



*PUBLIC EDUCATION: NORTH CAROLINA'S BEST INVESTMENT*

# 2017 LEGISLATIVE SUMMARY

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## 2017 Legislative Summary

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**SUMMARY OF FY 2017-19 APPROPRIATIONS ACT**  
**SB 257 (S.L. 2017-57)**

Includes provisions of Budget Technical Correction Bill (HB 528)

**Money Report**

<b>K-12 PUBLIC EDUCATION</b>	<b>FY 17-18</b>		<b>FY 18-19</b>	
Base Budget <i>Public School Enrollment Growth <u>Not</u> Included</i>	\$8,739,220,986		\$8,723,720,986	
<b>A. Reserve for Salaries &amp; Benefits</b>				
Teachers/Instructional Support Personnel Compensation  - 9.6% Avg Increase Across Biennium  - 3.3% Avg Increase in 2017-18  - Step Increases  - \$300 increase at step 25 and above	\$101,732,591	R	\$372,639,349	R
Veteran Teacher Bonuses  \$385 one-time bonus for teachers at years 25+ on salary schedule	\$5,000,000	NR	\$5,000,000	NR
Teacher Bonus Programs  Makes 3 <sup>rd</sup> grade reading, AP/IB/CTE teacher bonus pilot programs permanent	<i>*Per a provision in the 2016 budget, funding for 2017-18 was automatically built into the base budget for 2017-18. That appropriation is \$15.5 million.</i>		\$14,900,000	R
New Teacher Bonus Programs: Grades 4-8 Math Grades 4-5 Reading	\$25,341,188	NR		
Accelerated Salary Schedule Placement for Teachers Meeting Certain Qualifications	\$700,000	R	\$700,000	R
School-Based Admin Compensation  New Salary Schedule for Principals (tied to schoolwide growth)  New Bonus Programs for Principals  Salary Increases for Asst. Principals	\$35,364,775	R	\$40,587,664	R
Non-Certified/Central Office Compensation	\$61,537,448	R	\$61,537,448	R

\$1,000 Salary Increase				
DPI Salary Increases	\$997,153	R	\$997,153	R
\$1,000 Salary Increases				
State Agency Teachers Salary Increases	\$274,197	R	\$672,584	R
Retirement Contribution – LEA Personnel	\$47,790,931	R	\$126,048,580	R
Adjusted Contribution and 1.0% COLA				
Retirement Contribution – DPI Personnel	\$359,562	R	\$948,345	R
Adjusted Contribution and 1.0% COLA				
State Health Plan Contribution – LEA Personnel	\$31,939,125	R	\$67,680,526	R
State Health Plan Contribution – DPI	\$168,764	R	\$357,620	R
<b>B. Technical Adjustments</b>				
Average Daily Membership (ADM) Growth	\$31,897,244	R	\$31,897,244	R
Fully funded Year 1 Reserve for full funding in Year 2 <i>*see Reserve Fund below</i>				
Avg Salary Adjustment Based on Actual December Salary Data	\$3,165,790	R	\$3,258,025	R
Children with Disabilities Headcount – Adjust to Reflect April Headcount	(\$3,305,661)	R	(\$3,305,661)	R
Lottery/General Fund Swap-Out for Noninstructional Support Personnel	(\$11,622,037)	R	(\$13,647,595)	R
General Fund/Lottery Swap-Out for Transportation Funding	(\$1,386,090) (\$41,891,102)	R NR	(\$1,386,090)	R
<b>C. State Public School Fund</b>				
Textbooks and Digital Materials Allotment	\$11,285,000	NR		
2017-18 Appropriation: \$66.8 million 2018-19 Appropriation: \$55.8 million				
Children with Disabilities – Increase the Portion of Funds that Can be Used in an LEA from 12.5% to 12.75%	\$6,319,908	R	\$6,319,908	R
Digital Learning Plan Funding	\$2,420,000	R	\$2,420,000	R
Geographically Isolated Schools – Newly Eligible Schools	\$506,064	R	\$506,064	R
Stabilization Funds for Wayne County Schools – Johnson Air Force Base	\$2,000,000	NR		
Pilot Grant Program for Transportation Services in Charter Schools				
\$2.5 million transfer from Dept. of Transportation				
Eastern NC School for the Deaf	\$1,000,000	NR		
Central Office Allotment Cuts	(\$7,000,000) 7.4% Cut	R	(\$11,000,000) 11.6% Cut	R

Eliminate Analysis of Student Work Process	(\$325,000)	R	(\$325,000)	R
Cooperative Innovative High Schools – Revise Allocation Method and Fund All Schools Approved for Operation in 2017-18	(\$2,246,612) \$563,662	R NR	(\$2,246,612)	R
Replace Funds in the State Public School Funds with Proceeds from the Civil Fines and Forfeitures Fund	(\$6,442,382)	NR		
Low-Wealth Supplemental Funding Allotment	(\$2,000,000)	NR		
Adjust Social Security Benefit Line-Item to Align Budgeted Funds Closer to Actual Spending	(\$5,000,000)	R	(\$5,000,000)	R
Small Specialty Schools – Align Budgeted Funds Closer to Actual Spending	(\$2,199,336)	R	(\$2,199,336)	R
Small County Schools Supplemental Funding Allotment	(\$3,618,482)	R	(\$3,969,607)	R
<b>D. Department of Public Instruction</b>				
Funds to Implement the School Business Systems Modernization Initiative	\$19,000,000	NR	\$10,000,000	NR
Transfer the Education and Workforce Innovation Commission from Governor’s Office to DPI	\$2,001,118	R	\$2,001,118	R
6 <sup>th</sup> and 7 <sup>th</sup> CTE Grade Expansion Grant Program	\$700,000 \$3,500,000	R NR	\$700,000	R
B-3 Inter-Agency Council – Positions	\$250,000	R	\$250,000	R
NCCAT	\$300,000	R	\$300,000	R
Future Ready Students	\$200,000	R	\$200,000	R
Reading Improvement Commission	\$200,000	NR		
Positions for Teacher Prep Review and Approval	\$200,000	R	\$200,000	R
Reimbursement for Teacher Licensure Fee for Initially Licensed Teachers	\$245,000	R	\$245,000	R
Positions for State Superintendent’s Office	\$700,000	R	\$700,000	R
Coverage of Legal Fees for Active Lawsuits Involving State Superintendent	\$300,000	NR		
DPI Audit  Year 1 is cost of audit Year 2 is anticipated savings from money saving policies	\$1,000,000	NR	(\$1,000,000)	R
Management Flexibility Reduction	(\$3,239,205) 6.2% Cut	R	(\$7,297,771) 13.9% Cut	R
SBE Legal Services	(\$140,000)	R	(\$140,000)	R
Reversion of Money Set Aside in 2016 for Legislation that Never Passed				
SBE – Eliminate Filled Position (Associate State School Superintendent Position)	(\$188,030)	R	(\$188,030)	R
DPI – Eliminate 7 Vacant Positions	(\$583,496)	R	(\$583,496)	R

DPI – Eliminate Part-Time Vacant Position	(\$59,988)	R	(\$59,988)	R
DPI – Eliminate 3 Filled Positions	(\$254,002)	R	(\$254,002)	R
<b>E. Reserves and Transfers</b>				
Coding and Mobile Application Grant Program	\$400,000	R	\$800,000	R
Expansion of the TA Tuition Assistance Reimbursement Program to 14 More LEAs	\$315,000	R	\$315,000	R
Funding for the Advanced Teaching Role Pilot Program	\$7,180,000	NR		
Grants to DPI for LEAs to Establish Innovation Zone Models			\$450,000	R
Transfer out of Education Endowment Fund for Start-Up Funds to Reinststate the NC Teaching Fellows Program	(\$4,550,000)	NR	\$1,000,000	R
Swap Out of State Appropriations to DPI with Funds from Education Endowment Fund	(\$6,145,461)	NR		
<b>F. Grants</b>				
Eastern NC Stem <i>The budget technical corrections bill clarified that these funds are to be used for enrollment of students from Halifax County Schools</i>	\$300,000	NR		
Communities in Schools of Cape Fear	\$50,000	NR		
Muddy Sneakers	\$500,000	NR		
Triangle Literacy Council	\$740,000	NR		
Hoke Reading Literacy Council, Inc.	\$25,000	NR		
Life Changing Experiences Pilot Program	\$360,000	NR	\$360,000	NR
Haywood Community Learning Center	\$250,000	NR		
Harnett County Early College	\$100,000	NR		
Richmond Senior High School	\$200,000	NR		
<b>Total Legislative Changes to Base</b>	<b>\$289,316,731</b>	<b>R</b>	<b>\$686,028,440</b>	<b>R</b>
	<b>\$17,865,905</b>	<b>NR</b>	<b>\$15,360,000</b>	<b>NR</b>
<b>Revised K-12 Education Budget</b>	<b>\$9,046,403,622</b>		<b>\$9,425,109,426</b>	

<b>OTHER MONEY PROVISIONS</b>	<b>FY 17-18</b>		<b>FY 18-19</b>	
<b>Community Colleges</b>				
NC Works Career Coaches	\$1,100,000	R	\$1,800,000	R
Transfer of the Apprenticeship NC Program to NC Community College System	\$850,315	R	\$850,315	R
<b>UNC System</b>				



Opportunity Scholarship Voucher Program Builds yearly statutory appropriation increases into the base budget 2017-18 Total Appropriation: \$44,800,000 2018-19 Total Appropriation: \$54,800,000	\$10,000,000 <i>*not shown in Money Report but shown in statute</i>	R	\$20,000,000 <i>*not shown in Money Report but shown in statute</i>	R
State Agency Teachers/School Administrators	\$181,338	R	\$482,812	R
UNC Lab Schools	\$930,000 \$1,000,000	R NR	\$930,000	R
New Teacher Support Program	\$1,000,000	R	\$1,000,000	R
Future Teachers of NC Program	\$278,500	R	\$278,500	R
Principal Prep Grants Program	\$80,000	R	\$80,000	R
Teaching Fellows Restoration of Program with funds from the Education Endowment Fund	\$450,000 <i>Shown in Money Report</i>		\$6,000,000 <i>Shown in Money Report</i>	
Funding for Education Savings Accounts	\$450,000	R	\$3,000,000	R
<b>Department of Health and Human Services</b>				
NC Pre-K Additional Slots 2017-18: 1,725 additional slots 2018-19: 3,525 additional slots	\$3,000,000 <i>*\$6,000,000 also from TANF Funds</i>	R	\$6,100,000 <i>*\$12,200,000 also from TANF Funds</i>	R
State Agency Teachers/Administrators	\$74,333	R	\$165,223	R
State Agency Teachers/Administrators	\$5,229	R	\$12,592	R
<b>Department of Commerce</b>				
Cary Chamber of Commerce Provides funding to the Cary Chamber of Commerce to work in cooperation with other Chambers of Commerce in Apex, Fuquay-Varina, Holly Springs, and Morrisville to develop a program for schools focusing on workforce readiness and entrepreneurship that uses experiential, hands-on learning.	\$250,000	NR		
James Shaw ACE Academy	\$50,000	NR		
<b>Department of Natural and Cultural Resources</b>				
NC Symphony Orchestra <ul style="list-style-type: none"><li>\$50,000 shall be used to provide access to NC Symphony performances for public schools without transportation.</li></ul>	\$350,000	NR		
<b>Department of Justice and Public Safety</b>				
State Agency Teachers/Administrators	\$193,533	R	\$554,938	R
School Panic Alarm Pilot	\$250,000	NR		
<b>Special – State Budget and</b>				

<b>Management</b>				
Grant for Improvements to Mitchell County High School	\$250,000	NR		
Grant for Athletic Field at Ellerbe Middle School (Richmond County)	\$100,000	NR		
Town of Banner Elk Elementary School Improvements	\$25,000	NR		
<b>Department of Transportation</b>				
Charter School Transportation Reimbursement Grant Program	\$2,500,000	NR		
<b>Statewide Reserves</b>				
Reserve for Public School ADM Growth in 2018-19			\$48,410,289	R

## SPECIAL PROVISIONS

\*\*\*ALL SPECIAL PROVISIONS ARE EFFECTIVE **JULY 1, 2017**, UNLESS OTHERWISE  
NOTED\*\*\*

### PART V - OTHER APPROPRIATIONS

#### **Section 5.3 Education Lottery Funds/Change to Revenue Allocations/Needs-Based Public School Capital Fund**

##### **I. Lottery Allocations**

Allocates projected lottery revenue for each year of the biennium as follows:

	<b>2017-18</b>	<b>2018-19</b>
Noninstructional Support Personnel	\$383,888,897 (56.7%)	\$385,914,455 (56.7%)
NC Pre-K	\$78,252,110 (11.6%)	\$78,252,110 (11.5%)
Public School Building Capital Fund	\$100,000,000 (14.8%)	\$100,000,000 (14.7%)
Needs-Based Public School Capital Fund	\$30,000,000 (4.4%)	\$75,000,000 (11%)
Scholarships for Needy Students	\$30,450,000 (4.5%)	\$30,450,000 (4.4%)
UNC Need-Based Financial Aid	\$10,744,733 (1.6%)	\$10,744,733 (1.5%)
LEA Transportation	\$43,277,192 (6.4%)	\$1,386,090 (0.2%)
<b>Total Appropriation</b>	<b>\$676,612,932</b>	<b>\$681,747,388</b>

## II. Needs-Based Public School Capital Fund

Establishes a new school capital fund- The Needs-Based Public School Capital Fund- which will exist alongside the Public School Building Capital Fund.

### Purpose

Lottery monies from the Needs-Based Public School Capital Fund are to be used for new school capital projects only in counties that are Tier I and Tier II (the 80 most economically distressed counties) as designated by the Department of Commerce.

*\*Note that SB 582 expanded the purposes for which funds can be used to allow for them to fund school building construction.*

The Superintendent of Public Instruction will award the money in the form of grants.

### Total Appropriations

\$30 million total is appropriated to the Fund in 2017-18.

\$75 million total is appropriated to the Fund in 2018-19.

### Eligibility

Only Tier I counties can receive grants in 2017-18, 2018-19, 2019-20.

Tier II counties are added starting 2020-21.

### Funding Per County

A Tier I county may receive grants funds of up to \$15 million in a year.

- \$1 local match for every \$3 in grant awards.

A Tier II county may receive grant funds of up to \$10 million in a year.

- \$1 local match for every \$1 in grant awards.

### Priority Consideration for Grants

1. Counties designated as development tier one areas.
2. Counties with greater need and less ability to generate sales tax and property tax revenue.
3. Counties with a high debt-to-tax revenue ratio.
4. The extent to which a project will address critical deficiencies in adequately serving the current and future student population.

### Exclusion from Other Lottery Capital Awards

A county that receives a grant award from the Needs-Based Public School Capital Fund **cannot** receive school capital funds from the Public School Building Capital Fund for a five-year period (with the remaining PSBCF money reallocated among the other counties).

A county that has received \$8,750,000 in funds from the Public School Building Capital Fund from 2012-13 to 2016-17 may not receive grants from the Needs-Based Fund.

### Administration

The Fund will be administered entirely by the State Superintendent of Public Instruction.

**Intent**

Declares legislative intent to raise total lottery revenue (through both the Needs-Based School Capital Fund and the Public School Building Capital Fund) dedicated to school construction to 40% by 2028-29.

Provides that any excess lottery monies above the amount budgeted for a fiscal year are to be directed to the Needs-Based Public School Capital Fund.

*\*Note that the budget technical corrections bill (HB 528, see below) creates a study committee to examine grants from this Fund.*

*\*Note that SB 468 (see below) allows grant funds to be used for a project when a pre-development agreement for an operational lease was entered into on or before June 30, 2017.*

**Section 5.4 Civil Penalty and Forfeiture Fund**

Appropriates monies from the Civil Penalty and Forfeiture Fund for each year of the biennium as follows:

	<b><u>FY 2017-18</u></b>	<b><u>FY 2018-19</u></b>
School Technology Fund	\$18,000,000	\$18,000,000
Driver Education	\$27,393,768	\$27,393,768
State Public School Fund	<u>\$134,784,022</u>	<u>\$128,341,640</u>
<b>Total Appropriation</b>	<b>\$180,177,790</b>	<b>\$173,735,408</b>

Keeps any excess revenue in the Civil Penalty and Forfeiture Fund until appropriated by the General Assembly.

Directs that the proceeds from the fee for late motor vehicle registrations are to provide a permanent source of State funding for LEA Driver Education programs.

**Section 5.5 Indian Gaming Education Revenue Fund**

Continues the \$6,000,000 transfer from the Indian Gaming Education Revenue Fund to the Textbooks/Digital Resources allotment for each year of the biennium.

**PART VI – GENERAL PROVISIONS**

**Section 6.6 Clarify Base Budget Definition**

Writes into statute that funding increases for the Opportunity Scholarship school voucher program are to be built into the base budget.

*\*Note that public school ADM enrollment growth continues to NOT be built into the budget.*

Amends the definition of the base budget to include adjustments for statutory appropriations and other adjustments as directed by the General Assembly. Modifies the term “statutory appropriation.”

## **PART VII - PUBLIC SCHOOLS**

### **Section 7.1 Funds for Children with Disabilities**

Allocates supplemental funding for children with disabilities to align actual numbers with April, 2017, headcount. Sets per-pupil funding at \$4,125.27 (was, \$3,985.53) for both years of the biennium. Expands the cap on the portion of an LEA's ADM that can be funded through this allotment (from 12.5% to 12.75%).

Prohibits transfers OUT OF this allotment beginning with the 2017-18 school year.  
G.S. 115C-105.25(b).

### **Section 7.2 Funds for Academically Gifted Children**

Sets per-pupil funding for academically gifted children at \$1,314.56 (was, \$1,295.27) for both years of the biennium. Retains 4% cap on portion of LEA's ADM that can be funded through this allotment.

Prohibits transfers OUT OF this allotment beginning with the 2018-19 school year.  
G.S. 115C-105.25(b).

### **Section 7.3 Supplemental Funding in Low-Wealth Counties**

Retains historical funding formula for Low Wealth County Supplemental Funding allotment, details requirements for using the funds, and retains historical nonsupplant language.

For Cumberland and Onslow counties, funding from this allotment stream is to remain at the 2012-13 level.

*\*HB 528 (budget technical corrections) clarified that if Cumberland and Onslow qualify for higher funding than 2012-13 through the low wealth funding formula, then they will receive that higher amount.*

### **Section 7.4 Small County School System Supplemental Funding**

Retains historical funding formula for Small School System Supplemental Funding allotment, details requirements for using funds, and retains traditional nonsupplant language. Retains five-year phase-out period for counties that became ineligible for funding in 2015-16 or 2016-17. Allows counties that are newly ineligible in 2017-18 or 2018-19 to be phased-out over a five year period.

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

### **Section 7.5 Disadvantaged Student Supplemental Funding (DSSF)**

Retains same funding formula language as previous years.

### **Section 7.6 Uniform Education Reporting System (UERS) Funds**

Allows funds appropriated for the UERS to carryforward.

### **Section 7.7 Budget Reductions/Department of Public Instruction**

Allows flexibility to DPI in making the 6.2% and 13.9% budget reductions outlined in the Money Report. Protects 8 programs from being cut as well as positions that directly report to the

State Superintendent. Also protects the State Public School Fund from reductions to meet this requirement.

**Section 7.8 DPI/Alignment of Federal Funds**

Provides direction to DPI in accounting for federal public education funds.

**Section 7.9 Administration of the Excellent Public Schools Act**

Requires DPI to fund 13 new time-limited positions for administering the Read to Achieve program in addition to 11 positions that already exist.

*Expires June 30, 2019.*

**Section 7.10 Superintendent of Public Instruction Support Staff**

Allows the State Superintendent of Public Instruction to use the \$700,000 appropriation in the Money Report (see above) to create up to 10 full-time positions that he is empowered to appoint. The positions will be at-will employees exclusively reporting to the Superintendent.

**Section 7.11 Carryforward of Certain DPI Funds**

Allows carryforward of appropriations for: Advanced Teaching Roles; Local Alternative Teacher Prep Programs; School Connectivity; Innovative School District (formerly achievement school district).

**Section 7.12 Prohibit Transfer of Limited English Proficiency Funds**

Prohibits transfers OUT OF the LEP allotment starting with the 2017-18 school year.

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

**Section 7.13 Prohibit Transfer of Textbooks and Digital Resources Funds**

Prohibits transfers OUT OF the Textbook/Digital Resources allotment starting with the 2018-19 school year.

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

**Section 7.15 Class Size Flexibility for Current Pilot Programs and Dual Language Immersion Classes**

Exempts dual language immersion classes in all LEAs from K-3 class size requirements beginning in 2017-18.

Also exempts the following LEA special programs from K-3 class size requirements:

- CMS schools participating in the advanced teaching role pilots and Project LIFT.
- Pitt County schools participating in the advanced teaching role pilots and the R3: Career Pathways program.
- Chapel Hill-Carrboro schools participating in the advanced teaching role pilots.
- Edgecombe schools participating in the advanced teaching role pilots.
- Vance schools participating in the advanced teaching role pilots.
- Washington schools participating in the advanced teaching role pilots.

*\*Note that the budget technical corrections bill (HB 528) added language declaring legislative intent to fund Program Enhancement Teachers for 2018-19.*

G.S. 115C-301.

### **Section 7.16 Improve Education Financial and Information Transparency**

Directs DPI to implement the School Business System Modernization Plan submitted to the Joint Legislative Education Oversight Committee by the SBE. DPI will work with NCSU's Friday Institute for Educational Innovation, the Government Data Analytics Center (GDAC), and local school officials on this effort. The State Superintendent must issue an RFP for Enterprise Resource Planning (ERP) software by October 1, 2017. Directs that a report be made to legislators before a contractual commitment is made.

Commits the General Assembly to fund this multiyear, multiphase project that is estimated to cost \$208.4 million over five years. The initial appropriations for the project are \$19 million in FY 2017-18 and \$10 million in FY 2018-19. These funds will not revert at the end of the fiscal year. Special allocations from this appropriation are as follows:

- Up to \$1.43 million in FY 2017-18 and up to \$1.42 million in FY 2018-19 may be used by DPI for project management expenses, including positions and contracts for services.
- Up to \$3.25 million in FY 2017-18 and up to \$250,000 in FY 2018-19 is transferred to GDAC for a data integration service that consolidates data from financial, human resources, licensure, student information, and related systems.

### **Section 7.17 Office of Charter Schools/Web-Based Record and Data Management**

Directs DPI to use up to \$200,000 for a Web-based Electronic records and data reporting management system for the Office of Charter Schools.

### **Section 7.18 State Board of Education/Use of State Funds**

Prohibits the SBE from using State funds to employ private attorneys for litigation services. Defines litigation services.

Specifies the only eight positions the SBE may appoint to support its meetings and operations. Provides that the SBE may utilize other staff employed through DPI to carry out additional functions.

*Does not apply to 2016-17 funds that are set aside for private counsel.*

G.S. 115C-13.5.

### **Section 7.19 Teachers / Isolated K-12 Schools**

Codifies a 2009 budget provision that allowed additional classroom teachers for geographically isolated schools that have grades K-12 and are in a LEA that has an ADM of 1.5 per square mile. Expands the original language to include a county containing more than 150,000 acres of National Forest owned by the federal government and managed by the United States Forest Service. Appropriates \$506,064 each year in the FY 2017-19 budget for this expansion. G.S. 115C-301. See also S.L. 2017-9 (HB 13).

### **Section 7.20 Turning TAs Into Teachers Pilot Expansion/Student Teacher Employment**

Expands the pilot program that provides tuition reimbursement to teacher assistants pursuing their teaching license. The following 14 LEAs may now also participate in the pilot:

- Alamance-Burlington
- Beaufort
- Bertie
- Duplin
- Edenton-Chowan
- Edgecombe
- Guilford
- Halifax
- Nash-Rocky Mount
- Northampton



- Randolph
- Tyrrell
- Vance
- Washington

Requires that teacher assistants receiving a tuition reimbursement are to continue receiving salary/benefits while doing student teaching in the LEA (was permissive).

Requires the local boards that are newly participating in the pilot to report to the Joint Education Legislative Oversight Committee by September 1, 2018.

### **Section 7.22 Cooperative Innovative High School Funding Changes**

Reduces the annual state appropriation of \$316,646 per school provided to most Cooperative Innovative High Schools to the following amounts based on their economic development tier:

- Tier I = \$275,000 (the Northeast Regional School of Biotechnology and Agriscience will receive \$310,000 and a virtual CIHS will receive \$200,000)
- Tier II = \$200,000
- Tier III = \$180,000 (\$20,000 nonrecurring provided in FY 2017-18)

Requires a study of the costs and outcomes of students in the Career and College Promise Program, which includes CIHS, and a report of this information submitted to various legislative committees.

G.S. 115D-5(x).

### **Section 7.23 Preparing Future Workforce in Coding and Mobile App Development Grant Program**

Directs DPI to establish the Coding and Mobile Application Grant Program to fund computer science, coding, and mobile application development curricular programs for middle school and high school students. Allows grant funds to be used for the purchase of equipment, digital materials, and teacher professional development services. Establishes the following benchmarks for the program:

- August 15, 2017 – State Superintendent issues criteria for grant applications
- October 15, 2017 – Deadline for first year application (May 15 in following years)
- November 15, 2017 - State Superintendent selects initial grant recipients (July 15 in following years)
- August 1, 2018 – Grant recipients report to DPI on how they expended funds (August 1 in following years)
- September 15, 2018 – DPI reports to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the grant recipients and the implementation of the program (September 15 in following years).

### **Section 7.23A Expand School Connectivity Initiative/Cybersecurity and Risk Management**

Expands the School Connectivity Initiative to include cybersecurity and risk management services supporting LEAs and charter schools. Funds this effort in the 2017-19 fiscal biennium by taking \$200,000 each year from the \$6.4 million recurring appropriation for the Digital Learning Plan.

**Section 7.23B Report on Cursive Writing and Multiplication Tables**

Directs SBE/DPI to submit a report to the legislature on how LEAs are implementing the requirements for cursive writing/multiplication table instruction.

**Section 7.23D Joint Legislative Task Force on Education Finance Reform**

Creates the Joint Legislative Task Force on Education Finance Reform to develop a new funding model for K-12 public schools based on a “weighted student formula” instead of allotment formulas. Mandates the 18-member task force (9 House members and 9 senators) begin meeting by October 1, 2017 and submit a final report by October 1, 2018.

**Section 7.23E Eliminate Analysis of Student Work Process for Teacher Evaluations**

Removes the Analysis of Student Work process for K-2 teacher evaluations starting with the 2017-18 school year. Makes conforming changes to G.S. 115C-296(e) and G.S. 115C-296.11(b)(3).

**Section 7.23F Sixth and Seventh Grade CTE Program Expansion Grant Program**

Establishes the Career and Technical Education Grade Expansion Program within the Education and Workforce Innovation Commission. Funds competitive grants to LEAs to prioritize CTE programs for 6th and 7th grade students for up to 7 years in the selected schools. Requires grant recipients to annually report on August 1 on how they spent their funds and the number of students assisted.

G.S. 115C-64.15.

**Section 7.23G Transfer Education and Workforce Innovation Commission to DPI**

Moves the Education and Workforce Innovation Commission out of the Governor’s office and into DPI.

**Section 7.23H Future Ready Students**

Amends terminology by replacing the term “vocational” with the term “career” to create “Career and Technical Education” (CTE) throughout statute. Requires local boards of education to offer at least 2 CTE work-based learning opportunities. Expands CTE from grades 6-12 to grades 5-12.

Encourages local boards of education to provide career awareness programs for students in 5th grade. Directs LEAs that adopt a 5th grade career awareness program to report on activities and student outcomes from the prior year to the SBE by October 1 of each year.

Requires local boards of education to establish a business advisory council and submit information regarding ongoing consultation with the council as part of the CTE local planning system. Establishes the purpose and responsibilities of the council and prescribes guidelines for membership, selection, duties, terms, appointments, bylaws and administrative requirements. Allows a business advisory council to serve more than one local board of education in a region upon agreement of the council members and all of the local boards of education to be served.

Creates an extended year agriculture education program and an evaluation of CTE agriculture teachers. Requires local boards of education to provide CTE agriculture teacher personnel with adequate resources to provide a 12-month program, which includes work-based learning services and instructional and leadership development. Directs that local school boards are to require that

CTE agriculture teacher personnel employed for 12 calendar months are evaluated in the same manner as classroom teachers.

Beginning with the 2018-19 school year, requires that CTE agriculture positions serving students in grades 9-12 are to be for a 12 calendar month term of employment. Allows for a waiver process. A local board of education may fund CTE agriculture positions using any combination of State funds, local funds, or any other funds available to the local board. Employment terms for all other CTE positions is to be determined by the local boards of education.

G.S. 115C-47, -55, -81.1, -151 through -166, -170, -174.25, -302.1, 426(f)(2).

### **Section 7.23I Establish B-3 Interagency Council**

Creates a joint council between DHHS and DPI charged with establishing a vision and accountability for a birth through grade 3 coordinated system of early care, education and child development services covering more than a half-dozen factors.

Lays out membership, selection, terms, duties and powers of the council.

Sets out reporting requirements for the council. Creates the position of Associate Superintendent of Early Education to be appointed by the State Superintendent of Public Instruction and serve as chief academic officer of early education within DPI. The appointment must take place by Aug. 27, 2017. The Associate Superintendent will co-lead the B-3 Interagency Council and oversee DPI's prekindergarten through 3rd grade initiatives.

*\*Note that the budget technical corrections bill (HB 528) allows the Associate Superintendent of Early Education to be removed by the Superintendent of Public Instruction for any reason, not just in the event of incapacity to proceed.*

G.S. 115C-64.25 through -64.28; 126.5(c1).

### **Section 7.23J Allotment Transfer Report**

Adds to the budgetary information LEAs are required to have posted on their Website by October 15 of each school year. Requires an LEA to maintain the budgetary information on the Website for at least 3 years after publication. Sets out requirements for DPI to examine the data and make a report to the General Assembly.

Mandates that the following information be disclosed as part of a description of any 5% allotment transfer:

- Amount of the transfer.
- The allotment category into which the funds were transferred.
- Purpose code for the funds following the transfer.
- Description of any teacher positions fully or partially funded as a result of the transfer, including all subject areas taught by the teacher in the position.

*Applies beginning with the use of funds in the 2014-15 school year.*

G.S. 115C-105.25.

*\*Note that the budget technical corrections bill (HB 528) clarified that the information on the LEA's website must contain the budgetary information from the 2014-15, 2015-16, and 2016-17 school years.*

### **Section 7.23K Digital Learning Plan/Programs/Funds**

Establishes that LEAs in the most economically distressed counties (as determined by the Department of Commerce) are to collaborate with SBE/DPI, the Friday Institute, and UNC teacher prep programs to assess how K-8 digital learning instruction is being implemented in those LEAs and develop a plan to strengthen those efforts. Provides that if any additional products/services are required to improve digital learning instruction, they must be procured through a competitive process. Delineates the items that must be included as part of these local digital learning plans.

Requires SBE/DPI, the Friday Institute, and UNC teacher prep programs to implement a comprehensive professional development strategy and solution for technology and digital resources as teaching tools.

Provides \$1,800,000 to fund these initiatives.

### **Section 7.23L Audit of the Department of Public Instruction**

Requires an audit of DPI, the results of which must be submitted to the General Assembly no later than May 1, 2018. Establishes that the audit is to be conducted by an independent research organization that is a public or private entity or university selected by the Superintendent of Public Instruction.

### **Section 7.24 Extended Learning and Integrated Student Supports Competitive Grant Program**

Dedicates \$6 million of the At-Risk Student Services Alternative School Allotment in each year of the 2017-19 fiscal biennium to create the Extended Learning and Integrated Student Supports Competitive Grant Program. Provides grants of up to \$500,000 per year over a two-year period to nonprofit corporations that provide services to:

- At-risk students performing at grade level.
- Students at-risk of dropping out.
- Students at-risk of suspension or expulsion because of anti-social behavior.

Requires grant recipients to match \$3 in grant funds with \$1 in non-grant funds and to report program progress to DPI for each year grant funds are expended. Sets out reporting requirements.

### **Section 7.25 Life Changing Experiences School Pilot Program**

Provides \$360,000 in each year of the 2017-19 fiscal biennium to the Children and Parent Resource Group, Inc. for a two-year Life Changing Experiences School Pilot Program. Funds three dimensional, interactive, multimedia programs that address activities that negatively impact teenagers, such as bullying, dangerous driving, alcohol/drug use, and violence. Limits the programs to grades 6-11 in Mitchell, Pitt, Wayne, and Forsyth county schools. Requires the grant recipient to report program results to the Joint Legislative Education Oversight Committee on March 1, 2018 (interim) and March 1, 2019 (final).

### **Section 7.26 School Performance Grades / ESSA Compliance**

Directs the SBE to adjust the calculation of annual A-F school performance grades. Aligns the accountability system to requirements of federal law. Requires the SBE to use the school

performance grades and scores under 115C-83.15 for ESSA compliance. Makes the following specific changes:

- Adds to the school performance score and grade a student's progress in achieving English language proficiency (one point is awarded for each 1% of students who progress in this area).
- Awards separate performance scores and grades for the school performance of subgroups of students such as children with disabilities, English learners, economically disadvantaged students, and racial/ethnic groups (reported separately on annual school report card).
- Adds the participation and test results from the Cambridge Advanced International Certificate of Education (AICE) to high school annual report cards (Added by the budget technical corrections bill).
- Defines the School Growth Score as a measure of school quality and student success.
- Eliminates a school's option to solely use its school achievement score to calculate its performance score and grade (previously allowed for schools that met expected growth but school growth score reduced overall performance score and grade).
- Places annual report card information on the DPI web site.

G.S. 115C-12(9), -47(58), -83.15, -83.16, -83.17, -105.37, -105.39A, -218.65, -238.66(11); 116-239.8(14).

### **Section 7.26A Clarify Student Consent to Receive College, University, and Scholarship Information**

Allows a website operator to provide student information to scholarship providers and nonprofit colleges and universities if the parent or student, aged 13 or older, provides written consent.

G.S. 115C-401.2(e).

### **Section 7.26B Career and College Ready Literacy Skills / Reading Improvement Commission**

Provides that a student seeking a high school diploma endorsement must pass a national college admission test for reading.

Directs the Superintendent of Public Instruction to establish a Reading Improvement Commission to study and recommend best practices to improve reading comprehension, understanding and application for students in grades 4-12. Allows the Superintendent to appoint the Commission members and to use \$200,000 of his existing budget for Commission expenses in FY 2017-18.

G.S. 115C-12(40).

### **Section 7.26C Nationally Norm-Referenced College Admissions Test**

Replaces the ACT test provided to all eleventh-grade students (to the extent funds are made available) with a nationally norm-referenced college admission test determined through a competitive bid process. Uses the same test to replace the ACT test used in eighth and tenth grades to see if students are on track to be remediation-free at a community college or university.

G.S. 115C-174.11(c)(4), -174.22.

### **Section 7.26E North Carolina Innovative School District**

Renames the Achievement School District as the North Carolina Innovative School District (ISD) and makes the following changes:

- Clarifies that the ISD shall be considered a local school administrative unit.
- Rescinds the ISD Superintendent’s ability to waive SBE rules, regulations, policies, and procedures, but allows the ISD Superintendent to request such a waiver.
- Adds the SBE, DPI, and the ISD Superintendent to the list of entities protected from civil liability for acts or omissions of an innovative school operator.
- Delays all implementation dates by one year.

Makes the following changes to innovation zones:

- Allows a local board of education to ask the SBE for permission to create an innovation zone if 35% of the schools in its local school administrative unit are low-performing.
- Adds the recommendation of the ISD Superintendent to the information received by the SBE before granting the creation of the innovation zone.
- Requires a low-performing school in an innovation zone to become an innovative school if it does not exceed expected growth in the last two years of the five consecutive years in the innovation zone.

### **Section 7.27 Read to Achieve Diagnostic Changes**

Makes the following changes to the diagnostic and formative reading assessment program for K-3 students:

- Makes EVAAS the only tool used to analyze student data to identify causes for difficulty with reading development.
- Allows reading assessments to be administered by computer or other electronic devices.
- Sets an October 1, 2017 deadline for the State Superintendent to issue a RFP for a diagnostic reading assessment instrument.
- Directs the State Superintendent to select a vendor by March 1, 2018.
- Allows \$5 million appropriated in 2015 for the Excellent Public Schools Act to not revert in FY 2016-17 and be made available to local school administrative units in FY 2017-18 to purchase computers or other electronic devices used for the administration of the diagnostic reading assessments. *\*added by budget technical corrections.*

*\*New diagnostic tools go into effect in the 2018-19 school year.*

G.S. 115C-83.6.

### **Section 7.28 Reimburse Initial Teacher License Fee for Certain NC Teaching Graduates**

Establishes guidelines for the reimbursement of the initial teacher licensure application fee for applicants that are graduates of approved educator preparation programs located in NC and have successfully earned their initial teaching licenses in NC (\$245,000 appropriated each fiscal year for the program).

*Applies to applications received on or after July 1, 2017.*

G.S. 115C-296.

### **Section 7.28A Testing Transparency**

#### **I. Testing Reports to SBE**

Modifies and expands the information local school boards must annually report to the SBE regarding locally administered assessments. In addition to reporting on the source of funds supporting the local testing program (already required), local school boards must report the following to the SBE starting with the 2018-19 school year:

- The time allotted to administer each test.
- Whether the test is computer-based or paper-based.
- The grade level or subject area associated with the test.
- The date the test results are expected to be available to teachers and parents.
- The type of test, the purpose of the test, and the use of the test results.
- Estimates of average time for administering tests required locally by grade level.

Moves the deadline for submitting the assessment information from September 1 annually to October 1 annually.

Establishes that local boards are to receive an electronic uniform calendar from the State Superintendent that will allow for the above information to be entered. Provides that the information in the uniform calendar will be made publicly available and searchable.

## **II. Local Reports**

Requires local school boards to provide a student's results on locally-required standardized tests to:

- The student's teachers no later than 1 week after the standardized test is administered.
- The student's parents no later than 30 days after the standardized test is administered.

Allows the local school board to extend the deadlines if the superintendent determines in writing that extenuating circumstances exist and reports those circumstances to the board.

## **III. Reports on Statewide Tests**

Directs local school boards to share a student's results on all statewide, standardized tests to the student's teacher of record and the student's parent/guardian prior to the first day of student attendance of the school year. Provides that DPI is to make this information available to the local school boards. Directs that the local school board reports to teachers/parents include the following information:

- A clear explanation of the student's performance.
- Information about the student's areas of strength and that need improvement.
- Intervention strategies and appropriate resources based on the student's areas of strength and areas in need of improvement, when available.
- Longitudinal information on the student's progress in each subject area based on previous data.
- Information showing the student's score compared to other students in the LEA, the State, or other states (if available).
- Predictive information showing the linkage between the scores attained by the student on the statewide, standardized tests and the scores they might earn on nationally recognized college entrance exams, if available (to be provided by DPI).

## **IV. Course Requirements and Descriptions**

Adds to the items required to be included in the Basic Education Program. Establishes that the Basic Education Program must now also include standards for early promotion based on mastery of competencies in ELA and Math in grades 3-12.

## V. Study Testing Alignment

Directs the State Superintendent of Public Instruction to study how closely the ACT and SAT examinations align with the ELA and Math standards in the NC Standard Course of Study. G.S. 115C-81(b), -174.12, -174.15, -174.16.

### Section 7.28D Waive Fee for Cambridge AICE Program Course

Adds the Cambridge Advanced International Certificate of Education (AICE) course as an advanced course for which students do not have to pay testing fees.

*Effective with the 2017-18 school year.*

G.S. 115C-174.26(a).

### Section 7.32 Financial Literacy Elective Course Pilot Program

Creates a pilot Financial Literacy Elective Course program. Provides that the pilot will last for 3 years and the State Superintendent will select the LEAs to participate. Establishes that the LEAs participating in the pilot will implement a high school personal financial literacy course.

Requires the SBE to develop a curriculum, materials, instructional qualifications, and guidelines for LEAs to use in implementation of the course. Clarifies that a pilot course would be in addition to the already required instruction in personal financial literacy. Sets out reporting requirements.

### Section 7.35 Charter School Transportation Grant Pilot Program

Establishes a pilot program to award grants to eligible charter schools to cover transportation costs.

## **PART VIII – COMPENSATION OF PUBLIC SCHOOL EMPLOYEES**

### Section 8.1 Teacher Salary Schedule

Lays out the “A” base salary schedule for classroom teachers and instructional support personnel for the 2017-18 fiscal year. Awards a year of experience step increase to those on the schedule earning a year of creditable service. Continues to build longevity payments into the salary schedule. Creates two-year pay bands except at years 0, 1, 2, 15, 16. Average increases for 2016-17 are 4.7%.

Years of Experience	Annual Salary 2016-17	Annual Salary 2017-18	% Salary Increase w/ Steps
0	\$35,000	\$35,000	N/A
1	\$35,750	\$36,000	2.9%
2	\$36,000	\$36,300	1.5%
3	\$36,250	\$37,300	3.6%
4	\$36,750	\$37,300	2.9%
5	\$37,250	\$38,300	4.2%
6	\$38,000	\$38,300	2.8%
7	\$38,500	\$39,300	3.4%
8	\$39,000	\$39,300	2.1%
9	\$39,500	\$40,550	4.0%
10	\$40,250	\$40,550	2.7%
11	\$41,000	\$42,050	4.5%
12	\$41,750	\$42,050	2.6%
13	\$42,500	\$43,550	4.3%
14	\$43,250	\$43,550	2.5%



15	\$45,250	\$45,550	5.3%
16	\$45,250	\$46,300	2.3%
17	\$45,250	\$47,300	4.5%
18	\$45,250	\$47,300	4.5%
19	\$45,250	\$48,300	6.7%
20	\$48,000	\$48,300	6.7%
21	\$48,000	\$49,300	2.7%
22	\$48,000	\$49,300	2.7%
23	\$48,000	\$50,000	4.2%
24	\$48,000	\$50,000	4.2%
25	\$51,000	\$51,300	6.9%
26+	\$51,000	\$51,300	0.6%

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 still 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:

1)

- 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

2)

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

**Section 8.2 Support Highly Qualified NC Teaching Graduates**

Creates new automatic acceleration on the “A” teacher salary schedule for teachers who meet certain criteria. When an LEA hires one of these teachers, the teacher **must** be placed a few steps **higher** on the salary schedule than where they otherwise would be placed based on just their years of experience.

Qualified teachers must have the following three characteristics:

- Graduate from an approved North Carolina teacher preparation program.
- Attain a GPA at or above 3.75 (on a 4.0 scale), or an equivalent score on a different GPA scale.
- Earn a score of 48 or higher on the edTPA assessment (or an equivalent score on a nationally normed and valid pedagogy assessment used to determine clinical practice performance).

- \*Note that SB 582 changed the scores for teachers hired on or after October 8, 2017:*
- A score of 42 for the World Languages and Classical Languages edTPA assessment.
  - A score of 57 for the Elementary Education edTPA assessment.
  - A score of 48 for all other edTPA assessments.

If a teacher meets these three criteria and is hired by the LEA they must be placed on the ‘A’ teacher salary schedule as follows:

	<b>Placement on ‘A’ Teacher Salary Schedule</b>
Meets the qualifying criteria	1 year of experience for year 0
Meets the qualifying criteria + Licensed and hired to teach in <b>special ed or STEM field</b>	2 years of experience for years 0-1
Meets the qualifying criteria + Placed in a “low-performing” school upon initial employment	3 years of experience for years 0-2

### **Section 8.3 Principal Salary Schedule**

Creates a new salary schedule for school principals that ties principal salaries to size of school and performance of the school as measured by schoolwide growth.

<b>School ADM</b>	<b>Base Salary</b>	<b>Salary if School Met Growth</b>	<b>Salary if School Exceeded Growth</b>
0-400	\$61,751	\$67,926	\$74,101
401-700	\$64,839	\$71,322	\$77,806
701-1,000	\$67,926	\$74,719	\$81,511
1,001-1,300	\$71,014	\$78,115	\$85,216
1,301 +	\$74,101	\$81,511	\$88,921

Sets out guidelines for being placed on the Met Growth and Exceed Growth rungs of the schedule as follows:

- For a principal to be placed on the Met Growth rung, the school must have at least
  - Met Growth 2 out of 3 years; or
  - Met Growth 1 time and Exceeded Growth 1 time within the past 3 years.
  - Not been eligible for a growth score in 2 of 3 years.
- For a principal to be placed on the Exceeded Growth rung, the school must have Exceeded Growth 2 out of 3 years.

Incorporates longevity payments into base salary schedule, eliminating separate longevity payments. Eliminates Advanced and Doctorate supplements. Provides a hold harmless clause to ensure no principal sees a salary decrease due to the new schedule.

**Section 8.4 Principal Bonuses**

Creates 2 bonus programs for principals.

**I. Bonus Program 1**

Awards bonuses to principals in schools that scores in the top 50% of statewide 2016-17 school growth scores according to the below chart.

<b>School’s Schoolwide Growth Percentile</b>	<b>Bonus for Principal</b>
100 – 95 <sup>th</sup> Percentile	\$5,000
94 <sup>th</sup> – 90 <sup>th</sup> Percentile	\$4,000
89 <sup>th</sup> – 85 <sup>th</sup> Percentile	\$3,000
84 <sup>th</sup> – 80 <sup>th</sup> Percentile	\$2,000
79 <sup>th</sup> – 50 <sup>th</sup> Percentile	\$1,000

**II. Bonus Program 2**

Makes principals in the same school for 2015-16 and 2016-17 eligible for a bonus as provided below.

School Growth Performance	2015-16 School Grade = A	2015-16 School Grade = B	2015-16 School Grade = C	2015-16 School Grade = D	2015-16 School Grade = F
<b>Below Expected Growth in 2015-16</b>	<b>\$5,000 Bonus</b>	<b>\$5,000 Bonus</b>	<b>\$5,000 Bonus</b>	<b>\$10,000 Bonus</b>	<b>\$10,000 Bonus</b>
<b>Exceeded Expected Growth in 2016-17</b>					
<b>Met Expected Growth in 2015-16</b>	<b>\$5,000 Bonus</b>	<b>\$5,000 Bonus</b>	<b>\$5,000 Bonus</b>	<b>\$10,000 Bonus</b>	<b>\$10,000 Bonus</b>
<b>Exceeded Expected Growth in 2016-17</b>					
Exceeded Expected Growth in 2015-16	No Bonus	No Bonus	No Bonus	No Bonus	No Bonus
Exceeded Expected Growth in 2016-17					
Below Expected Growth in 2015-16	No Bonus	No Bonus	No Bonus	No Bonus	No Bonus
Met Expected Growth in 2016-17					
No Improvement in Growth Scores	No Bonus	No Bonus	No Bonus	No Bonus	No Bonus

Allows an individual principal to receive both bonuses if they meet the criteria. Requires the principal to be employed on July 1, 2017, in order to get a bonus.

Directs the bonuses to be paid out no later than October 31, 2017.

### **Section 8.5 Assistant Principal Salaries**

Establishes that assistant principals shall be paid according to the “A” teacher salary schedule PLUS 17%.

Incorporates longevity into base salaries, eliminating separate longevity payments. Retains historical salary supplement guidelines. Lays out a hold harmless clause to ensure no assistant principal experiences a salary decrease.

Declares legislative intent to set assistant principal salaries in 2018-19 at the “A” teacher salary schedule plus 19%.

### **Section 8.6 Central Office Salaries**

Establishes monthly salary ranges for central office staff for 2017-18. Increases minimum and maximum allowable salary levels for 2017-18 by \$1,000.

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

### **Section 8.7 Noncertified Personnel Salaries**

Increases salaries for permanent full-time, permanent, full-time but less than 12 months, permanent, part-time, and temporary and permanent hourly noncertified school personnel by \$1,000. Provides for a prorated salary increase for part-time permanent, hourly, and permanent full-time employees on a contract of less than 12 months.

Exempts school bus drivers from the \$1,000 increase and sets aside \$16,855,081 for all local school boards to increase average school bus driver pay on an equitable basis.

### **Section 8.8 School Boards Create Minimum Salary Schedule for Occupational Therapists and Physical Therapists**

Requires every local school board to adopt a minimum salary schedule for occupational and physical therapists based on SBE ranges. Disallows experienced based intervals greater than 5 years.

G.S. 115C-316.

### **Section 8.8A Veteran Teacher Bonuses**

Awards a \$385 one-time bonus to teachers at level of experience 25 and up to be paid out by October 31, 2017, and again on October 31, 2018.

*\*Note that the budget technical corrections bill (HB 528) clarified that a teacher is only eligible for this bonus if they remain employed in the LEA as of October 1 of each year.*

### **Section 8.8B Revise Teacher Bonus Programs**

#### ***AP/IB, CTE, Cambridge AICE Bonus Programs***

Makes permanent the following existing teacher bonus programs:

- AP/IB teacher bonuses (\$50 per student that earns a passing score)
- CTE teacher bonuses (\$25 or \$50 per student who earns certain credentials)

Increases the maximum bonus an individual teacher may receive through the AP/IB and CTE bonus from \$2,000 per teacher to \$3,500 in any fiscal year. Removes the requirement that a

teacher has to be “licensed” in order to receive the bonus. Allows the bonus to be earned if the teacher no longer teaches AP/IB or CTE the following year but requires that the teacher remain in the LEA.

Adds bonuses for teachers that teach Cambridge AICE courses for each student that earns a passing score on the exam. Terms of the bonus are the same as AP/IB.

Maintains January as the date by which bonuses must be paid based on the prior school year’s data.

*\*Note the budget technical corrections bill (HB 528) clarified that these guidelines apply to bonuses awarded January 2018, 2019, 2020.*

### **Third-Grade Teacher Bonus Program**

Clarifies that for the January 2018 3<sup>rd</sup> grade reading 25% state/local bonus payouts:

- The teacher does not have to still be teaching 3<sup>rd</sup> grade in the 2017-18 school year.
- The teacher does not have to be licensed.
- The total amount a teacher can receive through the program remains uncapped.

### **Section 8.8C Third Grade Read to Achieve Teacher Bonus Program**

Sets out guidelines for bonus awards for teachers who are in the top 25% in 3<sup>rd</sup> grade reading growth scores for 2018-19. Retains the same criteria and appropriation for awarding the bonuses. Clarifies that teachers do not have to be licensed and do not have to still be teaching 3<sup>rd</sup> grade the following year in order to get the bonus. Caps the total bonus amount a teacher may receive through the program at \$3,500 in State funds and \$7,000 total (State and local).

Allows teachers in Lab Schools to access the bonus.

*\*Title originally said the bonus program was to be extended to 2018-19 but HB 528 (budget technical corrections bill) eliminated that limitation.*

### **Section 8.8D Fourth and Fifth Grade Reading Teacher Bonus Program for 2017-18**

Establishes a bonus program for grades 4-5 teachers based on reading growth scores for 2017-18.

Creates two groups of 4<sup>th</sup>/5<sup>th</sup> grade teachers to receive a bonus payment of \$2,150 in January 2019:

- (1) the top 25% of statewide EVAAS 4<sup>th</sup> and 5<sup>th</sup> grade reading growth scorers for 2017-18.
- (2) the top 25% of each local school district’s EVAAS 4<sup>th</sup> and 5<sup>th</sup> grade reading growth scorers for 2017-18.

Appropriates \$4,735,416 to be awarded to each group. A teacher may be given a bonus under both the statewide 25% **and** local 25%, for a total of \$4,300 for any individual teacher.

Sets out reporting requirements for DPI/SBE.

### **Section 8.8E Fourth to Eighth Grade Math Teacher Bonus Program for 2017-18**

Establishes a bonus program for grades 4-8 teachers based on Math growth scores for 2017-18.

Creates two groups of grades 4-8 teachers to receive a bonus payment of \$2,150 in January 2019:

(1) the top 25% of statewide EVAAS 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup> grade Math growth scorers for 2017-18.

(2) the top 25% of each local school district's EVAAS 4<sup>th</sup>, 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup> grade Math growth scorers for 2017-18.

Appropriates \$7,935,178 to be awarded to each group. A teacher may be given a bonus under both the statewide 25% **and** local 25%, for a total of \$4,300 for any individual teacher.

Sets out reporting requirements for DPI/SBE.

### **Section 8.10 School Bus Driver Compensation and Employment Study**

Creates a DPI study of school bus drivers in LEAs and recruitment/retention challenges.

Requires a report to be submitted to the General Assembly showing the following information:

- Average driving experience of school bus drivers.
- Rates of retention.
- Average term of service for school bus drivers.
- Average hours worked by school bus drivers, per week.
- Career paths for school bus drivers.
- Percentage of school bus drivers who work in another capacity in the LEA.
- The challenges of recruiting and retaining school bus drivers.
- Recommendations, including input from local school administrators, on improving the process of recruiting and retaining school bus drivers.

## **PART IX – COMMUNITY COLLEGES**

### **Section 9.8 Clarify Youth Apprenticeship Program**

Clarifies that courses provided to students in a pre-apprenticeship program recognized and approved by the State agency administrator can qualify for the youth apprenticeship program. G.S. 115D-5(b)(16).

## **PART X - UNIVERSITIES**

### **Section 10.9 Future Teachers of North Carolina**

Establishes the Future Teachers of North Carolina (FTNC) to provide high school students with courses on pedagogy and the profession of teaching, as well as field experiences in teaching.

Provides that the program will be run at 3 UNC schools located in the western, central, and eastern regions of the state. Directs the selected institutions to develop curricula and provide professional development to high school teachers who will teach FTNC courses. (\$278,500 recurring appropriation in UNC budget for program). Awards students completing a FTNC course with a grade of B or higher with college credit at partnering institutions. Sets out deadlines and reporting requirements.

G.S. 116-41.30 through -41.32.

**Section 10.26 One-Year College Tuition Grants for Certain Graduates of the NC School of Science and Math who Attend a State University**

Appropriates \$1,500,000 for the State Educational Assistance Authority (SEAA) to hold in reserve to provide tuition grants to NC resident graduates of the NC School of Science and Math in 2018 and enrolls in a UNC constituent school in the Fall of 2018. Provides that the amount of each grant is to be sufficient to cover tuition costs. Provides that if the student receives scholarships from other sources, the amount of this grant is to be enough to cover whatever costs may remain. Lays out accountability guidelines.

**Section 10A.1 Software for Administration of the Opportunity Scholarship and Special Education Scholarship Programs**

Directs that up to \$1,800,000 of the Opportunity Scholarship school voucher funds are to be used in 2017-18 to purchase administrative software for both the Opportunity Scholarship and children with disabilities voucher programs and integrate the software into the SEAA's data systems. Provides for a data-sharing initiative.

**Section 10A.2 Eliminate School Site Scholarship Endorsement Requirement**

Provides that if a parent is awarded school voucher monies (Opportunity Scholarship or special ed) and is going to endorse the use of the funds at a nonpublic school, the parent does not have to make the endorsement in person at the site of the school (previously the parent had to be physically present to make the endorsement).

*Effective with the 2017-18 school year.*

G.S. 115C-112.6(b1)(1)a., -562.6.

**Section 10A.3 North Carolina Teaching Fellows**

Re-establishes the North Carolina Teaching Fellows Program and the North Carolina Teaching Fellows Commission that were repealed by the General Assembly in 2011. Authorizes the Commission to select five postsecondary institutions in the state that offer educator preparation programs, either UNC or private, to host the Teaching Fellows. Limits the Fellows program to students interested in teaching in North Carolina public schools in STEM or special education licensure areas.

Provides forgivable loans of up to \$8,250 per year, beginning in the 2018-19 academic year, for a set period as follows:

- North Carolina high school seniors – up to 4 years.
- Students applying for transfer to an educator preparation program at a selected institution of higher education – up to 3 years.
- Individuals currently holding a bachelor's degree seeking preparation for teacher licensure – up to 2 years.
- Students matriculating at institutions of higher education who are changing to enrollment in a selected educator preparation program – up to 2 years.

Forgives loans of teachers, within ten years of graduation, working in STEM or special education licensure areas as follows:

- 1 year of credit for 1 year of teaching in a North Carolina public school identified as low-performing.
- 1 year of credit for 2 years of teaching in a North Carolina public school that is not identified as low-performing.

Funds the initial cost of the program with the \$6.1 million fund balance in the North Carolina Education Endowment Fund and a \$1 million General Fund appropriation.

G.S. 116-209.60 through -209.63.

#### **Section 10A.4 Personal Education Savings Account Program**

Sets up a program whereby parents/guardians of public school children with disabilities can receive up to \$9,000 per year of public tax dollars deposited into a personal savings account if they pull their child out of the public education system. Provides the parents with a debit card and authorizes the parent to use the tax dollars for special education expenses, including private school tuition and other educational services.

Allows the personal education savings account for parents of children with disabilities, who were not previously in public schools, and who are any of the following:

- A foster care child.
- A recently adopted child.
- A child of a full-time active duty member of the military or national guard.
- A child entering kindergarten or grade 1.
- A child enrolled part-time in a public school and part-time in a nonpublic school that serves children with disabilities.

Requires that students must be assessed every 3 years to verify their continued status as a child with a disability. This can be done either by the LEA or a licensed psychologist with a school psychology focus or a psychiatrist.

Establishes additional eligibility criteria and lays out guidelines to apply for the funds.

Delineates specific purposes for which personal education savings account monies may be spent.

Allows a parent/guardian to access the education savings account, the Opportunity Scholarship school vouchers, and the special education school voucher if the student has one of 6 specific disabilities.

Appropriates \$450,000 to set up the program in 2017-18 and then \$3,000,000 to be distributed into education savings accounts in 2018-19.

*Effective with the 2018-19 school year.*

G.S. 105-153.5(b); 115C-567.5 through -567.13.

#### **Section 10A.5 Amend Transforming Principal Preparation**

Amends the principal preparation grant program created in 2015 as follows:

- Adds a fifth priority area.
- Clarifies that a grant applicant's minimum of five months of full-time clinical practice must be paid and contain at least 750 hours.
- Expands a grant applicant's operation of a school leader preparation program to include the opportunity for all candidates to earn a master's degree and principal licensure.
- Directs a process be established to recoup funds from recipients that are noncompliant with the grant terms.



- Requires grant recipients to participate in all evaluation activities and to provide additional report upon request.
- Adds a requirement that principal candidates must have a master’s degree for licensure.

Allocates to the SEAA, \$380,000 for the administrative costs of the grant administrator and \$4.2 million for grant awards in 2017-18.

**Section 10A.6 Study of Opportunity Scholarship Student Evaluations**

Mandates the SEAA, DPI, and the Division of Nonpublic Education to create a task force to “study the most effective, valid, and reliable method of evaluating learning gains and losses of students receiving scholarship grants” through the Opportunity Scholarship school voucher. Requires a report by March 1, 2018.

**PART XI – DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS)**

**Section 11B.1 NC Pre-K Program/Standards for Four and Five Star Rated Facilities**

Requires the DHHS Division of Child Development and Early Education to continue implementing the NC Pre-K program. Retains current program eligibility criteria and establishes other guidelines that follow previous years.

**Section 11B.2 State Agency Continued Collaboration on Early Childhood Education/Transition from Preschool to Kindergarten**

Directs DHHS to continue following a directive in the 2016 budget to collaborate with DPI and other agencies in developing and implementing a statewide vision for early childhood education. Provides directives for submission of a follow-up report to the legislature on the progress of this initiative.

**Section 11E.1 Funds for School Nurses**

Directs that State funds appropriated for the School Nurse Funding Initiative are to supplement and not supplant other State, local, or federal funds appropriated or allocated for the same purpose. Provides that communities maintain current level of effort and funding for school nurses. Creates a funding formula to distribute the funding.

Mandates that school nurses funded with State funds not assist in any instructional or administrative duties associated with a school’s curriculum.

**Section 11L.1(aa) 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 2017-18 or 2018-19 fiscal years 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 XV – DEPARTMENT OF COMMERCE**

**Section 15.13 ApprenticeshipNC/Transfer State Apprenticeship Program**

Transfers management of the State apprenticeship program to the NC Community Colleges System. Recodifies the statutory guidelines for the program.

G.S. 115D-11.5 through -11.14.

## **PART XVI – DEPARTMENT OF PUBLIC SAFETY**

### **Section 16D.4(aa). School-Justice Partnerships to Reduce School-Based Referrals to Juvenile Courts**

Requires the Administrative Office of the Courts Director to prescribe policies and procedures for chief district court judges to establish school-justice partnerships with LEAs, local law enforcement agencies, with the goal of reducing in-school arrests, out-of-school suspensions, and expulsions.

G.S. 7A-343.

## **PART XXXIV – DEPARTMENT OF TRANSPORTATION**

### **Section 34.6A Road Improvements Adjacent to Schools**

Makes the Department of Transportation financially responsible for upgrades and construction on State-maintained roads that are adjacent to school buildings. Makes cities financially responsible for upgrades and construction on roads that are city-owned roads adjacent to schools. Requires the Department of Transportation to collect certain information about the road improvements near schools over the period covering July 1, 2015, to July 1, 2017 and submit the report to the General Assembly.

*Effective October 1, 2017, and applies to school openings, relocations, and expansions or after that date.*

G.S. 136-18(29a); 160A-307.1.

## **PART XXXV – SALARIES AND BENEFITS**

### **Section 35.10 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 35.11 All State-Supported Personnel**

Clarifies that the salary increases provided for 2017-18 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, 2017.

### **Section 35.15 Use of Funds Appropriated for Legislatively Mandated Salary Increases**

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

### **Section 35.16 Mitigate Bonus Leave**

Allows an opportunity for LEA employees that earned special bonus leave in 2003 and 2005 to use or cash in that special bonus leave if:

(1) Participation is voluntary; (2) leave that is cashed out must be valued at the amount based on the employee’s current annual salary rate; and (3) a report on the demographic information is

submitted to the respective agency head or employing agency and to the Fiscal Research Division.

**Section 35.17 Establish Pay Plan Reserve/Funds**

Creates a Pay Plan Reserve within the General Fund. Provides that appropriations to this Fund will be used for the purposes of providing monies for salary and benefit costs, including salary and benefit costs for teachers and school administrators. Establishes guidelines for the Fund. G.S. 143C-4-8.

**Section 35.18A Special Annual Leave Bonus**

Provides a bonus of three annual leave days to full-time, permanent employees of local school boards (and other State entities) employed as of July 1, 2017. Allows the leave to carryforward for the term of the employee's service.

**Section 35.19 Salary-Related Contributions**

Sets the TSERS employer contribution for the 2017-18 fiscal year at 17.13% and for the 2018-19 fiscal year at 18.44% (was 16.12% the previous fiscal year).

Sets the State Health Plan employer contribution:

- For the 2017-18 fiscal year:
  - 6.05% retiree health
  - Maximum of \$5,869 per employer (was \$5,471 in 2016-17).
- For the 2018-19 fiscal year:
  - 6.27% retiree health
  - Maximum of \$6,104 per employer.

**Section 35.19A Provide Cost-of-Living Adjustment for Retirees of the Teachers' and State Employees' Retirement System, The Consolidated Judicial Retirement System, and the Legislative Retirement System**

Provides a 1% Cost-of-Living supplement to eligible State retirees whose retirement commenced on or before July 1, 2016.

**Section 35.21 Study State Employee Total Compensation/Reduce Long-Term Unfunded Health Care Liabilities**

Creates a legislative committee to examine the total compensation of State employees, defined as cash compensation and the value of health care, retirement, leave, and other flexible benefits.

*\*HB 528 changed the task of the committee to study compensation and benefits instead of total compensation.*

Provides that those employees hired on or after January 1, 2021, will **not be eligible to receive health benefits through the State Health Plan at retirement.**

G.S. 135-48.1, -48.40.

## **PART XXXVIII – FINANCE**

### **Section 38.1 Lower Personal Income Tax Rate**

Lowers the flax personal income tax rate from 5.499% to 5.25% beginning in 2019.

### **Section 38.2 Increase the Standard Deduction**

As title indicates, increases the amount a taxpayer may deduct from taxable income beginning in 2019.

### **Section 38.5 Lower Corporate Income Tax Rate**

As title indicates, lowers the corporate income tax from 3% to 2.5% beginning January 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 7: LRC/Strengthen Savings Reserve (S.L. 2017-5)

Renames the Savings Reserve Account as the Savings Reserve and makes the following changes:

- Requires the General Assembly to include in each enacted budget bill a transfer to the Savings Reserve of 15% of the estimated growth in State revenues for each fiscal year of the upcoming biennium. The Office of the State Controller is charged with making the actual transfer of designated funds to the Savings Reserve.
- Requires the Office of State Budget and Management (OSBM) and the Fiscal Research Division (FRD) of the General Assembly to jointly produce an annual evaluation of the adequacy of the Savings Reserve based on the volatility of the State's General Fund tax structure. The 15% transfer rate from estimated revenue growth may be adjusted based on this evaluation (effective immediately).
- Allows spending from the Savings Reserve for the following:
  - To cover a decline in General Fund revenue from one fiscal year to the next.
  - To cover the difference between that fiscal year's General Fund operating budget appropriations, excluding departmental receipts, and projected revenue.
  - To pay costs imposed by a court or administrative order.
  - To provide relief and assistance from the effects of an emergency.
- Limits spending from the Savings Reserve to 7.5% of the prior year's General Fund operating budget appropriation and requires a majority vote in each chamber of the General Assembly. The 7.5% spending cap and spending restrictions can be exceeded by a two-thirds vote of the House and Senate.
- Excludes the Highway Fund and Highway Trust Fund from these requirements.

*Effective October 1, 2017.*

G.S. 143C-4-2; 143C-3-5(b); 142-15.4; 142-96; 143C-5-4(b)(8); 147-86.11(e)(7).

#### HB 13: Class Size Requirement Changes (S.L. 2017-9)

##### **I. K-3 Class Size Averages & Maximums**

Lowers (i) maximum average class size ratios in K-3 classrooms across an LEA; and (ii) the maximum class size for any individual K-3 classroom in the LEA. Reduces averages and maximums over a two-year period as follows.

**2016-17**

<b>Grade Level</b>	<b>Funded Allotment Ratio</b>	<b>Max Average LEA-Wide Class Size</b>	<b>Max Individual Class Size</b>
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**

<b>Grade Level</b>	<b>Funded Allotment Ratio</b>	<b>Max Average LEA-Wide Class Size</b>	<b>Max Individual Class Size</b>
Kindergarten	1:18	1:20	1:23
Grade 1	1:16	1:20	1:23
Grades 2-3	1:17	1:20	1:23

- New max averages effective Month 1
- New max individual class sizes effective end of Month 2

**2018-19**

<b>Grade Level</b>	<b>Funded Allotment Ratio</b>	<b>Max Average LEA-Wide Class Size</b>	<b>Max Individual Class Size</b>
Kindergarten	1:18	1:18	1:21
Grade 1	1:16	1:16	1:19
Grades 2-3	1:17	1:17	1:20

- Note that per the budget bill, a handful of special program schools and dual language immersion class are exempt from the requirements (see Section 7.15 of the budget bill above).

Maintains the current process for requesting a waiver from the maximum K-3 class size requirements from the State Board of Education.

(see <http://www.ncpublicschools.org/docs/fbs/accounting/forms/waiver-class-size.pdf>).

## **II. K-3 Class Size Reporting Requirements**

Requires reports at the end of October and February on various information associated with class sizes and teacher roles throughout the LEA.

*\*Note that HB 155 (see below) changed the first report due date from the end of September to the end of October.*

### 1) Class Size Report

- Each class/each grade level/each school:
  - a. Duties of the teacher.
  - b. Source of funds used to pay for the teacher.
  - c. Number of students assigned to the class.
  - d. All exceptions to individual class size maximums in K-3.

## 2) Program Enhancement Teacher Report

- Each school:
  - a. Number of program enhancement teachers (arts, physical education, world languages).
  - b. Source of funds used to pay for each program enhancement teacher.

## 3) Average K-3 LEA-Wide Class Size Report

Each LEA superintendent must file the reports with the State Superintendent of Public Instruction.

Allows the Superintendent of Public Instruction to conduct periodic audits of the information reported. Authorizes the SBE to withhold State funding for the LEA superintendent's salary if the LEA is found by the audit process to be out of compliance.

Establishes a process whereby the SBE notifies an LEA if the legislature has determined that a K-3 class size waiver has been improperly granted. If the LEA remains out of compliance within 60 days, then State funds for the local superintendent's salary will be withheld until compliance. *Effective with the 2017-18 school year.*

*\*Note that the budget technical corrections bill (HB 528) added language declaring legislative intent to fund Program Enhancement Teachers for 2018-19.*

G.S. 115C-47(10), -301.

### HB 21: Driver Instruction/Law Enforcement Stops (S.L. 2017-95)

Requires DPI to incorporate new items into the driver education curriculum- instruction on law enforcement procedures for traffic stops and a description of the actions motorists should take during a traffic stop. Directs DPI to develop the instruction in consultation with other organizations representing law enforcement officers.

*Curriculum changes apply beginning with the 2017-18 school year.*

G.S. 20-88.1(d); 115C-215(b).

### HB 100: Restore Partisan Elections/Sup. & Dist. Court (S.L. 2017-3)

Section 10. Changes the deadline for filing a petition to run in an election as an unaffiliated candidate FROM the last Friday in June preceding the General Election TO the second Wednesday prior to the primary election.

G.S. 163-122(3).

### HB 135: Technical Changes to Courses of Study Statutes (S.L. 2017-126)

Recodifies several statutes governing K-12 public school curriculum in the state. Changes all references to the Basic Education Program (outdated name) to the Standard Course of Study (current name). throughout the new statutes. Makes conforming changes elsewhere.

Repeals G.S. 115C-81, -81.1, -81.3, and -81.4. Recodifies as G.S.115C-81.5 through -81.85.

### HB 142: Reset of S.L. 2016-3 (S.L. 2017-4)

Repeals House Bill 2, the original law directing local boards of education to require every multiple occupancy bathroom/changing facility designated for student use to be designated based on biological sex. Replaces that requirement with language preempting local boards of

education and other political subdivisions from regulating access to multiple occupancy restrooms, showers, or changing facilities except in accordance with an act of the General Assembly. Prohibits local boards of education and other local governments from enacting or amending an ordinance regulating public accommodations until December 1, 2020.

HB 149: Students with Dyslexia and Dyscalculia (S.L. 2017-127)

Establishes the General Assembly's intent that all students with specific learning disabilities, including dyslexia and dyscalculia, receive necessary and appropriate screenings, assessments, and special education services.

Before the start of the 2017-18 school year, directs local boards of education to review diagnostic tools and screening instruments for specific learning disabilities and determine if additional tools are needed.

Requires the SBE to take a number of actions, including:

- Define dyslexia as a part of its policies for specific learning disabilities.
- Ensure ongoing professional development opportunities are in place for the start of the 2017-18 school year to help school personnel successfully identify and strategically intervene to help students with specific learning disabilities.
- Ensure parents, educators, and others have information before the 2017-18 school year starts on characteristics, tools, and support for children with dyslexia.

HB 155: Omnibus Education Law Changes (S.L. 2017-157)

**I. K-3 Class Size Reporting Requirement Date**

Changes the deadline for submission of the first of the two required biannual reports on class sizes and program enhancement teachers established by HB 13 from end of September to the end of October.

**II. Career Status Retention for Certain Teachers**

Rewrites the teacher employment statutes to provide that career status remains with teachers who had earned it prior to August 1, 2013 and remain employed by the LEA that granted the career status. Career status teachers were scheduled to lose it on July 1, 2018, under a bill enacted by the General Assembly, but an NC Supreme Court decision struck down that law and held that if a teacher had earned career status then it could not be taken away. These statutory changes align with that decision.

Provides that where a school administrator has also earned career status as a teacher in that LEA, that career status will be retained even if their school administrator contract is not renewed (unless career status is voluntarily relinquished or the individual is dismissed). Provides the same protections to those who earned career status as a teacher, get a provisional assistant principal license, and then do not have their provisional license extended.

G.S. 115C-287.1, -296(b)(1)a.1., -302.1(b), -325.

**III. Assistant Principals Conduct Evaluations**

Authorizes assistant principals in high schools with at least 1,500 students to conduct teacher evaluations. Provides that during a teacher's first 3 years the principal must conduct at least 1 evaluation.



*Begins with the 2017-18 school year.*  
G.S. 115C-333(a), -333.1(a).

#### **IV. Student Health Issues Study**

Directs the Superintendent of Public Instruction to set up a working group to make findings/recommendations to the legislature on ways to address risky student behaviors and encourage student health/mental health (report to be submitted by April 1, 2018). Provides that the working group may include individuals from LEAs.

#### **V. Delay State Board of Education Mental Health Policy**

Directs the SBE to delay by one year all the timelines established in its School-Based Mental Health policy, including the LEA personnel training requirements. Those requirements will go into effect 2018-19.

#### **VI. Computer Science**

Establishes a series of directives for developing recommendations to further teaching and student learning of computational thinking and computer science in public schools, including curriculum guidelines and methods to increase the number of teachers prepared to teach such material.

#### HB 161: Divestment from Companies That Boycott Israel (S.L. 2017-193)

Section 1. Nullifies any contract that a political subdivision of the state (including a local school board) enters into on or after October 1, 2017, with a company found by the State Treasurer to be engaged in a boycott of Israel. Requires the State Treasurer to make publicly available a list of companies found to be engaged in a boycott of Israel (defined as a company that refuses to deal, terminates business activities, or takes actions that are intended to penalize, inflict economic harm, or otherwise limit commercial relations specifically with Israel, or persons or entities doing business in Israel or in Israeli-controlled territories). Allows a grace period- any contract entered into before October 1, 2017, can expire with the terms of the contract.

Section 3.4. Eliminates the statute that obligated parties bidding on local government RFPs to certify that they are not on the Iran divestment list and prevented parties granted a contract from utilizing subcontractors on the Iran divestment list.

Repeals G.S. 147-86.59.

#### HB 229: GSC Technical Corrections 2017 (S.L. 2017-102)

Section 48. Adjusts a number of deadlines for the SBE to submit various reports to legislative committees.

#### HB 256: 2017 Appointments Bill (S.L. 2017-75)

##### *Speaker Appointments*

Section 1.2. Fletcher "Gene" McIntyre of Stanly County and Linda Daves of Randolph County to the NC Center for the Advancement of Teaching Board of Trustees for terms expiring June 30, 2021.

Section 1.14. Lindalyn Kakadelis of Mecklenburg County, Joseph Maimone of Rutherford County, and Lynn Kroeger of Union County to the NC Charter Schools Advisory Board for terms expiring June 30, 2021.

Section 1.23. Craig Hagood of Wake County to the North Carolina Education and Workforce Innovation Commission for a term expiring June 30, 2019.

Section 1.35. Effective January 1, 2018, Rep. John Szoka of Cumberland County to the Interstate Commission on Educational Opportunity for Military Children State Council for a term expiring December 31, 2021.

*Senate President Pro Tem Appointments*

Section 2.20. Phyllis P. Gibbs of Guilford County, Alan Hawkes of Guilford County, and Sherry T. Reeves of Pamlico County to the North Carolina Charter Schools Advisory Board for terms expiring on June 30, 2020.

HB 528: Budget Technical Corrections (S.L. 2017-197) annual bill making technical adjustments to the budget.

Section 1.2. Establishes a legislative committee to study the Needs-Based Public School Capital Fund program (see budget bill). Enumerates two items the committee shall at a minimum examine. Requires a report and any recommendations to be submitted by February 1, 2018.

Section 2.1. Declares legislative intent to fund a new allotment stream for program enhancement teachers in public schools beginning with 2018-19 (one the funded and average K-3 class sizes are equalized).

Section 2.2. Removes building security programs as one of the school security plans to be developed in conjunction with the regional security consultants.

Section 2.3. Allows the Superintendent of Public Instruction to remove the Associate Superintendent of Early Education for any reason (not just in the event of incapacity to proceed).

Section 2.4. Clarifies that the allotment transfer reports local boards of education must submit per the budget must cover transfers over fiscal years 2014-15, 2015-16, and 2016-17.

Section 2.5. Makes technical changes to how the A-F school grades are calculated (G.S. 115C-83.15).

Section 2.6. Allows DPI to carry forward up to \$5 million of Excellent Public Schools Act funds through the end of the 2017-18 and allocate the funds to LEAs for purchasing computers or other electronic devices needed to administer the reading diagnostic assessments.

Section 2.7. Clarifies that the \$300,000 in funds for Eastern NC STEM are to be used for enrollment of students in Halifax County Schools.

Section 2.8. Switches one of the vacant positions DPI is to eliminate (the old one had recently been filled).

Section 2.10. Clarifies that the guidelines for AP/IB/CTE and Cambridge International bonuses established in the budget (see above) are to apply for bonuses awarded in January 2018, 2019, and 2020. Also clarifies that individual bonuses awarded through the 3<sup>rd</sup> grade teacher bonus program in January 2018 will **not** be capped. Starting with the bonuses in 2019 and 2020, the amount an individual teacher can receive through the 3<sup>rd</sup> grade reading bonus **will be** capped.

Section 2.10A. Specifies that the \$385 veteran teacher bonuses established in the budget can only be awarded if the teacher is still employed with the LEA as of October 1 of the year the bonus is awarded.

Section 2.18. Clarifies that information on Cambridge Advanced International Certificate of Education Program participation and test results be added to the annual report cards for high schools.

Section 2.19. Clarifies the hold harmless for Cumberland and Onslow under the low wealth funding formula. Provides that if Cumberland and Onslow qualify for higher funding than 2012-13 through the low wealth funding formula, then they will receive that higher amount.

Section 8. Provides that the committee to study State employee compensation (Section 35.21 of the budget) is to study compensation and benefits, not total compensation. Revises the title of that section.

G.S. 115C-12(9)c1.3.

HB 532: Modify UNC Laboratory Schools (S.L. 2017-117)

Increases the required number of Lab Schools to be established from 8 to at least 9. Directs that at least 9 Lab Schools must be in operation by the beginning of the 2019-20 school year. Requires the UNC Board of Governors (BOG) to establish a subcommittee on Lab Schools to review and evaluate proposals and oversee the operations of the schools.

Allows for a waiver to locate a Lab School in an LEA that does not meet the minimum threshold of 25% low-performing schools if (i) the Lab School would primarily serve students who did not meet expected growth in the prior school year; and (ii) the proposal is submitted jointly by the chancellor and the LEA in which the Lab School is located.

Clarifies that students residing in a LEA in which a Lab School is located are eligible to attend if the student is (i) enrolled in a low-performing school at the time of the student's application to the Lab School; or (ii) the student did not meet expected growth in the prior school year.

Lays out directives for how to proceed in the event of dissolution or assumption of a Lab School. Authorizes the chancellor of the constituent institution to be the administrative head of the Lab School rather than the boards of trustees.

Makes a few other changes to guidelines for Lab Schools.  
G.S. 14-458.2(a); 116-239.5 through -239.13; 143B-931.

HB 704: Divide School Systems/Study Committee (S.L. 2017-198)

Establishes the Joint Legislative Study Committee on the Division of Local School Administrative Units. Puts 5 members of the Senate and 5 members of the House on the committee. Provides that the committee will meet during the interim between the 2017 long session and 2018 short session to study considerations around splitting school systems, including the feasibility and advisability of allowing LEA merged from separate units to be split back up, the varied and best ways by which this could be achieved, and how possible legislation should be structured. Sets May 1, 2018, as the deadline for a final report.

HB 770: Various Clarifying Changes (S.L. 2017-206)

Section 1. Makes clarifying changes to the school accountability statute to ensure alignment with the federal Every Student Succeeds Act (ESSA). Allows, only for the purpose of conforming with ESSA, the SBE to label measures as academic indicators different from those described in statute, provided that each measure shall be calculated in accordance with the statute.

G.S. 115C-83.15, -83.16.

HB 800: Various Changes to Charter School Laws (S.L. 2017-173)

Section 1. Authorizes a charter school to place employees of Education Management Organization (EMO) or a Charter Management Organization (CMO) as teachers in the charter school.

G.S. 115C-218.90(a)(1).

Section 2. Accelerates the time by which the SBE must approve charter applications submitted through the fast-track replication cycle. Directs that the SBE must make a final decision on a fast-track replication application no later than 120 days after submission of the application.

Section 3. Raises the ceiling at which charter schools not designated as low-performing can automatically grow student enrollment before having to seek approval from the SBE, from 20% to 25% of the charter's previous year enrollment (starting July 1, 2017), and then again up to 30% starting July 1, 2018. Prohibits charters designated as low-performing from increasing student enrollment beyond 20%.

G.S. 115C-218.7(b), -218.8.

Section 4. Gives enrollment priority in the charter lottery admissions process to students previously enrolled in a charter school in NC.

G.S. 115C-218.45(f).

Section 5. Allows charter schools to operate NC Pre-K classrooms and sets out guidelines for charter school participation.

G.S. 115C-218(c)(3), -218.45(f), -218.115.

Section 6. Permits LEAs to work with groups outside of NCVPS to provide e-learning opportunities. Eligible groups must:

- Be accredited by a regional accrediting agency.
- Employ teachers who hold teaching licenses from NASDTEC Educator ID Clearinghouse states.
- Ensure courses are aligned to the Standard Course of Study.

## **Senate Bills**

### SB 55: School Bus Cameras/Civil Penalties (S.L. 2017-188)

Authorizes the use of photographic or video evidence for the civil enforcement of violations for passing a stopped school bus as follows:

- Allows counties to adopt ordinances imposing civil penalties for passing a stopped school bus if there is no injury or death and there is not a criminal prosecution. Imposes a penalty for failure to pay. The penalty is \$450 for the 1<sup>st</sup> offense, \$750 for the 2<sup>nd</sup> offense, and \$1,000 for each subsequent offense.
- Permits local boards of education to either (i) contract with private vendors to install and operate automated school bus safety cameras (up to 3 years); or (ii) install and operate such equipment on their own.
- Requires the SBE, upon request of local boards, to enter into regional or statewide contracts with private vendors to install and operate automated school bus safety cameras.
- Authorizes interlocal agreements between local boards of education, boards of county commissioners, and law enforcement agencies for the installation and operation of automated school bus safety cameras, including provisions for cost-sharing and reimbursements.
- Directs each county adopting a civil ordinance on passing a stopped school bus to maintain records of all violations and provide them upon request to the Child Fatality Task Force and the General Assembly.

*Effective immediately, except the section denying DMV registration becomes effective one year after the act becomes law.*

G.S. 153A-246; 115C-242.1; 20-54; 20-217.

SB 64: Veterans' History Awareness Month (S.L. 2017-65)

Establishes that the month of November be designated as "Veterans' History Awareness Month." Encourages schools to collaborate with local veteran organizations to put together commemorative activities. Directs the SBE to develop some recommended programs designed to give K-12 students a better understanding of the meaning and importance of the actions and contributions of American and North Carolina veterans. Allows these programs to be integrated into school lesson plans and authorizes the Adopt-A-Veteran program to be used for veteran participation in the delivery of these programs.

*Effective starting with the 2017-18 school year.*

G.S. 115C-12, -84.2(4).

SB 69: Local Government Commission/ Finance Officer Training (S.L. 2017-105)

Requires the Local Government Commission (LGC) to notify a finance officer and the finance officer's employer if training is required. \*Note that this does not apply to local school boards. G.S. 159-25(d).

SB 78: Cost to Comply/Fed Ed Funds/PED Study (S.L. 2017-142)

Directs DPI to study, report, and provide data to the legislature's Fiscal Research Division and Program Evaluation Division on what it costs for LEAs to comply with funding mandates from the federal government. Encourages such a study to be included in the Program Evaluation Division's 2017-18 Work Plan.

SB 131: Regulatory Reform Act of 2016-2017 (S.L. 2017-10)

Section 2.3. Requires local boards of education to follow a specific procedure in order to displace a private company that is providing solid waste collection or recovered materials collection services.

Section 2.14. Removes a statutory provision that encouraged LEAs to continue developing local testing programs for diagnosing student needs.

G.S. 115C-174.12(c).

SB 169: Teaching Excellence Bonus Expansion (S.L. 2017-88)

Expands access to 3<sup>rd</sup> grade reading and AP/IB/CTE bonuses for teachers who were assigned to the same school but were initially ineligible for a bonus because they were assigned to a different grade level or course.

Provides that bonuses for these newly eligible teachers for 2015-16 performance will come out of State funds. Reimburses LEAs that already provided substitute bonuses to these teachers, up to \$3,500 for the 3<sup>rd</sup> grade reading and up to \$2,000 for the AP/IB.

Disallows the bonus if the teacher was moved to a different grade level or out of AP/IB because the teacher refused to continue where they were.

SB 312: Surplus Computers for Low-Income Students (S.L. 2017-67)

Allows the State Surplus Property Agency to donate computer parts to nonprofit entities that refurbish computer equipment to donate to low-income students and households throughout the state. Allows the Agency to adopt rules to define which entities qualify as a nonprofit entity that makes such donations.

G.S. 143-64.02(2), - 64.03(b).

SB 445: Expungement Process Modifications (S.L. 2017-195)

Makes various changes to expungement process as follows.

Reduces the 15-year standard waiting period for expungement to: 10 years for a nonviolent felony and 5 years for a nonviolent misdemeanor.

Eliminates restrictions on requests to expunge multiple dismissed/not guilty charges: the offenses do not have to have occurred within the same 12-month period of time and the person is not disqualified for having received a prior expunction.

Standardizes the procedure for filing an expunction petition. Clarifies that petitions for expunctions be filed in the court of the county where the conviction occurred. Gives prosecutors authority to access electronic files of specified categories of expunction records.

*Effective December 1, 2017, and applies to all petitions filed on or after that date.*

G.S. 15A-145, -145.1, -145.2, -145.3, -145.4, -145.5, -145.6, -146, -147, -148, -149, -150, -151, -151.5.

SB 448: Professors in the Classroom (S.L. 2017-91)

Authorizes local boards of education to contract with higher education faculty members to serve as adjunct instructors for core academic subjects in K-12 without having a teaching license. Before entering the classroom, these adjunct instructors must comply with the following requirements:

- Comply with the local school board's criminal history check policy.
- Be employed less than 20 hours per week or less than six full consecutive months. (As temporary employees, they would not be eligible to earn paid leave, participate in the Teachers' and State Employees' Retirement System, or receive or purchase health benefits through the State Health Plan for Teachers and State Employees.)
- Receive preservice training in:
  - The identification and education of children with disabilities.
  - Positive management of student behavior.
  - Effective communication for defusing and de-escalating disruptive or dangerous behavior.
  - Safe and appropriate use of seclusion and restraint.

*Effective when it becomes law.*

G.S. 115C-298.5.

SB 468: QZAB Use Modification (S.L. 2017-187)

Modifies the uses of Qualified Zone Academy Bonds (QZAB) and lottery-funded school capital grants. Directs the SBE to give QZAB funding priority to Tier I counties (most economically distressed) and schools that have 75% or more of its students receiving free or reduced lunch. Changes the use of QZAB funds to any allowable use under federal law.

Allows a grant from the Needs-Based Public School Capital Fund (see budget above) to be used for a project when a pre-development agreement for an operational lease was entered into on or before June 30, 2017.

G.S. 115C-489.6(a).

SB 582: Budget & Agency Technical Corrections (S.L. 2017-212)

Section 1. Modifies the Needs-Based School Capital Grant Program. Expands the purposes for which grant awards can be used from new capital projects only to the construction of school buildings.

Section 2.1-2.2. Changes a couple of reporting requirements for the SBE.

Section 2.3. Clarifies testing cut scores for new teachers to qualify for accelerated starting placement on the teacher salary schedule. Makes the adjusted cut scores effective for new teachers hired on or after October 8, 2017.

Section 2.4. Extends the 2017-18 salary hold-harmless to principals and assistant principals who are paid on the “A” teacher salary schedule (these individuals had not been included in the original salary hold-harmless). Ensures that the hold-harmless will apply retroactively to July 1, 2017.

SB 599: Excellent Educators for Every Classroom (S.L. 2017-189)

**I. Educator Preparation Programs**

Allows entities other than Institutions of Higher Education to offer educator preparation programs and recommend candidates for teacher licensure in NC (currently only IHEs may establish educator preparation programs). Rewrites the educator preparation statutes to provide for this expansion of entities authorized to offer educator preparation programs. Empowers the SBE to approve an educator preparation program that meets minimum criteria laid out in statute. Establishes the process an educator preparation program must follow in order to recommend students for educator licensure.

Keeps the minimum test scores (Praxis or ACT) in order to qualify for admission into an educator preparation program (no change to current law). Allows for the testing requirements to be satisfied if the candidate holds a bachelor’s degree.

Keeps the 2.7 minimum GPA requirement in order to qualify for admission (no change to current law) but exempts candidates with at least 10 years of relevant experience (5 years if the candidate is applying for a CTE program).

Retains and recodifies existing educator preparation program content/curriculum requirements but **adds** to the items required to be part of the instruction, such as:

- Skills and responsibilities of teachers.
- Expectations for student performance based on State standards.
- Current supply of and demand for educators in NC.
- NC’s framework for appraisal of educators.

Directs middle and high school teacher prep programs to also include adequate coursework in the relevant content area and in the teaching of the relevant content area. Recodifies clinical practice statute and updates the terminology.

**II. Lateral-Entry Replacement/Residencies**

Replaces the lateral-entry route to licensure with a “residency” path to licensure.

Similar to lateral-entry, the residency pathway allows an individual who holds a bachelor’s degree to be placed in a classroom and begin teaching while also working toward completion of an educator preparation program. A residency is **different** from lateral-entry in that an individual must complete preservice training and field experiences (to be developed by the SBE) **prior** to entering the classroom. Additionally, an individual doing a residency must be assigned a clinical mentor, an

employee of the LEA who assesses, supports, and develops the resident's knowledge and skills during the classroom experience. Establishes minimum requirements for an LEA employee to serve as a clinical mentor.

Clarifies that lateral-entry licenses will continue to be granted for the 2017-18 and 2018-19 school years.

### **III. Types of Teacher Licenses**

Recodifies statutes related to teacher licenses. Lays out the following types of licenses that a teacher may attain:

- Initial professional license: 3-year nonrenewable license for those who complete an educator preparation program (same as current law).
- Continuing professional license: 5-year renewable license (same as current law).
- Emergency license: One-year nonrenewable license for individual who holds a bachelor's degree with relevant coursework (same as current law).
- Lifetime license: License issued after 50 or more years of teaching that requires no renewal (new license).
- Residency license: One-year license (renewable twice) issued to an individual who is entering a teacher residency program (replaces lateral-entry).
- Retirement license: 5-year renewable license issued to a teacher who retired with 30 or more years of experience and who has served as a substitute teacher or part-time provider of certain educational services since retirement (new license).

### **IV. Accountability**

Establishes accountability requirements for educator preparation programs. Directs the SBE to annually evaluate the performance of educator preparation programs. Creates three sanction levels for programs that are failing to meet certain standards. The sanction levels from least to most serious are: Warned, Probation, Revoked. Defines the circumstances that trigger each sanction type. Allows the SBE to implement other types of sanctions as needed. Delineates the data and information required to be included in each educator preparation program accountability report card.

### **V. Professional Educator Preparation and Standards Commission**

Establishes the Professional Educator Preparation and Standards Commission, an 18-member commission that will make recommendations to the SBE on all aspects of educator preparation programs as well as standards for teacher licensure, continuing education, and conduct. Makes the Commission an independent entity unit but located administratively under the SBE.

### **VI. Employment of Retired School Administrators**

Clarifies that a local school board may employ a retired principal or retired assistant principal as an interim principal, regardless of licensure status.

### **VII. School Employee Dismissal Procedures/School Board Policies**

Establishes a deviation from the usual procedure to be followed to suspend a teacher without pay. Provides that in situations when the teacher has been incarcerated or put into custody, the superintendent intending to suspend the teacher without pay can provide written notice of the charges, an explanation of the basis for the charges, and an opportunity to respond in writing, rather than having to meet with the teacher in person.



Authorizes local boards of education to adopt policies creating periodic checks of the criminal history of LEA employees. Prohibits any language in the policy that requires employees to pay for the criminal history check. Should another local school board, charter school, or regional school make an inquiry as to the reason for an employee's resignation/dismissal, the local board must indicate if criminal history was a relevant factor.

Requires local school boards to report to the SBE when a teacher's resignation is related to criminal history, regardless of whether dismissal proceedings have begun or the resignation occurred without permission.

## **VIII. State of the Teaching Profession**

Recodifies statutory directives concerning the development of the annual report on teachers leaving the profession. Adds that local school boards are to submit a report each year on positions that they are unable to fill with a licensed teacher by the 40<sup>th</sup> instructional day.

Repeals G.S. 115C-296, -296.8 through -296.13, -309, -310.

G.S. 115C-12(22), -218.90(b)(1), -268.1, -268.5, -269.1, -269.5, -269.10, -269.15, -269.20, -269.25, -269.30, -269.35, -269.40, -269.45, -269.50, -269.55, -270.1, -270.5, -270.10, -270.15, -270.20, -270.25, -270.30, -270.35, -284(e), -284.1, -299.5, -325(f)(1), -325(o)(2), -325.5(a), -325.9(b), -332.

### SB 628: Various Changes to the Revenue Laws (S.L. 2017-204)

Section 5.4. Provides a property tax exemption for a mobile classroom or modular unit occupied by a school and that is wholly and exclusively used for educational purposes, regardless of the ownership of the property.

*Effective July 1, 2018.*

G.S. 105-275.

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

### HB 26: Workers' Comp/Approval of Disputed Legal Fees (S.L. 2017-124)

Section 1. Clarifies that an injured employee who is awarded Workers' Comp benefits has the burden of proving that any additional medical conditions the employee later develops are causally related to the injury for which the employer is liable. By putting this language into statute it reverses the NC Supreme Court decision in *Wilkes v. City of Greenville*, which had shifted to the employer the burden of proving new medical conditions are not causally related to the injury.

*Applies to claims accrued or pending prior to, on, or after that date.*

G.S. 97-82(b).

### HB 115: Retirement Technical Corrections Act of 2017- AB (S.L. 2017-125)

Section 1. Clarifies that in the definition of "average final compensation" for retiree benefits, vacation leave is only included if the payout is received by the member during the four consecutive calendar years of membership service producing the highest average annual compensation.

G.S. 135-1(5).

Section 2. Clarifies that creditable service may be purchased when the member is on educational leave for a full-time degree program where he or she receives a stipend.

G.S. 135-(8)(b)(5).

HB 159: Charter School TSERS Election (S.L. 2017-98)

Extends the time a charter school has to elect to participate in TSERS from 1 year to 2 years.  
*Effective August 1, 2017.*

HB 176: Pensions Integrity Act of 2017- AB (S.L. 2017-128)

Section 2. Extends from 12 months to 15 months the length of time employers could arrange for an interest-free installment plan if they are assessed under the anti-pension spiking legislation. Adds a second payment plan option (up to 27 months with interest).

G.S. 135-4(jj).

Section 4. Requires that if an LEA Finance Officer receives a notice that the LEA is likely to be assessed for exceeding the pension-spiking cap, he or she must give a copy of that report to the local board of education and notify the local board of county commissioners.

G.S. 115C-436.

Section 8. Creates a minimum employer contribution rate for TSERS system equal to the employee contribution rate.

*For fiscal years beginning subsequent to January 1, 2017.*

G.S. 135-8(d).

HB 183: Retirement Admin. Changes Act of 2017- AB (S.L. 2017-129)

Section 2. Revises how the employer contribution rate TSERS is calculated. Creates a new “actuarially determined employer contribution rate,” which will determine the portion of the contribution rate that comes from the pension plan. Defines the actuarially determined employer contribution rate as a rate calculated annually by an actuary using assumptions and a cost method approved by the Actuarial Standards Board of the American Academy of Actuaries and selected by the Board of Trustees. Provides an exemption from the rule-making process in setting these rates.

G.S. 135-8(d).

Section 3. Allows the TSERS death benefit beneficiary to be changed by electronic means.

*Effective January 1, 2018.*

G.S. 135-5(f).

Section 7. Establishes that an LEA Finance Officer (and other local government finance officers) may contribute to a deferred compensation account of a teacher/State employee.

G.S. 147-9.4.

Section 9. Clarifies how creditable sick leave at retirement is to be determined for TSERS. A member’s credit at retirement will be determined by dividing the total hours of sick leave at retirement by the hours per month the leave was awarded under the employer’s official sick leave policy as applied to the member when the leave was accrued.

G.S. 135-4(e).

HB 299: State Health Plan Administrative Changes.- AB (S.L. 2017-135)

Section 1. Clarifies that coverage under the SHP will be revoked on the last day of the month the individual is found to have made a false representation of a material fact regarding *eligibility or enrollment*, not just claims for reimbursement.

G.S. 135-48.44(a)(6).

Section 2. Clarifies the retiree/employer payment responsibilities for one-half contributory retiree coverage. Defines “Total Premium” (= employer contribution rate + employee/retiree

contribution). Establishes that, unless prohibited by law, individual retirees must pay the balance of whatever the employer has not contributed to this Total Premium, as defined.

G.S. 135-48.40(c)(2).

Section 3. Specifies that children born to covered employees will be covered from birth as long as the participants notify the Plan within 30 days of birth and pay premiums retroactive to the first day of the month in which the child was born (without having to provide any notification as to change of coverages).

*Effective October 1, 2017, and applies to children born to covered employees on or after that date.*

G.S. 135-48.42(a).

Section 6. Establishes several directives to SHP employees concerning fraud detection and audit programs.

G.S. 135-48.16.

Section 9. Clarifies that if a person who has been given an erroneous payment through TSERS or a claim through SHP and that person is later found to not be entitled to those payments, the erroneous payment/claim can be offset against retirement allowance, return of contributions, or other right accruing to the person, the person's estate, or designated beneficiary (formerly, only applied to overpayments, not erroneous payments).

G.S. 135-9.

## **Local Legislation**

### **House Bills**

#### **HB 55: Apex/Cary/Police Assistance on School Grounds (S.L. 2017-34)**

Authorizes the Apex Police Department to assist in law enforcement matters at Apex High School while it is temporarily located in Cary.

*Expires July 1, 2020.*

G.S. 160A-288.2A.

#### **HB 205: WC for Inmates/UI & WC/Newsprint Employees (VETOED)**

Section 5. For Guilford County only, allows for the publication of required notices on the county-maintained website instead of a newspaper, if Guilford County has adopted an ordinance to do so. Sets out fees that may be charged to various entities for publication of the notice on the website. Directs that 50% of the fees collected are to go to the local school board to pay teacher salary supplements.

G.S. 1-602; 153A-52.2.

#### **HB 393: Mebane Charter/Alamance-Burl BOE Exchange (S.L. 2017-82)**

Section 11. Authorizes the Alamance-Burlington Board of Education to convey, sell, or transfer a tract of property where an elementary school is located through a private negotiation and sale. Directs the board to adopt a resolution providing for the execution and performance of this agreement at a regular board meeting upon 10 days' public notice. Stipulates what the agreement may provide.

#### **HB 406: Repeal Orange County Impact Fees (S.L. 2017-36)**

Revokes authority for the Orange County Board of Commissioners to place impact fees on development in the county.

*\*Note that this will impact revenue coming into the Orange County budget for all purposes, including for the public school systems.\**

HB 447: Lexington City Bd. Of Ed./City Council (S.L. 2017-61)

Changes how the Lexington City Schools Board of Education is structured and selected as follows:

*Selection Method*

Changes how board members are selected from being appointed by the City Council to being elected in nonpartisan plurality elections starting in 2017. Establishes that the elections will be held at the time of the November general election in odd-numbered years. Provides that new members are to take office the first Monday in December following the election.

Sets up schedule for elections to stagger in newly elected members.

*Composition*

Reduces the number of board members from 9 to 7. There will be 6 members from each of the City of Lexington's Wards and 1 from outside Lexington but still within the LEA.

*Length of Terms*

Lengthens terms of board members from 3 years to 4 years.

HB 520: Union Co. Bd. of Ed/ Partisan Election (S.L. 2017-63)

Makes Union County Board of Education elections partisan beginning in 2018. Does not impact the terms of those elected in 2014 or 2016.

## **Senate Bills**

SB 253: Partisan Elections/Certain School Boards (S.L. 2017-78)

Switches the following local school board to partisan beginning with 2017 elections:

- Cleveland

Switches the following local school boards to partisan beginning with 2018 elections:

- Beaufort
- Carteret
- Dare
- Hyde
- Madison
- Onslow
- Pender
- Yancey

Also for Carteret, Dare, Hyde, Madison, Onslow, Pender, Yancey:

- Moves the school board general election dates to November; sets the party primaries at the date of the statewide primaries; and provides that new members will take their seats in the First Monday in December after the election

In the event of a vacancy after their first partisan elections, all of the above boards must consult with the party executive committee of the vacating individual.

SB 421: Use of Career and Technical Funds/Onslow County (S.L. 2017-33)

Amends the purpose of \$5 million originally appropriated to Onslow County to retrofit and purchase equipment for a regional career and technical education center. Instead, the funds will be used for the construction of a new education center. These funds will not revert.

SB 560: Clarify Cleveland Board of Education Election (S.L. 2017-200)

Clarifies that unaffiliated candidates seeking to run for the Cleveland school board must follow the petition signature requirements prescribed in statute in order to be placed on the ballot. Eases the unaffiliated candidate petition requirements for the 2017 election only by establishing that 500 signatures of registered Cleveland voters qualified to vote in the school board race allows an unaffiliated candidate to be placed on the ballot (instead of 4%).