boards of education and boards of county commissioners.

Section 1) allows a local board of education to share records with any state or federal administrative agency that has a quasi-judicial function or any court of law, when disclosure is necessary in the discretion of the superintendent or superintendent's designee to adequately defend against a claim filed by a current or former employee against the local board of education or school official or employee for any alleged act or omission arising during the course of his or her official duties. Disclosure shall be limited to those confidential portions of the personnel file of the employees who filed the claim and only to the extent necessary for the defense of the board of education.

Section 2) allows local boards of education subpoena tangible items in matters where an employee is suspected of job related misconduct and requires investigation. Any such subpoena must be approved by a district court judge.

Effective October 1, 2016.

G.S. 115C-45(a), -321(a).

HB 632: Student Online Protection Act (S.L. 2016-11) creates a new statute governing data privacy requirements for operators of third-party online educational applications for K-12 students.

Operator Prohibitions:

- Engaging in targeted advertising based on any information acquired because of the use of the operator's site, service, or application.
- Using information to create a profile about a student except for a K-12 school purpose.
- Renting or selling information, except to national assessment providers that have received written consent from the parent or child who is at least 13 to provide access to certain scholarships, financial aid, or postsecondary educational opportunities.
- Disclosing covered information except for the following purpose:
 - Furtherance of the K-12 school purpose of the application if the recipient does not further disclose the information unless to allow or improve the operability and functionality of the third-party application.
 - Ensuring legal and regulatory compliance or protection against liability.
 - In response to or for participation in the judicial process.
 - Protection of the safety and integrity of users or third-party application.
 - For an educational or employment purpose requested by the student or student's parent.
 - To a subcontractor, if the operator contractually prohibits the subcontractor from using any covered information for any purpose other than providing the contracted service to or on behalf of the operator, prohibits the subcontractor from disclosing the information to third parties, and requires the subcontractor to have reasonable security procedures and practices.

Operator Requirements:

- Implement reasonable security procedures and practices appropriate to the nature of the covered information and protect the covered information from unauthorized access, destruction, use, modification, or disclosure.

- Delete a student’s covered information within 45 days if the school or local board of education requests deletion of the information under the school or local board of education’s control. This would only be void if the parent or student consents in writing to maintenance of the covered information.

Effective October 1, 2016.

G.S. 115C-401.2.

HB 742: PE Licensure/Allow School Maintenance. Plumbers (S.L. 2016-105) allows a school board to employ personnel to repair heating, plumbing and fire sprinklers at schools. Also allows plumbing and heating contractors employed full-time by a local school board to contract or perform work during the hours the licensee is off duty from the regular employer.

Effective October 1, 2016.

G.S. 115C-524(a1) and 87-26.

HB 805: Measurability Assessments/Budget Tech. Corr. (S.L. 2016-123)

Part II makes several technical corrections to the 2016-17 budget bill HB 1030. Those changes are noted in the budget summaries above.

HB 959: DOT Proposed Legislative Changes (S.L. 2016-90)

Section 6. Removes a provision allowing the DMV to issue a restricted instruction permit to an applicant for certification as a school bus driver.

G.S. 20-7(m).

HB 960: Retirement Creditable Service Charter Schools (S.L. 2016-82) places a maximum of 5 years that members of the teachers’ and state employees’ retirement system can purchase credit for employment in a charter school

Effective June 30, 2016.

G.S. 120-114; 135-4(cc), -8(b)(5)d.

HB 1014: NC Pre-K Conforming Changes/Taylor’s Law (S.L. 2016-30) removes obsolete references to the More at Four Program in the General Statutes and changes it to *NC Pre-K*.

Effective June 22, 2016.

G.S. 115C-242; 130A-33.65; 143-168.12.

HB 1035: LGC/Training for Local Gov’t Finance Officers (S.L. 2016-84) permits the Local Government Commission to require a finance officer, or other employee performing the duties of a finance officer, of a local government or public authority to attend training of the powers, duties and responsibilities of a finance officer if either of the following apply to the local government or public authority:

- (1) The LGC has issued a noncompliance letter due to a deficiency in that local government or public authority
- (2) The LGC is exercising its authority to assist defaulting units in refinancing and paying debts.

Provides that the LGC can collaborate with other entities to develop and deliver the training. Allows for fees to be established for the training.

G.S. 159-6, -25.

Note: This does not apply to LEA finance officers but according to the LGC, LEA finance officers are welcome to attend classes.

HB 1080: Achievement School District (S.L. 2016-110) establishes an Achievement School District (ASD) under the administration of the State Board of Education. The ASD shall assume the supervision, management, and operation of up to five elementary schools that have been selected as achievement schools. Once selected, a board can choose to close the school instead. A selection advisory committee shall also be created to make a recommendation to the State Board of Education on the appointment of a superintendent to serve as the executive officer of the ASD. The SBE and the Superintendent shall make a report on progress to the General Assembly by no later than January 15th each year.

Provides that no more than five elementary schools will transfer to the ASD as achievement schools, and sets forth geographic requirements and limits the number of schools per administrative unit to one unit, unless the local board of education consents to more. It also provides that the selected schools will remain under the supervision of the ASD for no less than five years. In addition, the supervision may be extended for an additional three years. Transportation and general maintenance to the campuses will continue to remain the responsibility of the local board of education unless alternate agreements are made between the board and the AS.

In order for a school to be eligible for consideration it must be:

- An elementary school
- School received a school performance score in the lowest 5% of all schools in the prior school year.
- School received a school performance score in the lowest 10% of all schools that include all or parts of grades K-5 and has been designated by the local board for consideration.
- Did not exceed growth in 1 of the last 3 years and did not meet growth in 1 of the last 3 years
- One of the school reform models had not been adopted for the school the immediate prior school year

Provides that if a local board of education transfers a qualifying school to the ASD, the local board of education may ask the SBE to be allowed to create an Innovation Zone (school(s) that operate with charter like flexibility) for up to three continually low-performing schools within its local school administrative

The local school district that an achievement school is located must transfer to the ASD for the achievement school the amount equal to the per pupil share of the local current expense fund of the local school district for the fiscal year. State funds flow to the AS the same as funds transferred to charter schools except for transportation dollars. The transfer shall take place within 30 days of the receipt of dollars into the local current expense fund.

Allows the Charlotte-Mecklenburg Board of Education to create an innovation zone for up to 5 low performing schools that are among Project Lift Schools and Beacon Initiative Schools for the 2017-2022 school years.

Effective when it becomes law. Supervision of achievement schools by the ASD shall begin with the 2017-18 school year.

G.S. 115C-75.5 through -75.13, -105.37A, -321(a).

Senate Bills

SB 330: Change Orders on School Construction Projects (S.L. 2016-58) requires local boards of education adopt a policy governing changes in orders to any construction or repair work for which contract has been awarded.

- The process by which a proposed change order is submitted by the contractor to the board for approval, including any request for expedited review.
- The individual(s) that have the responsibility for approving change orders of a particular category of work and the corresponding details and dollar limits.
- The process by which any change order that must be reviewed and adopted by the local board shall be submitted to the local board.
- Then notification process for notifying the local board of all change orders submitted to the individual(s) with responsible authority to approve those orders.

Effective October 1, 2016 and applies to contracts awarded, extended, or renewed on or after that date.

G.S. 115C-521(h).

SB 508: Amd. Bail Bond/Coll. Agcy/Crim. Mediat'n Laws (S.L. 2016-107)

Adds to the list of reasons when a surety's obligation for a bail bond is terminated that the defendant is on probation pursuant to a deferred prosecution or conditional discharge. (*Effective December 1, 2016*)

Requires a bond forfeiture to be paid in its entirety before any bail bondsman, runner or bail agent listed on that bond can sign any other bond in the state. (*Effective December 1, 2016 and applies to bonds written after that date*)

Expands the Insurance Commissioner's powers to discipline bail bondsman and runners. The new powers are the following: (*Effective July 31, 2016*)

- Allows the Commissioner to deny, revoke, or refuse to renew the license of any licensee that has failed to pay federal income taxes.
- Gives the Commissioner disciplinary authority over any person whose license or registration has been surrendered or lapsed.
- Allows the Commissioner to summarily suspend a license upon the Commissioner's written finding of good cause that emergency action is needed to protect the public or avoid the risk of unsatisfied bond forfeitures.

Modernizes certain laws with collection agencies (*Effective July 31, 2016*), and amends procedures for mediation of certain misdemeanor criminal cases. (*Effective October 1, 2016*)
G.S. 15A-534, G.S.15A-544.7(d), G.S. 58-71-80, G.S. 58-71-75, G.S. 58-70-5, G.S. 58-70-20(a), G.S. 7A-38.5, G.S.7A-38.7

SB 575: NC/SC Original Boundary Confirmation (S.L. 2016-23) adjusts boundary lines between North Carolina and South Carolina effective January 1, 2017, based upon the work of the Joint Boundary Commission. A provision is established to protect students who may be impacted by the boundary shift so that they can continue to attend North Carolina public schools free of charge and that they shall be counted for ADM and other purposes even though they will be legal residents of South Carolina. Establishes that if the student is determined to have violated compulsory attendance

laws, they will no longer be eligible to attend an NC public school and the LEA is to notify, based on residency, the juvenile court and attendance supervisor.

Also makes students who have become legal residents of South Carolina because of the boundary shift eligible to attend a driver education course in their NC school district. Makes students newly legal residents of NC who are still attending their SC school eligible to receive a driver eligibility certificate and obtain and continue to hold a limited/provisional license.

SB 748: Change Report – Build. & Infrastructure Comm. (S.L. 2016-24) extends the deadline for a final report on findings and recommendations from the Blue Ribbon Commission to Study the Building and Infrastructure Needs of the State from the 2016 legislative session to the 2017 legislative session.

SB 770: NC Farm Act of 2016 (S.L. 2016-113)

Section 8. Allows local school boards by to develop and implement policies and procedures to facilitate and maximize to the extent practicable purchase of food grown in North Carolina. This may include a price percentage preference.

Effective when it becomes law.

G.S. 115C-264.4.

S.J. Res 902: SBE Confirmation (Resolution 2016-22) confirms the appointments of two new State Board of Education members for terms expiring March 31, 2023: Mr. Todd Chasteen (Northwest Region) and Ms. Amy White (North Central Region).

State Health Plan, Retirement, Unemployment, and Workers' Comp Bills

HB 1011: Retirement Technical Corrections Act of 2016 (S.L. 2016-56) makes various technical changes to the laws pertaining to the following: NC Firefighters and Rescue Squad Workers' Pension Fund; Local Governmental Employees' Retirement System (LGERS); Teachers' and State Employee's Retirement System (TSERS); State Health Plan; and the Achieving a Better Life Experience (ABLE) Program.

Section 7(a) amends the TSERS collection of contributions to make a gender neutral language change, and to clarify that funds collected under the anti-pension spiking contribution-based benefit cap will be included in the Pension Accumulation Fund. Also, specifies that if a one-time exception has not been agreed upon in advance, the Board will not assess the employer with a penalty.

Effective Date: When it becomes law with exception to section 6 pertaining to purchase of educational leave, which becomes law January 1, 2017.

SB 815: Charter School in State Health Plan (S.L. 2016-106) authorizes the Longleaf School of the Arts to elect to participate in the State Health Plan.

Local Legislation

House Bills

HB 1126: Red Light Cameras/City of Greenville (S.L. 2016-64) makes changes to the City of Greenville's existing authorization to use red light cameras and increases the fine to \$100. *Effective July 1, 2016. Section 3 of this act becomes effective October 1, 2016, and applies to violations committed on or after that date.*

HB 1133: Partisan Election/Transylvania Bd. Of Ed. (S.L. 2016-44) makes the Transylvania County Board of Education Partisan beginning in 2018. It does not apply to those elected in 2014 or 2016. *Effective when it becomes law.*

Senate Bills

SB 382: Revision of SB 612 (S.L. 2016-14) revises the Nash-Rocky Mount School district merger by:

- Changes the budgeting process so that Edgecombe Co. takes over the funding responsibilities from the City of Rocky Mount. (Effective impart July 1, 2016 and impart July 1, 2020).
- Renaming the Nash-Rocky Mount School Administrative Unit to the Nash School Administrative Unit, and the Nash-Rocky Mount Board of Education to the Nash Board of Education. (Effective July 1, 2020).
- Prohibits the board of education for the NRMS from initiating litigation with Nash County over sufficiency of local appropriation through 2026-2027 fiscal year budget. (Effective when it becomes law)
- If either the Edgecombe BOC or City of Rocky Mount fail to provide the required finding to NRMS, as determined by the Local Government Commission, and failed to remedy the deficiency within 30 days of that determination, the portion of the NRMS located in Edgecombe County would become part of the Edgecombe School Administrative Unit effective July 1 of the following year. (Effective when it becomes law)

SB 881: Union County School Funding (S.L. 2016-18) prohibits the Union County school board from taking legal action against the Union County Commissioners challenging the sufficiency of local appropriations for 2016-17 fiscal year. Directs the two bodies to meet periodically throughout the fiscal year.

SB 888: Buncombe School Capital Fund Commission (S.L. 2016-19) rewrites Chapter 134 of the 1983 Session Laws to alter the distribution of Article 39 sales tax revenues by the Buncombe School Capital Fund Commission. The bill creates one account for Commission funds and provide that it be distributed between the Buncombe County School System and the Asheville City School System based on priority of needs rather than on a pro-rata basis according to average daily membership. *Effective when it becomes law.*
G.S. 123-45.