



*PUBLIC EDUCATION: NORTH CAROLINA'S BEST INVESTMENT*

# 2015 LEGISLATIVE SUMMARY

Prepared by:

Leanne E. Winner  
Director of Governmental Relations  
lwinner@ncsba.org

Bruce Mildwurf  
Associate Director of Governmental Relations  
bmildwurf@ncsba.org

Sean Holmes  
Governmental Relations Research Specialist  
sholmes@ncsba.org

## North Carolina School Boards Association

P.O. Box 97877  
Raleigh, NC 27624-7877

919.841.4040

Published: 11/2/15



© All materials produced by NCSBA are protected by U.S. and international copyright law. Except as otherwise provided, you may print out and photocopy this document for individual or noncommercial educational use. All copies must carry the following notice: "Reproduced with permission. Copyright 2015, North Carolina School Boards Association." By granting this limited license, NCSBA does not waive any of the rights or remedies otherwise available at law or in equity.



## 2015 Legislative Summary

### Table of Contents

#### FY 2015-17 Biennium Budget

Money Report.....	4
Special Provisions.....	7

#### 2015 Statewide Public Bill Summaries

##### House

HB 13	Amend School Health Assessment Requirement.....	26
HB 18	Continuing Budget Authority.....	26
HB 44	Local Government Regulatory Reform.....	26
HB 86	Utility Line Relocation/School Board.....	27
HB 113	Protect Our Students Act.....	27
HB 173	Omnibus Criminal Law Bill.....	27
HB 184	Change DCR Process for Unclaimed Property.....	27
HB 237	Repeal Personal Ed Plans/Modify Trans Plan.....	27
HB 254	Protect National Guard Reemployment Rights.....	27
HB 259	General Government Technical Corrections-AB.....	28
HB 272	Appointments Bill 2015.....	28
HB 318	Protect North Carolina Workers Act.....	28
HB 334	Charter School & Other Education Law Changes.....	29
HB 358	School Performance Grade Scale.....	30
HB 364	Clarify Laws on Exec. Orders and Appointments.....	31
HB 373	Elections.....	31
HB 446	Amend Statutes Governing Bail Bondsmen.....	31
HB 552	Graffiti Vandalism.....	31
HB 562	Amend Firearm Laws.....	31
HB 812	Grant Recipients Posted on Grantor Website.....	32

##### Senate

SB 14	Acad. Standards/Rules Review/Coal Ash/Funds.....	32
SB 22	Historic Artifact Mgt. and Patriotism Act.....	32
SB 97	State Advisory Council on Indian Education Act.....	32
SB 119	GSC Technical Corrections 2015. ....	32
SB 279	Amend Qualifications/Practice of Counseling.....	33
SB 315	School Playgrounds Available to Public.....	34
SB 333	Teacher Transition Data.....	34
SB 399	Joint Agency Tax Refund. ....	34
SB 400	School Access for Boy Scouts/Girl Scouts.....	34
SB 524	Grad Requirements/Sports Pilot.....	35
SB 534	2015 Continuing Budget Authority .....	35
SB 560	2015 Continuing Budget Authority .....	35
SB 597	Repeal References to ABCs.....	35

**2015 State Health Plan, Retirement, Unemployment, and Workers' Compensation Bills**

HB 154	Local Governments in State Health Plan.....	36
HB 190	State Health Plan Modifications- AB .....	36
HB 274	Retirement Technical Corrections Act of 2015 .....	36
HB 276	Agency Participation Procedures Act of 2015.....	36
HB 277	Retirement Admin. Changes Act of 2015.....	37
SB 15	Unemployment Insurance Law Changes .....	38

**2015 Local Bill Summaries**

**House**

HB 110	Cherokee/Rutherford/Clay Bds. Of Ed. Elect.....	38
HB 130	Davie County/Food for Detention Facilities.....	38
HB 188	Trustee Appointments/Isothermal Comm. Coll.....	39
HB 189	Rockingham Co. School Bd.....	39
HB 393	Tri-County CC/Bd. of Trustees.....	40
HB 488	Central Carolina CC/Bd. of Trustees .....	40
HB 503	Moore Co. Comm and Bd. of Ed. Changes .....	40
HB 527	Omnibus Local Act .....	40
HB 836	Election Modifications.....	40

**Senate**

SB 5	Union County Local Act.....	40
SB 181	Wake County Commissioner Districts.....	41

**SUMMARY OF FY 2015-17 APPROPRIATIONS ACT**  
**HB 97 (S.L. 2015-241)**

**Money Report**

<b>K-12 PUBLIC EDUCATION</b>	<b>FY 15-16</b>		<b>FY 16-17</b>	
Base Budget (Does not include enrollment growth)	\$8,106,033,100		\$8,106,033,100	
<b>A. Reserve for Salaries &amp; Benefits</b>				
Teachers/Instructional Support Personnel Compensation <ul style="list-style-type: none"> <li>• Years 0-4 salary increase from \$33,000 to \$35,000</li> <li>• Experience-based step on the schedule</li> </ul>	\$62,171,653	R	\$62,171,653	R
\$750 bonuses for 2015-16	\$79,521,583	NR		
School-Based Admin Compensation <ul style="list-style-type: none"> <li>• Experience-based step increases</li> </ul>	\$4,550,919	R	\$4,550,919	R
\$750 bonuses for 2015-16	\$3,599,248	NR		
Non-Certified/Central Office Personnel Compensation - \$750 bonuses for 2015-16	\$39,781,698	NR		
DPI State Agency Teacher Salary Schedule Increase	\$216,430	R	\$216,430	R
\$750 bonuses for 2015-16	\$676,818	NR		
Retirement System Contribution – LEA Personnel	\$6,308,775	R	\$6,308,775	R
Retirement System Contribution – DPI Personnel	\$49,396	R	\$49,396	R
State Health Plan Contribution – LEA Personnel	\$14,124,040	R	\$14,124,040	R
State Health Plan Contribution – DPI	\$77,199	R	\$77,199	R
<b>B. Technical Adjustments</b>				
Average Daily Membership (ADM) Growth – Fully Funded	\$100,236,542	R	\$100,236,542	R
Exceptional Children Headcount – Adjust to Reflect Actual Numbers	\$404,103	R	\$404,103	R
Avg Salary Adjustment Based on Actual December Salary Data	(\$14,839,270)	R	(\$14,977,035)	R
Lottery /General Fund Swap-Out for Classroom Teacher Allotment	\$254,586,185	R	\$254,586,185	R

General Fund/Lottery Swap-Out Noninstructional Support Personnel Allotment	(\$310,455,157)	R	(\$314,950,482)	R
Civil Penalties - Increase Receipts/Supplant GF Revenue	(\$3,978,850)	R	(\$3,978,850)	R
Overrealized Receipts from 2014-15	(\$3,978,850)	NR		
<b>C. Other Public School Funding Adjustments</b>				
Low Wealth Supp Funding Allotment	(\$10,091,091)	R	(\$10,091,091)	R
Teacher Assistants – Restore Funding to 2014-15 Level	\$138,134,525	R	\$138,134,525	R
Classroom Teachers Reduce Grade 1 Class Size Ratio to 1:16			\$26,898,798	R
Textbooks/Digital Resources Allotment	\$21,820,000	R	\$31,030,837	R
School Connectivity Funding to Enhance Wi-Fi Infrastructure in Public Schools	\$2,000,000	R	\$12,000,000	R
Cooperative/Innovative High Schools - New CIHSs in Pitt, Watauga, and Wilson	\$621,338	R	\$932,007	R
	\$100,000	NR		
Cooperative/Innovative High Schools - Tuition for Dual Enrollment	\$800,000	R	\$800,000	R
Transportation Allotment	(\$25,079,807)	R	(\$25,079,807)	R
ADM Contingency Reserve – Funding for Virtual Charter Pilot Enrollment of Nonpublic School Students	\$2,500,000	R	\$2,500,000	R
Read to Achieve Reading Camps – Enrollment for 1 <sup>st</sup> and 2 <sup>nd</sup> Graders	\$20,000,000	R	\$20,000,000	R
Excellent Public Schools Act Funding	\$3,812,141	R	\$8,520,748	R
EVAAS Capacity Expansion	\$871,474	R	\$871,474	R
Driver Education – Restore General Fund Support for 2015-16	\$24,120,000	NR	<i>Funding Source Shifts to Civil Penalty Fund</i>	
NE Regional School of Biotechnology and Agriscience	\$310,669	R	\$310,669	R
<b>D. Pass-Through Funds/Grants</b>				
Beginnings for Children, Inc.	\$84,486	R	\$84,486	R
Eastern NC Summer STEM Program	\$180,000	NR	\$180,000	NR
<b>E. Department of Public Instruction</b>				
Flexible Reduction	(\$2,500,000)	R	(\$2,500,000)	R
<b>Total Legislative Changes</b>	<b>\$266,735,700</b>	<b>R</b>	<b>\$313,231,521</b>	<b>R</b>
	<b>\$144,000,497</b>	<b>NR</b>	<b>\$180,000</b>	<b>NR</b>

<b>Revised Budget</b>	<b>\$8,516,769,297</b>		<b>\$8,419,444,621</b>	
-----------------------	------------------------	--	------------------------	--

<b>OTHER MONEY PROVISIONS</b>	<b>FY 15-16</b>		<b>FY 16-17</b>	
<b>Community Colleges</b>				
NC Works Career Coaches	\$150,000	R	\$150,000	R
<b>UNC System</b>				
Hunt Institute – Eliminate State Funding	(\$737,230)	R	(\$737,230)	R
Academic Summer Bridge Program – Eliminate Funding	(\$1,193,000)* <i>changed via tech corrections see HB 259</i>	R	(\$1,193,000)* <i>changed via technical corrections see HB 259</i>	R
App. St. High Needs Teacher Placement Pilot Program <i>Modified by Budget Technical Corrections Bill- HB 259 (See Below)</i>	\$140,868	NR	\$140,868	NR
Transforming Principal Preparation Program (Section 11.9)	\$500,000	R	\$1,000,000	R
Opportunity Scholarship School Voucher Program – Increase Funding	\$6,800,000	R	\$14,000,000	R
Special Ed Voucher Program	\$250,000	R	\$250,000	R
<b>Department of Health and Human Services</b>				
NC Pre-K – Swap-Out TANF Funds	(\$16,829,306)	NR	(\$12,333,981)	R
NC Pre-K Direct Funding Additional Slots	\$2,323,599	R	\$2,323,599	R
NC Early Childhood Integrated Data System			\$699,690	R
<b>Department of Cultural Resources</b>				
A+ Schools	\$232,711	NR	\$482,711	NR
<b>Statewide Reserves</b>				
Reserve for ADM Growth in 2016-17			\$107,000,000	R
<b>State Budget and Management - Special</b>				
School Construction Funds for Jones County for Collocated Middle and High School	\$10,957,288	NR		

## SPECIAL PROVISIONS

\*\*\**ALL SPECIAL PROVISIONS ARE EFFECTIVE JULY 1, 2015, UNLESS OTHERWISE*

*NOTED\*\*\**

### PART V - OTHER APPROPRIATIONS

#### **Section 5.2 Education Lottery Funds/Expenses of the Lottery/Limit Regional Offices**

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

	<u>2015-16</u>	<u>% of Total</u>	<u>2016-17</u>	<u>% of Total</u>
Noninstructional Support Personnel	\$310,455,157	58.6%	\$314,950,482	58.9%
NC Pre-K	\$78,252,110	14.8%	\$78,252,110	14.6%
Public School Building Capital Fund	\$100,000,000	18.9%	\$100,000,000	18.7%
Scholarships for Needy Students	\$30,450,000	5.7%	\$30,450,000	5.7%
UNC Need-Based Financial Aid	\$10,744,733	2.0%	\$10,744,733	2.0%
<b>Total Appropriation</b>	<b>\$529,902,000</b>		<b>\$534,397,325</b>	

Prohibits any transfers into the lottery reserve fund in either year of the fiscal biennium.

Prohibits the use of public assistance funds such as welfare for lottery ticket or game purchase.  
G.S. 18C-175.

#### **Section 5.3 Civil Penalty and Forfeiture Fund**

Appropriates the following from the Civil Penalty and Forfeiture Fund for the fiscal biennium.

	<u>2015-16</u>	<u>2016-17</u>
School Technology Fund	\$18,000,000	\$18,000,000
Driver Education	\$0	\$27,393,768
State Public School Fund	\$132,320,490	\$128,341,640

Directs any receipts in excess of the budgeted amount into the School Technology Fund for each year of the fiscal biennium.

Earmarks monies collected from the motor vehicle registration late fee (established in Section 29.30(m)) to the Civil Penalty Fund to support Driver Education programs in the 2016-17 and 2017-18 fiscal years.

#### **Section 5.4 Indian Gaming Revenue Fund**

Allocates \$6 million from the Indian Gaming Revenue Fund to DPI for textbooks and digital resources for both years of the fiscal biennium.

### PART VIII - PUBLIC SCHOOLS

#### **Section 8.1 Funds for Children with Disabilities**



Allocates supplemental funding for children with disabilities to align actual numbers with April 1, 2015, headcount. Increases per-child funding to \$3,926.97 (was, \$3,768 per-child). Retains 12.5% cap on portion of LEA's student headcount that can be funded through this allotment.

### **Section 8.2 Funds for Academically Gifted Children**

Allocates supplemental funding for academically/intellectually gifted children. Increases per-child funding for each year of the fiscal biennium to \$1,280.70 per child (was, \$1,239.65 per child). Retains 4% cap on portion of LEA's student headcount that can be funded through this allotment.

### **Section 8.3 Use of Supplemental Funding in Low-Wealth Counties**

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

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

### **Section 8.4 Small School System Supplemental Funding (SSSF)**

Retains historical funding formula for Small School System Supplemental Funding allotment, details requirements for using funds, and retains traditional nonsupplant language. Establishes five-year phase-out period for counties that become ineligible for funding in 2015-16 or 2016-17.

### **Section 8.5 Disadvantaged Student Supplemental Funding**

Retains historical funding formula for Disadvantaged Student Supplemental Funding allotment and details requirements for using funds.

### **Section 8.7 Uniform Education Reporting System (UERS) Funds**

Provides for non-reversion of UERS funds for the fiscal biennium.

### **Section 8.8 Cooperative Innovative High Schools**

Prohibits automatic salary/benefit adjustments in the Cooperative Innovative High Schools funding stream and requires that such adjustments can only be made upon legislative directive. G.S. 115C-238.54.

### **Section 8.11 Study NCVPS Alternative Funding Formula**

Directs the SBE to study options for using a different NCVPS funding formula than the one that has been used since 2011. Instructs that the study is to look at the pros and cons of two possibilities: (i) creating a funding formula that local boards of education could choose as an alternative to the current formula; (ii) replacing the current funding formula with a new formula.

### **Section 8.12 Competency-Based Learning and Assessments**

Declares legislative intent that the state's K-12 public school system transition to a system of *competency-based learning and assessments*. Such assessments would differ from traditional testing by allowing students to demonstrate learning at their own point of readiness, encourage students to apply and extend knowledge, and provide flexibility in how students can demonstrate

their mastery of standards. Encourages the SBE to research how competency-based assessments can be used in LEAs as well as how they can be incorporated into the statewide testing system.

#### **Section 8.14 Collaborative Procurement**

Directs DPI, in collaboration with the Friday Institute, to implement information technology cooperative purchasing agreements for public schools. Such agreements will allow for collaborative or collective purchases of information technology goods and services at a standard competitive cost throughout the state. Lays out guidelines and reporting requirements.

#### **Section 8.18 Revise the Designation of the Textbook Funding Allotment**

As title indicates, changes the designation of the Textbook allotment to the Textbooks and Digital Resources allotment.

#### **Section 8.22 Twelve-Month Personnel Positions for Vocational Agriculture Teachers**

Prohibits local school boards from reducing the term of employment for vocational agriculture teachers who were 12 month personnel in 2014-15 or any subsequent school year.

G.S. 115C-302.1(b).

#### **Section 8.25 Repeal Unnecessary State Board of Education Reports**

Eliminates the following SBE reporting requirements: paperwork reduction; report on the ABC's accountability system (now obsolete); school technology plan status; school-based accountability system evaluations; and students with diabetes.

#### **8.26 School Safety/Statewide School Risk and Response Management System**

Makes a series of changes to school safety requirements.

##### *Emergency Response Plans for Acts of School Violence*

Eliminates requirement for each local school board to adopt a system-wide emergency response plan. Replaces this with a new requirement that local school boards adopt a School Risk Management Plan (SRMP) for **each school** in the LEA. Directs local boards, in adopting SRMPs, to utilize the School Risk and Response Management System (see below) and collaborate with local law enforcement and EMS. Each local board must adopt a SRMP no later than **March 1, 2017**.

Makes statutory conforming changes to replace references to emergency response plans to School Risk Management Plan. Excludes SRMPs from public records laws.

##### *School Safety Exercises*

Makes annual schoolwide safety exercises a requirement instead of an option for every school in each LEA beginning with the 2015-16 school year. Prescribes that school safety exercises will involve simulated scenarios related to emergency planning based on the procedures outlined in the school's SRMP. The exercise shall also include a practice school lockdown for an intruder on school grounds. Strongly encourages schools to include local law enforcement and EMS as part of these exercises. Removes language from statute encouraging local school boards to hold full systemwide safety and lockdown exercises.

Directs the Division of Emergency Management and Center for Safer Schools to provide guidance and recommendations to LEAs on the hazards to plan and respond to with school safety exercises, including intruders on school grounds.

*School Risk and Response Management System*

Mandates that the Department of Public Safety, the Division of Emergency Management, and the Center for Safer Schools construct and maintain a statewide School Risk and Response Management System (SRRMS) starting with the 2015-16 school year. This system will fully integrate and leverage existing data and applications that support school risk planning and exercise, monitoring, and emergency response, including the existing School Risk Management Planning tool. Excludes all data and information associated with the SRRMS from public records laws.

*Anonymous Tip Lines and Panic Alarm Systems*

Directs DPS, Division of Emergency Management, and the Center for Safer Schools to establish a statewide anonymous school safety tip line application and a statewide Panic Alarm system by July 1, 2016.

Provides that the statewide anonymous school safety tip line application be used for purposes of receiving anonymous student information on internal or external risks to the school population, school buildings, and school-related activities.

The statewide panic alarm system is to be used for the purposes of launching real-time 911 messaging to Public Safety answer points of internal and external risks to the school population, school buildings, and school-related activities.

Excludes all data and information gathered through the anonymous safety tip line application from public records laws.

*School Key Access*

Allows LEAs the choice of providing law enforcement with *either*: access to key storage devices *or* keys to the main entrance of all school buildings.

**Section 8.27 Investing in Innovation Grant**

Reauthorizes certain LEAs to participate in the Investing in Innovation Grant program under the same terms and conditions as previously established. Authorizes three additional school districts to participate: Duplin, Harnett and Scotland County Schools.

*Modified by Budget Technical Corrections Bill- HB 259 (See Below)*

**Section 8.28 Study on Charter School Closure Funds**

Directs the SBE to examine criteria and develop a proposed policy whereby charter schools can receive a waiver of the \$50,000 escrow requirement for closure payments.

**Section 8.29 After-School Quality Improvement Competitive Grants**

Increases portion of the At-Risk Students services allotment that is to be transferred to the After-School Quality Improvement Grant Program from \$5 million to no greater than \$6 million. New or existing programs operated by LEAs, charter schools, nonprofits working with LEAs can

qualify. Allows eligible grant recipients to receive up to \$500,000 per year for two years. Requires a \$1 match to every \$3 of grant funds. Assigns program administration to DPI. Outlines reporting requirements and criteria for grant recipients.

### **Section 8.30 DPI Study/Improve Outcomes for Students with Disabilities**

Instructs DPI to study, develop, and report on potential policy changes to improve outcomes for K-12 students with disabilities. Tasks DPI with doing at least the following in this analysis:

- 1) Examine current IEP requirements and craft reforms that put greater focus on outcome-based goals.
- 2) Solicit input from stakeholders and other interested parties to develop policies on plans for students with disabilities to transition to the different levels of schooling, as well as for employment opportunities and adult living options.
- 3) Solicit input from stakeholders to increase accessibility to the Future Ready Core Course of Study for students with disabilities.
- 4) Examine model programs LEAs could use to improve graduation rates and outcomes of students with disabilities.

### **Section 8.33 Textbooks and Digital Resources Allotment/Use of Funds**

Requires each LEA to publish two additional items on its website to ensure the public is informed on how State funds are used to address local priorities:

- 1) Any transfer of funds from textbooks and digital resources into another allotment category with an explanation of why.
- 2) A chart that clearly reflects how the LEA spent State funds.

### **Section 8.34 Study on Juvenile Literacy Program**

Directs the Joint Legislative Education Oversight Committee to study Wake County's Juvenile Literacy Program results. Delineates specific issues for the committee to evaluate. Findings and recommendations must be reported to the General Assembly when the 2016 session convenes.

### **Section 8.37 Budget Reductions/Department of Public Instruction**

Establishes guidelines for the \$2.5 million funding reduction for DPI.

### **Section 8.38 Local Boards of Education/Performance-Based RIFs**

Instructs each local school board to adopt a policy establishing a performance-based reduction-in-force procedure for both career status *and* mid-contract teachers. Performance-based RIFs of career status teachers must allow for the same notification/hearing procedure as under current law. Sets out that performance-based RIF policies use the following considerations in determining which positions will be reduced:

- Structural considerations, such as identifying positions, departments, courses, programs, operations, and other areas where there are:
  - Less essential, duplicative, or excess personnel.
  - Job responsibility and position inefficiencies.
  - Opportunities for combined work functions.
  - Decreased student or other demands for curriculum, programs, operations or other services.
- Organizational considerations, such as anticipated organizational needs of the LEA or school enrollment.

Also provides that work performance and teacher evaluations are to be considered when examining teachers in similar positions for RIFs.

G.S. 115C-325(e)(2).

### **Section 8.39 Driver Education Training**

Prohibits any transfers of State funds into the Driver Education allotment effective beginning with the 2016-17 school year.

Prescribes that if a local school board charges a local fee for driver education, it must also establish a fee reduction/waiver process for economically disadvantaged families unable to pay the fee (effective with the 2016-17 school year).

Adds language to statute stating that the purpose of the Driver Education program is to make available public education to all students on driver safety and training.

Instructs all local school boards to submit informational reports on their driver education programs to the SBE by December 15, 2015. Local boards must gather and report on several pieces of information and data **from the 2012-13 school year through the current school year** as follows:

- 1) Detailed information on whether the LEA contracts with a third-party to provide driver education and, if so, the terms of the contractual arrangement and division of responsibilities.
- 2) Total cost and per-student cost of offering the program. The local board is to include a detailed explanation of how **all funds associated with the driver education program are spent, written in plain English.**
- 3) How the fleet is provided and maintained. If the district maintains its own fleet, specific information related to the fleet.
- 4) Number of students eligible to participate in the driver education program, number of students participating in the program, and numbers of students successfully completing the program.
- 5) Materials used.
- 6) Methodology for transferring driver ed student information to other agencies.
- 7) Role of parents and legal guardians in the instruction.
- 8) Process for filing and resolving complaints related to the program. Information on the numbers, types, and resolutions of filed complaints, if a process is provided.
- 9) Assessments and evaluations used to determine program quality and success.
- 10) Average and maximum length of time between classroom instruction and behind the wheel instruction, classroom hours taught per day, and behind the wheel instruction per day.
- 11) Student outcomes for seeking a graduated driver's license, if the LEA tracks such information.
- 12) Fee waiver/reduction processes if the LEA charges a local fee, how often such processes are used, and how much is saved.

The Joint Legislative Education Oversight Committee is to take the information submitted by local school boards and develop a set of legislative recommendations to improve various aspects of the driver education program for the 2016 short session.

G.S. 115C-105.25(b), -215(a), -216(g).

#### **Section 8.40 DPI Report on the Educator Licensure Processing System**

Directs DPI to report to the Joint Legislative Education Oversight Committee on the educator licensure processing system. Outlines minimum requirements of what is to be included in the report. Due by October 15, 2016.

#### **Section 8.41 Modify Educator Preparation Approval Process**

Reorganizes and recodifies statutory guidelines for teacher licensure and teacher preparation programs.

Establishes a series of requirements for teacher education programs starting July 1, 2017. Starting on this date, teacher preparation programs must be State-approved or nationally-accredited in order for its graduates to achieve licensure in North Carolina. Prescribes standards that must be met for a teacher prep program to be State-approved. Gives the SBE authority to place a teacher prep program on probationary status with a required improvement plan or revoke State-approval for any of five specified reasons. Sets a minimum GPA standard that must be met in order to be admitted into a teacher preparation program (2.7 GPA). Establishes that individuals must also meet minimum test score requirements of 1,100 on the SAT and 24 on the ACT (a bill passed in a previous session already established that these test score requirement would be going into effect beginning with the 2017-18 school year). Creates new standard that a teacher prep program must have a minimum entering cohort GPA of 3.0 in order to maintain State approval.

*These requirements all take effect in the 2017-18 school year.*

Requires the SBE to establish standards for a competency-based program of preparation for lateral entry teachers within the Community College System and at private, nonprofit two-year colleges to complete the coursework necessary to earn a teaching license. To participate in this program, an individual must hold at least a bachelor's degree from a regionally accredited IHE. Establishes that the SBE also carefully consider a lateral entry program for school administrators. G.S. 115C-296.8 through 296.13. Repeals G.S. 115C-296(b)(2), (b1), (b2), (c), (c1), (c2).

#### **8.42 Access for Teachers to EVAAS Data**

Prescribes that LEAs must provide teachers with access to the following EVAAS data each year: (a) the teacher's individual Standard 6 growth data; (b) the schoolwide growth data of their school; and (c) the teacher's evaluation dashboard.

Requires principals to notify teachers when the previous school year's EVAAS data has been uploaded.

*Effective 2015-16 school year.*

G.S. 115C-333.2.

#### **8.43 Certain CIHS Operating Without Additional Funds**

Allows the following schools to operate as Cooperative Innovative High Schools starting 2015-16:

- The Academy at High Point Central (Guilford)
- The Academy at Ben L. Smith High School (Guilford)
- STEM Early College at NC A&T State University (Guilford)
- Middle College at the University of North Carolina at Greensboro (Guilford)
- Vernon Malone College and Career Academy (Wake)
- Northeast Regional School of Biotechnology and Agriscience

#### **8.44 Change the Mandatory Training for Local Boards of Education to Every Two Years**

Lengthens the timeframe in which local school board members must attain 12 clock hours of training to every two years (instead of every year). The training credit may be attained at any point during each two year period.

G.S. 115C-50(a).

#### **8.45 Repeal Extracurricular Duties Restriction for Teachers with 27 or More Years of Experience**

Allows local school boards to assign extracurricular duties to a teacher with 27+ years of experience without needing to receive a written request from that teacher. Removes the directive for local school boards to limit the noninstructional duties of these teachers.

Repeal of G.S. 115C-47(18a)b.

#### **8.46 Licensure for Retired Substitute Teachers with At Least 30 Years of Teaching Experience**

Establishes a process for continuing licensure of retired teachers who worked as a classroom teacher in North Carolina for at least 30 years and has served as a substitute teacher at least once every three years since retirement. Outlines substitute teaching and professional development hours needed to maintain retired continuing licensure.

Includes a phase-in for retired teachers whose license has expired as of date of enactment of this provision. Qualifying retired substitute teachers are to be paid as if their license has not expired if they have served as a substitute from April 2015 until September 2015 and they notify their LEA they are seeking to satisfy the professional development requirements for licensure renewal.

*Takes effect immediately and applies beginning with the 2015 -2016 school year.*

#### **Section 8.47 Teacher Assistant Allotment**

##### *Transferability Restrictions*

Prohibits transfers of State funds out of the teacher assistant allotment.

##### *TA Funding Formula Modification*

Revises the funding formula for teacher assistants. Instead of using a fixed dollar figure per K-3 ADM to distribute funds to LEAs, the formula will use the following position ratios for 2015-16.

Kindergarten: 2 TA positions (each at statewide TA average salary/benefits) per 3 classrooms (21 students each)

Grade 1 & 2: 1 TA position (statewide TA average salary/benefits) per 2 classrooms (21 students each)

Grade 3: 1 TA position (statewide average salary/benefits) per 3 classrooms (21 students each)

### **Section 8.48 Reading Camps Offered to First and Second Grade Students**

Allows students in first and second grade who are not reading at grade level to attend summer reading camps in the same manner as third grade students and appropriates \$20 million for their enrollment (distributed through the same formula as third grade students). Gives priority in reading camp enrollment to third grade students. Uses the formative and diagnostic reading assessments as the measure of whether the students are reading at grade level. Provides that when first and second grade students are identified as reading below grade level, their parents should be encouraged to enroll them in a summer reading camp but will maintain final decision over whether to do so.

Adds to local school boards' Read to Achieve reporting requirements starting with reports due Fall of 2016.

- Student reading comprehension data to be published on the LEA website and reported to the SBE must include the percentage and number of first and second grade students reading below grade level.
- The reading intervention report required to be submitted to the SBE must include the number of first and second grade students attending the LEA's reading camp.

Allows first and second grade students who are reading at grade level to attend the camps and authorizes fees to be charged for their enrollment in the same manner as third grade students reading at grade level.

*Effective with the 2015-16 School Year*

G.S. 115C-83.3(4a), -83.6, -83.10, -83.11.

## **PART VIII -A – LEGISLATIVE FINDINGS, DIRECTION, AUTHORITY, AND RESOURCES TO ENSURE THAT ALL STUDENTS HAVE THE OPPORTUNITY TO RECEIVE A SOUND BASIC EDUCATION**

### **Section 8A.1 Legislative Findings**

Makes a series of legislative findings that some local school boards have failed to comply with *Leandro* requirements despite having adequate State and local funding and administrative flexibility. States legislative intent to enact a series of measures to improve low-performing schools and facilitate *Leandro* compliance.

### **Section 8A.2 Duty of Local Boards of Education to Provide Students with the Opportunity to Receive a Sound Basic Education**

Codifies into statute the *Leandro* holding that local boards of education have a duty to provide students with the opportunity to receive a sound basic education. Adds a new directive that local school boards are to make all policy decisions with the *Leandro* objective in mind, including:



- Employment decisions.
- Budget development.
- Other administrative actions.

G.S. 115C-47(1).

### **Section 8A.3 Class Size in Kindergarten Through Third Grade**

Rewrites K-3 class size statute to delineate the only circumstances under which waivers from K-3 class size requirements are authorized.

- 1) Emergencies that impact classroom/facility space availability (currently authorized by SBE policy).
- 2) Unanticipated student population increase greater than 2% of ADM (currently authorized by SBE policy).
- 3) Organizational problems in geographically isolated LEAs (ADM less than 1.5 per square mile). (currently authorized by SBE policy)
- 4) Classes for a solitary curricular area (currently authorized by SBE policy).
- 5) Charter school closure.

Establishes a penalty for when a superintendent is found to have willfully violated the class size restrictions. When a violation is found to have occurred, no State funds can be used to pay that superintendent's salary until the issue is rectified. The local school board must continue to abide by all contractual terms in these circumstances.

Directs that class size requirements in K-3 are not to be changed in 2015-16 and 2016-17.  
G.S. 115C-301.

### **Section 8A.4 Identification of Low-Performing Schools and Units**

#### *Low-Performing Schools*

Modifies the low-performing school statute to change the criteria defining a public school as low-performing. Previously, a public school was identified as low-performing if 51% of its students did not perform at grade level and the school did not meet growth expectations the previous school year. The new criteria establishes that a public school is low-performing when the school:

1. Received a school letter grade of D or F the previous school year; and
2. Met or did not meet expected growth the previous school year.

#### *Low-Performing LEA*

Creates a new category of *low-performing LEA*, defined as an LEA in which 51% of schools have been identified as low-performing under the new criteria.

#### *Low-Performing School Procedure*

Outlines the procedure that must be followed when a school is low-performing but the LEA is not low-performing. The procedure largely tracks current procedure for low-performing schools.

- 1) Superintendent considers school improvement options.

- 2) Within 30 days of identification, the superintendent must submit to the local school board a preliminary school improvement Plan (including a plan for improving both the grade and growth score).
- 3) Within 30 days of receipt, the local school board must make the school improvement Plan available to the public, including school personnel and parents of enrolled students (allowing for written comments) and vote to approve, modify, or reject the Plan.
- 4) Within 5 days of board approval, the school improvement Plan must be submitted to SBE.
- 5) The SBE is to review the improvement Plan and provide feedback. The local school board must take a vote on any modifications recommended by the SBE.
- 6) The local school board must make the final school improvement plan available on the LEA's website.

Provides for parental notice of low-performing school status to parents of enrolled students within 30 days of identification. Outlines specific information that must be included in the notice.

#### Low-Performing LEA Procedure

Outlines the procedure that must be followed when an LEA is identified as low-performing.

- 1) Within 30 days of identification of the LEA as low-performing, the superintendent must submit a preliminary LEA improvement Plan to the local school board. The plan must contain
  - a. A process for improving the grade and growth score of all low-performing schools in the district;
  - b. How the superintendent and other central office administrators will work with each low-performing school and monitor its progress; and
  - c. How local board policy should be changed to improve student achievement throughout the LEA.
- 2) Within 30 days of receipt, the local board must make the LEA improvement Plan available to the public, including personnel in each low-performing school and parents of all students enrolled in all schools in the district (allowing for written comments) and vote to approve, modify, or reject the Plan.
- 3) Within 5 days of board approval, the LEA improvement Plan is to be submitted to SBE.
- 4) The SBE is to review the LEA improvement Plan and provide feedback. The local school board must take a vote on any modifications recommended by the SBE.
- 5) The local school board must provide access to the final LEA improvement Plan on the LEA's website.

Provides for parental notice of low-performing LEA status to parents/guardians of *all students in all schools* in the low-performing LEA within 30 days of identification. Outlines specific information that must be included in the notice.

### **Section 8A.5 State Board Authority to Consolidate Contiguous County School Administrative Units**

Empowers the SBE with school district merger authority. The SBE has the authority to adopt a written plan to merge either: (a) adjacent county LEAs; or (b) a group of county LEAs where at least one LEA is contiguous with at least one other LEA in the group. Ensures that a merger will

not abolish any supplemental taxes that may be levied in any of the LEAs. Creates a procedure for legislative disapproval of any merger plan prior to it going into effect.  
G.S. 115C-66.5.

**Section 8A.6 Limit Local Board of Education Waivers.**

Prohibits the SBE from granting waivers from State laws and rules except in two circumstances: (i) class size waivers; and (ii) school calendar start date waivers to accommodate makeup days. Establishes SBE reporting requirements.  
*Effective with the 2015-16 School Year*  
G.S. 115C-105.26

**PART IX – COMPENSATION OF PUBLIC SCHOOL EMPLOYEES**

**Section 9.1 Teacher Salary Schedule**

Sets out the “A” base salary schedule for teachers/instructional support personnel for the 2015-16 fiscal year as follows.

Years of Experience	Annual Salary
0-4	\$35,000
5-9	\$36,500
10-14	\$40,000
15-19	\$43,500
20-24	\$46,500
25+	\$50,000

All base salary levels remain at 2014-15 levels except the 0-4 tier (\$33,000 to \$35,000). Awards a year of experience to those on the schedule earning a year of creditable service (*only about one-third of those on the schedule will move to a higher salary level with the year of experience award*). Continues to build longevity payments into the salary schedule.

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

Establishes 12% supplement for Nationally Board certified teachers and 10% supplement for certified school nurses. Authorizes 10% advanced degree supplements for those who qualify (same grandfathering provisions apply to Master’s Pay).

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

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

OR

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

### **Section 9.2 School-Based Administrator Salary Schedule**

Establishes salary schedules for principals and assistant principals for the 2015-16 fiscal year. Base salary levels remain the same as 2014-15 except for assistant principals at years 0-9 (increase of \$8,100). Awards a step increase to administrators earning a year of creditable service. Awards \$809 salary/\$191 benefit bonus to administrators who were paid on this salary schedule in 2013-14 and employed on July 1, 2015 who do not receive a salary increase on the schedule.

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

### **Section 9.3 Central Office Salaries**

Establishes salary ranges for central office staff. Freezes base salary levels for the fiscal biennium remain at 2014-15 levels.

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

### **Section 9.4 Noncertified Personnel Salaries**

Freezes salaries for permanent full-time and part-time noncertified school personnel at 2014-15 levels for the fiscal biennium.

*Modified by Budget Technical Corrections Bill- HB 259 (See Below)*

### **Section 9.5 No Pay Loss for Teachers Who Become Administrators or Assistant Principals Who Become Principals**

Ensures that an assistant principal who moves into a principal position without a break in service is to be paid no less than what he or she would have earned as an assistant principal.

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

*Modified by Budget Technical Corrections Bill- HB 259 (See Below)*

## **PART X – COMMUNITY COLLEGES**

### **Section 10.11 Youth Career Connect Program**

Authorizes 9<sup>th</sup> and 10<sup>th</sup> grade students in Anson County Schools to enroll tuition-free in community college courses at South Piedmont Community College until June 30, 2018. This allowance is associated with Anson being awarded the federal Youth Career Connect Grant.

### **Section 10.13 Career and College Ready Graduates**

Directs the State Board of Community Colleges, in consultation with the SBE, to develop a program for implementation in the 2016-17 school year that introduces college developmental mathematics and developmental reading and English curriculums in 12<sup>th</sup> grade of high school and provides opportunities for college remediation for students prior to high school graduation through cooperation with community college partners. Outlines basic requirements for the program, including changes to SBE policy to make remedial courses mandatory for students not meeting readiness indicators by 11<sup>th</sup> grade, mandating that high schools use specific curriculum for this program, and setting training requirements for high school faculty teaching the remedial courses.

A report on the progress of implementation must be provided to the Joint Legislative Education Oversight Committee by March 15, 2016.

### **Section 10.14 NC Works Career Coaches**

Creates the NC Works Career Coaches program. The program will place community college career coaches in high schools to assist students with determining career goals and identifying community college programs that would assist in meeting these goals.

A local school board within the service area of a community college is to enter into memorandums of understanding with that college for placement of career coaches in the LEA's high schools. Requires the memorandum of understanding include:

- A provision that the community college board of trustees include a local school board liaison on the hiring committee to participate in decision making regarding hiring for coaching positions.
- A provision that the coach will not be an agent or employee of the local school board.
- A provision that while on any school campus, the career coach will obey all local board of education rules and be subject to the authority of the school's administration.
- A requirement that the LEA provide the following to career coaches:
  - Access to student records, as needed to carry out the job responsibilities.
  - Office space on site appropriate for student advising.
  - IT resources.
  - Initial school orientation and ongoing integration into the staff community.
  - Promotion of schoolwide awareness of coach duties.
  - Facilitation of coach's access to individual classes and large assemblies for the purpose of awareness-building.

Allows local school boards to jointly apply with the local community college for NC Works Career Coach Program funding from the State Board of Community Colleges. Requires that applications for funds be accepted no later than December 15, 2015. Outlines the process the State Board of Community Colleges must use to award the funds.

## **PART XI - UNIVERSITIES**

### **Section 11.9 Transforming Principal Preparation**

Establishes a competitive grant program to award funding to entities that design and implement innovative principal preparation programs. Sets aside up to \$500,000 each year starting 2016-17 for grant awards (to be distributed by the State Educational Assistance Authority). Assigns program administration to a third-party nonprofit organization that will be selected through an RFP and contract with the SEAA.

Provides additional details and requirements of the program and criteria for awarding grants. Establishes requirements to report data to the SBE and directs the SBE to revise, as necessary, school administrator licensure requirements and school administrator preparation program approval standards after evaluating the data collected from grant recipients (no later than September 15, 2021).

### **Section 11.11 Special Education Scholarship Changes and Reevaluation Funds**

Increases the maximum value of vouchers for special education from \$3,000 to \$4,000 per semester. Changes the method of awarding funds to a remittance directly to the nonpublic

school. Prohibits special education vouchers from being used for tuition for home schooled students.

Eliminates requirement that a student be enrolled in a nonpublic school for at least 75 days in order to qualify for a special education voucher.

Directs the SEAA to adopt rules for a funding recapture process when a special education voucher student withdraws from the nonpublic school prior to the end of the semester. Also requires the SEAA to work with DPI to do a historical cost analysis to ensure that funding for LEA reevaluations of special education voucher students is sufficient and aligned with actual costs.

*Effective with the 2015-16 school year.*

### **Section 11.16 Early College Graduates/UNC Admission Policy**

Instructs the UNC Board of Governors to adopt a policy whereby any cooperative innovative high school graduate with an associate degree who applies for admission to a UNC school can be given the option of entering as a freshman or a transfer student. Establishes reporting requirements.

*Effective with the 2016-17 school year.*

### **Section 11.18 SEAA Funds for Administration of Special Education Scholarship Grant Program**

Doubles the portion of special education voucher funding to be retained annually by the SEAA for administrative costs.

### **Section 11.19 Education Opportunities for Students with Disabilities**

Requires several State agencies, including DPI, to take several actions designed to assist students with disabilities in transitioning out of high school.

### **Section 11.21 Hunt Institute/No General Funds**

Prohibits General Fund support for The Hunt Institute.

## **PART XII – DEPARTMENT OF HEALTH AND HUMAN SERVICES**

### **Section 12B.1 NC Pre-K Program/Standards for Four and Five Star Rated Facilities**

Requires the Department of Health and Human Services, 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 12B.7 Early Childhood Education and Development Initiative Enhancements**

Outlines several directives for the NC Partnership for Children (NCPC) Board, including implementing prekindergarten programs and targeting State funds for research-based programs that have specific delineated goals.

Caps average statewide administrative costs for local partnerships at 8% of the total statewide allocation to all local partnerships. Mandates all local partnerships participate in a contract management system managed by the NCPC.

Establishes guidelines for the salary schedule to be set for the NCPC Executive Director and directors of the local partnerships.

Sets match requirements for the NCPC and local partnerships (100% in the aggregate; 19% individually each fiscal year). Establishes competitive bidding guidelines for contracts for goods and services. Provides for a funding hold harmless provision for small counties, a performance-based evaluation system, and rules for how State funds are to be expended.

### **Section 12B.8 Statewide Early Education and Family Support Programs**

Sets up a legislative study of early childhood and family support programs, including the NC Pre-K program and the Smart Start Program. Establishes that the study is to consider at a minimum:

- The purpose, outcomes, and effectiveness of each program.
- Necessary flexibility.
- Potential for streamlined administration across the programs.

### **Section 12E.1 Funds for School Nurses**

Sets historical funding formula for school nurse funds. Retains nonsupplant and maintenance of effort requirements as in previous years. Enumerates authorized activities for school nurses as in previous years.

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

Prescribes that if federal funds are received under the Maternal and Child Health Block Grant for abstinence education in the 2015-16 or 2016-17 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 15.23 Lottery Proceeds Disclosure**

Directs each State department and agency that receives lottery proceeds to inform the public about the amount of lottery dollars received and the activities that were supported by the dollars. The information can be disclosed using established communication channels.  
G.S. 18C-115.

## **PART XXIII – OFFICE OF STATE BUDGET AND MANAGEMENT**

### **Section 23.4 OSBM/Public School Construction Needs Study**

Designates \$100,000 of 2015-16 OSBM funds for a study of school construction needs in the 50 counties determined through the low-wealth allotment funding formula to have the lowest ability to pay for buildings. Provides that the study is to determine which of those examined districts have the highest facility needs in relation to capacity to raise the revenue to meet those needs.

Sets a deadline of May 1, 2016 for the results of this report.

## **PART XXVII – DEPARTMENT OF ADMINISTRATION**

### **Section 27.3 Streamlined Seized Vehicle Disposal**

Modifies law on vehicle seizure for certain offenses to provide that the Department of Administration is to take constructive possession of the vehicle instead of DPI if it is towed pursuant to a statewide or regional contract. Specifies that if the vehicle is not towed pursuant to a statewide or regional contract, the school district will have 10 business days to retrieve it. Establishes a procedure for the Department of Administration to sell vehicles it seizes at auction.  
*\*Modified by Section 38.3 of SB 119 (see below)\**

## **PART XXIX – DEPARTMENT OF TRANSPORTATION**

### **Section 29.30(m) Increase and Adjust DMV Fees**

Establishes a series of fees to be imposed when a motor vehicle registration is renewed after it has expired. Directs the proceeds collected through the late fee into the Civil Penalty and Forfeiture Fund to pay the costs of the Driver Education program (see Section 5.3).  
G.S. 20-88.03.

## **PART XXX – SALARIES AND BENEFITS**

### **Section 30.1 Governor and Council of State**

Freezes salary levels of the Superintendent of Public Instruction, along with the Governor and other members of the Council of State, for the 2015-17 biennium.

### **Section 30.7 State Agency Teachers**

Authorizes step increases for employees of schools operated by the Department of Health and Human Services, the Department of Public Safety, and the SBE who are paid on the Teacher Salary Schedule.

### **Section 30.8(c) All State-Supported Personnel**

Clarifies that salary increases included in the budget do not apply to persons separated from State service due to resignation, dismissal, RIF, death, or retirement, or whose last workday is prior to July 1, 2015.

### **Section 30.10 Use of Funds Appropriated for Legislatively Mandated Salary Increases, Compensation Bonuses, and Closure of Workers' Compensation Claims**

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

### **Section 30.18A Compensation Bonus Awarded for Fiscal Year 2015-2016**

Awards a \$750 bonus to all permanent State-funded school district personnel employed on November 1, 2015.



Specifies that the bonus is a one-time lump-sum payment for the 2015-16 fiscal year and will be paid out December 2015. Prevents the bonus from being considered salary for the purpose of calculating retirement benefits. Clarifies that the bonus will be awarded without regard to placement within the salary range, including employees at the top of the salary range. Adjusts the bonus pro rata for permanent part-time employees.

### **Section 30.20 Salary-Related Contributions**

Sets the retirement system employer contribution for the 2015-16 fiscal year at 15.32% (was 15.21% in 2014-15).

Sets the State Health Plan employer contribution for the 2015-16 fiscal year at \$5,471 (was \$5,378 in 2014-15) for non-Medicare eligible employees/retirees.

### **Section 30.25 Allow Retirees Who Return to Work for the State in Nonpermanent Positions to Retain Their Coverage Options Under the State Health Plan for Teachers and State Employees Rather Than Limiting Such Retirees' Coverage Options to the "Bronze Level" High-Deductible Health Plan Necessitated By The Affordable Care Act**

Allows LEAs two health coverage options for retirees rehired into nonpermanent full-time positions:

- Full State Health Plan coverage equivalent to that offered to other permanent full-time employees (the LEA would have to pay the full employer cost of coverage).
- Lower level high-deductible coverage equivalent to "bronze level" coverage.

*Effective January 1, 2016.*

G.S. 135-48.40(b), (e), -48.41(i).

### **Section 30.26 Reserve for Future Benefits Needs/State Health Plan Cash Reserve**

Declares legislative intent to make future benefit needs reserve funds available for increasing employer contributions to the State Health Plan during the 2016-17 fiscal year only if it is determined that the Treasurer and State Health Plan Trustees have adopted sufficient measures to limit projected employer contribution growth for the 2017-19 fiscal biennium.

Requires a cash reserve in the fund of at least 20% of annual costs and sets a notification procedure if the cash reserve falls below that percentage.

### **Section 30.30 Clarify and Amend the Law Providing for Purchase of Service by Members of the Teachers' and State Employees System for Educational Leave**

Clarifies the law on the purchase of retirement credit during leave of absence/interrupted service. Allows for such purchase only if the member is enrolled in a full-time degree program for which no compensation is awarded or goes to teach in a charter school. Prohibits the purchase of retirement credit for any month when service was performed for the North Carolina Association of Educators.

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

### **Section 30.30A Qualified Excess Benefit Arrangement (QEBA)**

Extends the deadline for State retirees to be eligible to participate in the Qualified Excess Benefit Arrangement. In order to be eligible to participate, a retiree must retire before August 1, 2016 (was January 1, 2015).

## **PART XXXII – FINANCE PROVISIONS**

### **Section 32.13 Corporate Income Tax Rate Reduction and Tax Base Expansion**

Lowers the corporate income tax from 5% to 4% effective taxable years beginning January 1, 2016. Drops the rate to 3% if total State revenue hits a certain target. Eliminates antiquated/obsolete deductions.

G.S. 105-130.3C.

### **Section 32.15 Franchise Tax Base Changes**

Raises the minimum and maximum franchise tax that can be charged to a single taxpayer. Makes changes to the tax base. Eliminates antiquated/obsolete deductions.

G.S. 105-120.2, -122.

### **Section 32.16 Individual Income Tax Reductions**

Reduces the individual income tax flat rate from 5.75% to 5.499% beginning 2017. Raises the standard deduction for various types of taxpayers. Adjusts withholding tables to increase the amount withheld from paychecks beginning 2016.

G.S. 105-153.5, -153.7, -163.2.

### **Section 32.18 Expand Sales Tax Base**

Makes purchases of repair, maintenance, and installation services subject to State sales taxes beginning March 1, 2016.

G.S. 105-164.3, -164.4, -164.13.

### **Section 32.19 Additional Local Sales Tax Revenue for Economic Development, Public Education, and Community Colleges**

Distributes \$84.8 million in local sales tax revenue to 79 counties based upon statutorily prescribed allocation percentages. Adjusts the amount to be transferred annually based upon overall gain or loss in local sales tax collections. Requires counties to use this additional revenue for public schools, community colleges, and economic development. Transfers \$17.6 million of State sales tax collections to counties based upon the following formula:

- 50% through Article 39 distribution
- 25% through Article 40 distribution
- 25% through Article 42 distribution

*Effective July 1, 2016 and applies to taxes collected on or after that date.*

G.S. 105-524.

## **SUMMARY OF LEGISLATION ENACTED BY THE GENERAL ASSEMBLY**

\*\*\**ALL BILLS ARE EFFECTIVE UPON BECOMING LAW UNLESS OTHERWISE NOTED*\*\*\*

### **Public/Statewide Legislation**

#### **House Bills**

**HB 13: Amend School Health Assessment Requirement (S.L. 2015-222)** makes changes to the health assessment requirement for public school admission. Expands the school health assessment requirement to *all children entering public school for the first time at any grade level*, not just when entering kindergarten. Prescribes that parents/guardians/person standing in local parentis of first-time enrolling children be notified that a health assessment for the child is needed on or before the first day of attendance.

When a health assessment is not provided upon entry and a principal has to issue a notice of deficiency, two pieces of information must be provided: (i) that there will be a 30 calendar day deadline to submit the health assessment form or else the child will be forbidden from attending the school until submission; and (ii) an explanation for how the child may make up work if this happens.

Provides that student absences for failure to submit a health assessment form are not to result in suspension, and *requires this to be explicitly stated in local board policy*. Allows students absent for failure to provide a health assessment to be provided with all missed assignments upon request and, to the extent practicable, materials distributed in the classroom in connection with the assignment. Also requires that the child have the opportunity to bring textbooks and any digital devices home as well as take any examinations that are missed.

Directs the Department of Health and Human Services and DPI to develop a statewide standardized health assessment transmittal form for use for school health assessments.

Delineates the items that are to be included on the form.

*School health assessment changes and new statewide health assessment form take effect 2016-17 school year.*

G.S. 115C-390.2(1); 130A-440, -441.

**HB 18: Continuing Budget Authority (S.L. 2015-233)** extends the expiration date of the Continuing Resolution to September 18, 2015.

**HB 44: Local Government Regulatory Reform 2015 (S.L. 2015-246)**

Section 6(b). Updates and modernizes the Local Government Budget and Fiscal Control Act to allow for credit cards, gas cards, procurement cards, and other forms of electronic funds transfers and electronic payments. Also allows LEAs to use cash as a form of payment if the local board has adopted a policy authorizing and establishing guidelines for such a form of payment.

*Applies to expenditures incurred on or after October 1, 2015.*

G.S. 115C-441.

HB 86: Utility Line Relocation/School Board (S.L. 2015-111) requires the NC Department of Transportation to pay for relocation of water and sewer lines owned by a local board of education when those lines are within a transportation right-of-way and must be relocated for a transportation project.

*Effective July 1, 2015.*

G.S. 136-27.1.

HB 113: Protect Our Students Act (S.L. 2015-44) raises the criminal punishment for public school personnel (other than teachers, school administrators, student teachers, school safety officers, and coaches) who are convicted of certain sex offenses with students. For school personnel other than teachers, administrators, student teachers, school safety officers, and coaches who are convicted of either *engaging in a sexual act* or *taking indecent liberties with* a student and are less than four years older than that student, the punishment is increased from a misdemeanor to a Class I felony.

*Effective December 1, 2015, and applies to offenses committed on or after that date.*

G.S. 14-27.7(b); -202.4.

HB 173: Omnibus Criminal Law Bill (S.L. 2015-247)

Part 9. Makes doubling of a bail bond permissive rather than mandatory when a defendant on pretrial release is charged with another offense.

*Effective October 1, 2015.*

G.S. 15A-534(d3).

HB 184: Change DCR Process for Unclaimed Property – AB (S.L. 2015-218)

Section 3. Amends public records laws to place a time limit on all restrictions on access to public records. All restrictions expire 100 years after the date a record is created. Specifies that the time line does not authorize opening of any record that is: (i) sealed by court order; (ii) prohibited by federal law; (iii) contains social security numbers; (iv) that is a juvenile record; or (v) contains detailed plans/drawings of public buildings.

*Applies to any public record in existence or created after August 18, 2015.*

G.S. 132-11.

HB 237: Repeal Personal Ed Plans/Modify Trans Plan (S.L. 2015-46) eliminates the State requirement for teachers to prepare a Personal Education Plan (PEP) for students who are not progressing adequately toward promotion. Maintains that local boards of education develop local policies for school improvement teams to identify and target at-risk students who need a plan for the transition from elementary to middle school or from middle school to high school.

*Applies beginning with the 2015-16 school year.*

G.S. 115C-83.7(c), -83.9(a), -105.41.

HB 254: Protect National Guard Reemployment Rights (S.L. 2015-161) provides that members of the National Guard of any state who are called up for duty are to have certain reemployment rights upon discharge from service.

Upon written request, the member's previous employer must restore the member to the previous position or a similar position, unless the member is no longer qualified for employment or the employer's circumstances make restoration unreasonable. Also prohibits any employer from denying initial employment, reemployment, retention in employment, promotion, or benefits on the basis of being a National Guard member of any state. These protections previously were only granted to members of the NC National Guard.

*Applies to denials of initial employment, reemployment, retention in employment, promotion, or any benefit of employment by an employer on or after October 1, 2015.*  
G.S. 127A-201, -202.1.

HB 259: General Government Technical Corrections- AB (S.L. 2015-268)

Section 3.1 – 3.4. Makes technical corrections to various portions of the budget bill to:

- Specify that Community Colleges can earn budget FTE for student enrollments through the Investing in Innovation grant in certain circumstances.
- Clarify that salaries for noncertified public school employees can be increased as otherwise allowed by law but will not be legislatively increased for the fiscal biennium.
- Establish that the budget provision ensuring that assistant principals are not to experience a pay reduction by moving into a principal position is not to modify compensation for persons initially employed as assistant principals prior to July 1, 2009, for work performed prior to July 1, 2015.

Section 3.5. Adds a new special provision to the budget bill (Section 11.24) modifying the funding reduction for the Academic Summer Bridge program. The reduction will be \$1,073,700 in each year of the fiscal biennium.

Section 3.6. Adds a new special provision to the budget bill (Section 11.25) which clarifies that funds for the Appalachian State high-need teacher placement pilot program can be used to recruit and retain both undergraduate students and community college students. Also clarifies the activities for which funding can be used.

Section 3.8. Adds a new special provision to the budget (Section 8.49) prohibiting any of the new appropriations for the Excellent Public Schools Act from being used to increase NC Teacher Corps program funding.

HB 272: Appointments Bill 2015 (S.L. 2015-254)

Section 1.9. House Speaker appointment of Anthony Helton, Rutherford County, to the Charter Schools Advisory Board for a term expiring June 30, 2019.

Section 2.7. Senate President appointment of Sherry Peeves, Pamlico County, to the Charter Schools Advisory Board for a term expiring June 30, 2017.

HB 318: Protect North Carolina Workers Act (S.L. 2015-294) mandates that in all public contracts entered into by local boards of education and other local governmental entities, the

contractor and subcontractors must comply with the State's E-Verify law. Allows for this requirement to be satisfied *de facto* if the contract language contains a clause requiring the contractor and subcontractors to comply with the State's E-Verify law.

Exempts the following contracts from these mandates: (i) travel expenses; (ii) contracts solely for the purchase of goods, apparatus, supplies, materials, equipment; (iii) contracts with other units of government, and (iv) contracts for purchases established by the State/fed government where contractor is willing to extend to a unit of local government the same favorable prices, terms, conditions.

Establishes that any governmental entity found to be noncompliant with the public contract E-Verify requirement is to be notified. The Department of Labor will maintain a list of noncompliant governmental entities on its website.

Prohibits local boards of education and other local governmental entities from adopting any policy language that recognizes the following documents as acceptable forms of identification:

- A matricula consular or other similar document, other than a valid passport, issued by a consulate or embassy of another country.
- An identity document issued or created by any person, organization, county, city, or other local authority, except where expressly authorized to be used for this purpose by the General Assembly.

Repeals any language that is not in compliance with this provision.

***\*Note that this provision is in conflict with the Supreme Court decision in Plyler v. Doe which requires school districts to enroll students regardless of documentation. If you have any questions please consult your board attorney.\****

*Applies to contracts entered into and policy language starting on or after October 1, 2015.*  
G.S. 64-33.1; 143-133.3.

HB 334: Charter School & Other Education Law Changes (S.L. 2015-248)

*Anti-Nepotism Policies for Local Boards of Education*

Directs local boards of education to adopt anti-nepotism policies.

These policies must establish a procedure for the local school board to grant approval before an *immediate family member* of (a) a school board member or (b) a central office staff administrator engages as an independent contractor with or is employed by the local school district. Defines *immediate family member* as: a spouse, parent, child, brother, sister, grandparent, or grandchild and also includes the step, half, and in-law relationships (same as 115C-12.2). A central office staff administrator would include any of the following:

- Directors
- Supervisors
- Specialists
- Staff officers
- Assistant superintendents
- Area superintendents

- District superintendents
- Principals

The procedure must provide for at least two steps before a school board member or central office administrator's immediate family member can be an independent contractor with or employee of the school district.

Step 1 – the local school board must be informed of the proposed employment/engagement (with the burden of disclosure on the school board member or central office staff member with the familial relationship).

Step 2 – the local board votes on the proposed employment/engagement in an open-session meeting

*Effective March 1, 2016*

*LEA Responsibilities - Special Education Voucher Student Reevaluation*

Amends the procedure for reevaluating special education voucher students every 3 years to determine continued need for special education services. Instead of these reevaluations only being done by the LEA in which the student resides, these can now also be done by a licensed psychologist with a school psychology focus. The licensed psychologist is to assess if the education and related services received by the student in the nonpublic school setting have improved the child's educational performance and if the child would continue to benefit from the nonpublic school placement.

*Applies to students required to be assessed on or after January 1, 2015.*

*Charter School Application Process/Operations*

Increases the minimum number of students that must be enrolled at a charter school at a given time from 65 to 80. Establishes a process for "weighted lotteries" when charters receive more applications than available seats. Directs that charter applicants who submit incomplete applications are to be given notification and 5 additional days to rectify the issue before the application can be dropped from the review process. Requires that all applicant groups be given an opportunity to address the Advisory Board in person during the application review stage. Revises allowable grounds for renewing a charter for less than 10 years and approving enrollment and grade expansions. Directs charter governing boards to adopt anti-nepotism policies. Allows charters to establish fees for extracurricular activities. Directs the SBE to take a number of policy actions concerning: (i) fast-track replication; (ii) allocating allotments when a charter automatically expands grade levels or enrollment; (iii) clarifying certain standards charters must meet; and (iv) determining when a charter can be granted flexibility on escrow requirements.

*Charter Schools Advisory Board/Office of Charter Schools*

Makes a series of changes to the structure and appointment process of the NC Charter Schools Advisory Board. Maintains the Office of Charter Schools under DPI but gives the SBE supervision, direction, and control of the office. The SBE shall also appoint the Executive Director of the OCS.

G.S. 115C-47, -112.6(c), -112.9(2), -218, -218.1(b), -218.2, , -218.5, -218.15, -218.45, -218.50, -218.100(a).

HB 358: School Performance Grade Scale (S.L. 2015-17) extends for two additional academic years (2014-15 and 2015-16) the 15-point grading scale used for calculating A-F letter grades for schools.

HB 364: Clarify Laws on Exec. Orders and Appointments (S.L. 2015-9)

Sec. 2.1 – 2.5. Modifies appointments to the NC Longitudinal Data System Board made by the Senate President Pro Tem, Speaker of the House, and the Governor so that legislators are not allowed to be appointed. Instead, appointments will be public members.

G.S. 116E-3; 120-123.

HB 373: Elections (S.L. 2015-258)

Section 2. Moves the statewide primary elections in 2016 to March 15, 2016. Any school board that holds its election alongside the statewide primary will have to hold its election on March 15, 2016. Provides that the filing period for March election candidates opens at Noon, December 1, 2015, and closes at Noon, December 21, 2015.

HB 446: Amend Statutes Governing Bail Bondsmen (S.L. 2015-180)

Increases the minimum age for licensure as a bail bondsman or runner from 18 to 21. Lengthens the timeframe within which bondsmen are required to return collateral after termination of bond liability from 3 to 15 days.

Provides that in any circumstance resulting in return of bondsman's license, the excess security deposit must be returned to that individual. Allows bondsmen access to civil records maintained by the Administrative Office of the Courts.

G.S. 58-71-50(b)(1), -95(5), -151, -200.

HB 552: Graffiti Vandalism (S.L. 2015-72) reclassifies current prohibitions on unlawful writing, scribbling on, marking, defacing, besmearing the walls of a public building (currently punishable as a Class 2 misdemeanor) as a new criminal offense called "Graffiti Vandalism." Makes the punishment for violations a Class 1 misdemeanor and a \$500 fine. Clarifies that an individual can be charged for taking any of those actions anywhere on property owned by a public body. Increases the punishment for three separate offenses.

*Effective December 1, 2015.*

G.S. 14-127.1, -132(d).

HB 562: Amend Firearm Laws (S.L. 2015-195)

Section 2. Allows concealed-carry permit holders who bring a firearm onto educational property in a vehicle to have the firearm on their person (as opposed to in a closed compartment) as long as the vehicle remains locked and is only unlocked for entrance and exit. Allows such individuals to move a firearm between concealment and a closed compartment even if momentarily the firearm is not concealed.

*Effective July 1, 2015.*

G.S. 14-269.2(k).



Section 3. Makes it an affirmative defense to a prosecution for firearm possession or discharge on educational property if the individual is a concealed-carry holder and carried the firearm on school grounds in response to a *threatening situation where the individual reasonably believes deadly force is necessary to prevent imminent death or great bodily harm to him/her-self or another* (NC's Stand Your Ground Law).

*Effective July 1, 2015.*

G.S. 14-269.2.

HB 812: Grant Recipients Posted on Grantor Website (S.L. 2015-114) requires State agencies to review all State contracts and grants on a quarterly basis instead of monthly. Directs that data on grants or awards of public funds from State agencies to non-State entities be posted on the NC OpenBook Web site.  
G.S. 143C-2-5.

## **Senate Bills**

SB 14: Acad. Standards/Rules Review/Coal Ash/Funds (S.L. 2015-7)

Section 1. Directs \$50,000 of DPI's State appropriations to be transferred to the Rules Review Commission to pay costs associated with the litigation of *North Carolina State Board of Education v. The State of North Carolina and the Rules Review Commission*.

Sections 2 – 6. Appropriates \$275,000 from DPI to the Academic Standards Review Commission (ASRC) for various expenses associated with its activities reviewing and recommending new academic standards for Math and English Language Arts. Prohibits the ASRC from using appropriated funds to conduct or contract for any additional surveys. Makes the ASRC subject to Open Meetings/Public Records laws and directs the commission to take specific steps to make its meeting information and documents accessible.

SB 22: Historic Artifact Mgt. and Patriotism Act (S.L. 2015-170)

Section 2. Requires local governments and State agencies to handle, display, and store North Carolina and United States flags in accordance with the United States Flag Code. Directs State agencies and local governments to arrange for respectful disposal when a flag is no longer fit for use and allows such flags to be delivered to the Division of Veterans Affairs for respectful disposal.

G.S. 144-5, -9

SB 97: State Advisory Council on Indian Education (S.L. 2015-295) restructures the State Advisory Council on Indian Education as follows.

Reduces UNC Board of Governors appointments from 2 to 1 and gives that appointment to the State Board of Community Colleges. States preference that appointees from each entity are faculty members.

Reduces the number of American Indian parents on the Council from 8 to 5, and specifies that appointed parents have students enrolled in the K-12 public schools, including charter schools.

Increases American Indian K-12 public school educators (defined as a school administrator, classroom teacher, resource teacher, or school counselor) from 2 to 5 and directs

that 1 be a Title VII director or coordinator. Provides that appointed educators must have a current North Carolina educator's license.

Establishes certain tribal diversity guidelines for Council composition.

Allows current members to serve out the remainder of their terms.

G.S. 115C-210.1.

SB 119: GSC Technical Corrections 2015 (S.L. 2015-264)

Section 16. Makes a technical correction to G.S. 115C-513 concerning special taxes for school construction in certain merged LEAs by deleting references to inheritance and gift taxes.

Section 30. Makes a technical correction to HB 110 (see below) by correcting the spelling of the Iredell-Statesville Board of Education.

Section 38.3. Modifies Section 27.3 of the budget (see above) by removing the option for the State Surplus Property Agency to enter into contracts for some regions of the State while performing the work of towing, storing, processing, maintaining, and selling motor vehicles seized itself in other regions of the State.

*Effective July 1, 2015.*

G.S. 20-28.9(a).

Section 52. Removes a reference to a repealed statute concerning fines and forfeitures.  
G.S. 97-101.

Section 56.5. Gives local school boards the power to establish, control, and operate a tax-exempt nonprofit organization to further their authorized purposes. Prohibits any nonprofit organization a local school board establishes through this authority from having regulatory or enforcement powers. Provides that the organization is also not to engage in partisan political activity. Establishes reporting requirements for any local board of education that exercises this authority.

G.S. 115C-47.

Section 60. Corrects an error in statute that had two different dates cited as the annual due date for SBE legislative reports on Advanced Placement courses.

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

Section 82. Clarifies that, starting with the 2016-17 school year, LEAs must identify enrolled military-connected students by January 31 of each school year.

Section 91.5. Allows Halifax County Schools students to participate in the residential science, mathematics, engineering, and technology (STEM) enrichment program for traditionally underserved students. Appropriates \$180,000 in nonrecurring funding.

*Effective July 1, 2015.*

SB 279: Amend Qualifications/Practice of Counseling (S.L. 2015-279)

Section 3 and 5. Amends guidelines for information conveyed through the public school reproductive health and safety education program. Instead of requiring the scientific research basis for classroom information on reproductive health/safety to be peer reviewed and accepted

by credentialed experts in sexual health education only, starting in the 2016-17 school year the scientific research basis may also be accepted by credentialed experts in any of these fields: adolescent psychology, behavioral counseling, medicine, human anatomy, biology, ethics, or health education.

Section 5 changes the credentialing for material on STDs, contraceptives, and sexual assault in the same manner as reproductive health/safety education.

G.S. 115C-81.

Section 4. Expands the reproductive health and safety education program curriculum starting in the spring semester of 2015-16 school year to also include instruction on sex trafficking prevention and awareness. LEAs must collaborate with outside consultants where practicable, including law enforcement with expertise in sex trafficking, to address the threats of sex trafficking and referral protocol for high-risk pupils. Allows materials/information to be provided by law enforcement agencies, criminal justice agencies, and nongovernmental organizations with expertise in sex trafficking.

G.S. 115C-81.

SB 315: School Playgrounds Available to Public (S.L. 2015-64) provides immunity for school boards and individual school board members from personal injury liability associated with the general public's recreational use of school playgrounds during non-school hours. Provides explicit statutory authority that school boards *may* make playgrounds available to the general public for recreational purposes during non-school hours and reaffirms their authority to set terms and conditions associated with such use.

G.S. 115C-524.

SB 333: Teacher Transition Data (S.L. 2015-126) adds to the information and data required to be included in the SBE's annual report on teachers leaving the profession. The annual report now must also include:

- The number of teachers who left employment in hard-to-staff schools and subject areas.
- Statewide disaggregated effectiveness status information of teachers who leave the profession for certain reasons. This information will not be included in the data reported at the LEA level. LEAs will be required to provide effectiveness status data to the SBE for purposes of compiling this information.

Changes the title of the report. Statutorily codifies data and information which is already regularly included in the report.

*Applies beginning with the report on 2016-17 data.*

G.S. 115C-12(22).

SB 399: Joint Agency Tax Refund (S.L. 2015-235) authorizes a sales tax refund for a joint agency created to provide police protection, fire protection, and emergency services.

*Effective July 1, 2015.*

G.S. 105-164.14.

SB 400: School Access for Boy Scouts/Girl Scouts (S.L. 2015-249) directs local school boards that receive State funding for community schools programs to give priority access in use of school facilities to youth groups designated as patriotic societies in Title 36 of the US Code (Boy

Scouts, Girl Scouts, etc.). Establishes that if a local board is required to give priority access and declines to do so, it must provide written reasons for the denial.  
G.S. 115C-206, -207.

SB 524: Grad Requirements/Sports Pilot (S.L. 2015-291)

*Founding Principles Course*

Deletes the requirement that there be a specific course entitled *American History I: The Founding Principles* and instead requires that instruction on the delineated Founding Principles be incorporated into instruction in a semester-long high school course. Adds three items to the list of concepts required to be taught as part of the instruction in the Founding Principles.  
*Takes effect with 9th graders entering in 2016-17.*  
G.S. 115C-81(g).

*Sports Pilot*

Authorizes DPI to develop and implement a pilot program for an integrated community-based adapted sports program for K-12 students with disabilities. Outlines pilot program guidelines, including that the pilot may be conducted in one or more LEAs and may involve collaboration with other entities.

SB 534: 2015 Continuing Budget Authority (S.L. 2015-133)

*Continuing Resolution*

Section 1. Authorizes continued funding for State government beginning July 1, 2015, and expiring on August 14, 2015. Sets funding at 2014-15 level. Allows the following nonrecurring expenditures to expire on July 1, 2015:

- \$26.8 million - Driver Education
- \$24.8 million - teacher assistants

Enacts the following reductions:

- \$20.1 million reduction to Transportation
- \$100 million technical adjustment for average teacher salaries

Section 2. Raises the annual salary for years 0-4 classroom teachers on the “A” salary schedule from \$33,000 to \$35,000. Clarifies that teachers and school administrators who received a bonus in 2014-15 will not receive less pay in the 2015-16 fiscal year.

Section 7. Makes appropriations to fund ADM growth for the 2015-16 fiscal year. Directs that local boards of education are to use funds available to them, including the fee for instruction, to offer noncredit driver education courses in high schools. Reaffirms that LEAs may transfer funds between allotment categories.

SB 560: 2015 Continuing Budget Authority (S.L. 2015-214) extends the expiration date of the Continuing Resolution from August 14, 2015, to August 31, 2015.

SB 597: Repeal References to ABCs. (S.L. 2015-65) as title indicates, repeals all statutes that established the now defunct ABCs school accountability program and repeals references to it in other statutes.

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

HB 154: Local Governments in State Health Plan (S.L. 2015-112)

Section 4. Allows the charter school Pioneer Springs Community School (Mecklenburg County) to elect to participate in the State Health Plan.

HB 190: State Health Plan Modifications– AB (S.L. 2015-100)

Specifies that a “qualifying event” is not needed for retirees/surviving spouses to disenroll themselves or dependents from the State Health Plan (SHP).

Provides that cessation of coverage for failure to pay premiums will occur on the last day of the month for which a premium is paid or as soon thereafter as administratively feasible.

Adds language to clarify that RIF coverage is available to retirees who are not eligible for noncontributory coverage during retirement.

Makes eligible for coverage surviving spouses of Disability Income Plan beneficiaries (on a fully contributory basis).

Makes clarifying changes.

*Effective July 1, 2015.*

G.S. 135-48.40(b) and (d), -48.41(g), -48.42(e), -48.44(a).

HB 274: Retirement Technical Corrections Act of 2015 (S.L. 2015-67)

Section 1. Makes a technical changes to the definition of “employee” for the purposes of coverage in the Teachers’ and State Employees’ Retirement System (TSERS).

G.S. 135-1(10).

Section 2. Clarifies the effective date when a primary Social Security retirement benefit reduces a long-term disability benefit during the first 36 months of long-term disability period.

G.S. 135-106(b).

Section 3. Makes a clarifying change to timetable language regarding unused assets of the Qualified Excess Benefit Arrangement Plan.

G. S. 135-151(e).

Section 6. Makes a conforming change to the definition of a veteran. Directs employers of veterans who return to work after serving in the armed forces to remit all employer and employee contributions *for the full period of the individual’s military service.*

G.S. 135-4(g).

*All Sections Effective July 1, 2015.*

HB 276: Agency Participation Procedures Act of 2015 (S.L. 2015-168)

Section 1. Removes the time limit for newly established charter schools to elect to participate in TSERS and establishes new procedure for charter school to elect to participate.  
*Effective January 1, 2016.*  
G.S. 135-5.3.

Section 3. Establishes a procedure and payment calculation formula for employing units to withdraw from TSERS, if authorized to do so.  
*Effective January 1, 2016.*  
G.S. 135-8.

Section 4. Requires that in the event of a voluntary or involuntary dissolution of a charter school, the funds reserved for closure proceedings shall be applied to pay wages to employees, to funds owed to TSERS, and to funds owed to the SHP, in that order.  
*Effective January 1, 2016.*  
G.S. 115C-218.100.

Section 7. Amends the Anti-Pension Spiking statute to allow employers to use an installment payment plan to cover the lump sum reimbursement required when a member is subject to Anti-Pension Spiking rules.  
G.S. 128-26(y); 135-4(jj).

HB 277: Retirement Admin. Changes Act of 2015 (S.L. 2015-164)

Section 1. Ends the terms of all present members of the Supplemental Retirement Board of Trustees effective June 30, 2016. Reforms the term lengths of subsequent appointees to provide more staggered terms. Establishes term limits.  
G.S. 135-96.

Section 3. Allows the State Treasurer to make investments for excess funds from special funds listed in statute through any of several delineated investment vehicles.  
G.S. 147-69.2(b).

Section 4. Clarifies the definition of "Retirement" in TSERS. Volunteering in positions normally designated as unpaid bona fide volunteer positions during the six months immediately following retirement is not considered service.  
G.S. 135-1(20).

Section 5. Allows the TSERS Boards of Trustees to request monthly reports from employers if necessary to assist in plan administration. Provides that submission of requested information by the employer constitutes a certification of its accuracy.  
G.S. 128-30(g); 135-8(f).

Section 6. Creates a new provision to allow for collection of delinquent employer retirement contributions. If the employer fails to submit required payments within 90 days, the Board is authorized to collect the amount by way of reducing the employer's State appropriations by the equivalent amount that is in delinquency. The State Treasurer will withhold the delinquent amount and transfer it to the retirement system.  
G.S. 128-30(g)(3); 135-8(f)(3).

Section 8. Adds three new definitions to the law governing the Local Governmental Employees' Retirement System- *regularly employed, temporary employment, statutorily-required interim employment.*

G.S. 128-21.

Section 10. Requires that a member's contributions must be paid or retirement benefit must begin by April 1 of the year following the year in which the member reaches age 70 1/2 or ceases to be an employee, whichever is later. This is a provision mandated by the Internal Revenue Service.

G.S. 120-4.31; 128-27; 135-5, -74.

Section 11. Lessens the financial penalty for a retiree who returns to work during the six month period immediately following retirement. Allows the member the choice of either being deemed to have retired the month after the month the member performed services for the employer and repay all retirement benefits received until that date or making a lump sum payment equal to three times the compensation earned during the six month period. Allows the member to choose the option that is the least impactful financially.

G.S. 128-24(5); 135-3(8).

*All Sections Effective October 1, 2015*

#### SB 15: Unemployment Insurance Law Changes (S.L. 2015-238)

Section 2.2. Increases the number of job contacts a UI claimant must make each week from 2 to 5. Eliminates requirement that claimant make those contacts on 2 different days.

*Effective January 1, 2016.*

G.S. 96-14.9(e).

Section 2.3. Eliminates procedure for either party to request reconsideration of decisions of DES.

*Effective October 1, 2015.*

G.S. 96-15(h).

Section 2.8. Changes the formula that determines how long claimants qualify for UI benefits. Eliminates the minimum and maximum number of weeks eligible for UI benefits that are tied to unemployment rates. The formula now uses only unemployment rates to determine how long a claimant qualifies.

*Effective July 1, 2015.*

G.S. 96-14.3.

## **LOCAL LEGISLATION**

### **House Bills**

#### HB 110: Cherokee/Rutherford/Clay Bds. Of Ed. Elect (S.L. 2015-35)

- Switches the method of electing board members from nonpartisan to partisan beginning with 2016 elections for the following schools boards: Cherokee, Rutherford, Davie, Clay,

Iredell-Statesville. Requires those boards to, in the event of a vacancy, consult with the party executive committee of the vacating individual beginning with those elected in 2016.

- Moves the school board election date from the time of the primary to the time of the general election (November) and requires party candidates for school board to be selected at the time of the primary for the following school boards: Rutherford, Davie, Clay, Iredell-Statesville.
- Moves the month on which new members elected to the Davie County school board are to take their seats from July to December following the general election. Retains the schedule for the 2016 and 2018 elections (4 members for 4-year terms in 2016; 3 members for 4-year terms in 2018).

HB 112: Stanly Co Bd of Ed Election Method (S.L. 2015-242) switches the method of electing Stanly County Board of Education from nonpartisan to partisan beginning with the 2016 elections. Moves the school board election from the time of the primary to the general (November) and requires party candidates to be selected at the time of the primary. In the event of a vacancy, requires the remaining board members to consult with the party executive committee of the vacating individual beginning with those elected in 2016.

HB 130: Davie County/Food for Detention Facilities (S.L. 2015-20) authorizes the Davie County Board of Education to contract with Davie County and the Davie County Sheriff to provide meals for Davie county prison inmates. Requires meals to meet certain standards. Exempts contracts entered into pursuant to this authority from public procurement requirements.

HB 188: Trustee Appointments/Isothermal Comm. Coll (S.L. 2015-243) transfers authority for appointing Trustees to the Isothermal Community College Board of Trustees from the Rutherford and Polk school boards to the Rutherford and Polk County Commissioners. *Applies to appointments to terms beginning on or after July 1, 2016.*

HB 189: Rockingham Co. School Bd. (S.L. 2015-38) makes various changes to the election method and structure of the Rockingham County Board of Education as follows.

#### *Election Method*

Switches the method of electing Rockingham school board members from nonpartisan to partisan beginning with elections held in 2018. Directs that beginning 2018 party candidates for school board seats be nominated at the time of the primary.

Requires that when vacancies occur and the vacating member had been elected on a partisan basis, the vacancy is to be filled by a member of the same political party by the County Commissioners.

#### *Board Restructuring Referendum*

Proposes a ballot initiative for May 3, 2016, that would reduce the membership of the Rockingham school board from 11 to 7 by 2018 according to the following schedule:

- 2016 election – 4 members chosen by district following redrawn district lines.



- 2018 election – 3 member chosen for at-large seats.

HB 393: Tri-County CC/Bd. of Trustees (S.L. 2015-12) revokes authority for the Cherokee County Board of Education to appoint Trustees to Tri-County Community College and gives those to the Cherokee County Board of Commissioners.  
*Applies to appointments made on or after May 11, 2015.*

HB 488: Central Carolina CC/Bd. of Trustees (S.L. 2015-252) repeals legislation from 2013 that created 4 joint appointments to the Central Carolina Community College Board of Trustees by the Lee, Harnett, and Chatham school boards. Restructures how the three boards make their appointments as follows.

*Lee school board*

- 1 appointee to a term beginning July 1, 2015, and quadrennially thereafter.
- 1 appointee to a term beginning July 1, 2018, and quadrennially thereafter.

*Chatham school board*

- 1 appointee to a term beginning July 1, 2016, and quadrennially thereafter.

*Harnett school board*

- 1 appointee to a term beginning July 1, 2017, and quadrennially thereafter.

Requires that the appointing school board receive approval from at least one of the other boards. Nominations can continue to be made until a selection is approved by one of the other boards.

HB 503: Moore Co. Comm. and Bd. of Ed. Changes (S.L. 2015-244)

Sections 2 and 3. Reduces the size of the Moore County Board of Education from 8 to 7 by eliminating 1 at-large seat. Provides that 1 member will be elected at-large in 2016.

HB 527: Omnibus Local Act (S.L. 2015-253)

Section 12. Clarifies the voting rules for the Chair and Vice-Chair of the Elizabeth City-Pasquotank Board of Education. Specifies that whenever the Board Chair or Vice-Chair is presiding over the meeting, they can vote *only to break a tie*. Retains rule that the Vice-Chair can vote on all matters when not presiding over the meeting.

HB 836: Election Modifications (S.L. 2015-103)

Section 9. Removes term limits for members of the Alexander County Board of Education.

*Applies to elections conducted on or after January 1, 2016.*

**Senate Bills**

SB 5: Union County Local Act (S.L. 2015-10) repeals 2014 legislation which barred the Union County Board of Education from using the local funding dispute resolution and litigation process against the county commissioners and specified the local appropriations the LEA was to receive for 2015-16. The Union County Commissioners will be able to determine 2015-16 appropriation

amounts and the Union County School Board will have authorization to use the dispute resolution/litigation process as it deems necessary.

SB 181: Wake County Commissioner Districts (S.L. 2015-4) realigns the district boundaries of the Wake County Board of Commissioners to follow the same district boundaries as the Wake County Board of Education.  
*Effective 2016.*