



PUBLIC EDUCATION: NORTH CAROLINA'S BEST INVESTMENT

2018 LEGISLATIVE SUMMARY

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**2018 Legislative Summary
Table of Contents**

FY 2018-19 Budget

Money Report.....5
Special Provisions.....13

2018 Statewide Public Bill Summaries

House

HB 90 Changes to Education and Election Laws.....27
HB 92 Cherokee Reg. Plate/Teaching Agreement.....28
HB 374 Regulatory Reform Act of 2018.....29
HB 382 DOI Omnibus- AB.....29
HB 496 Fair and Nonpartisan Ballot Placement.....29
HB 611 Employment Contract Exception.....29
HB 670 Protect Educational Property.....29
HB 852 Real Prop. Tech Correc/Solicitation of Copies.....30
HB 986 Various Changes to Education Laws.....30
HB 103 Local Ed. Funding Dispute Process.....30
HR 1102 Study Best Practice/Advanced Ed Opportunities.....31

Senate

SB 75 Const. Amd. – Max. Income Tax Rate of 7.0%.....31
SB 125 Various Changes to Education.....32
SB 140 Title Ins. Rev/Bailbondsmen Deposits.....32
SB 335 Budget Technical Corrections & Study.....32
SB 420 CC Governance/Amend Medical Bd.....33
SB 486 The Elections Security and Transparency Act.....33
SB 655 Change Date When Primary Elections Held.....33
SB 768 People First Language 2018.....33

2018 State Health Plan, Retirement, Unemployment, and Workers’ Compensation Bills

HB 284 25-Year LEO Retirement Option.....34
HB 651 State Pension/Retiree Health Benefit Fund Solvency.....34
HB 931 UI Technical Changes.....34
HB 977 Admin. Changes Ret. System/Treasurer.....34
HB 985 Retirement Technical Corrections Act of 2018- AB.....35
HB 1056 FAIR 2018- AB.....35

2018 Local Bill Summaries

House

HB 12 Community College Boards of Trustees.....36
HB 514 Permit Municipal Charter School/Certain Towns.....36
HB 954 Rockingham County School Board/Chair Term.....37
HB 1076 Alamance/Guilford Boundary Line.....37
HB 1082 Wake/Chatham/Harnett Boundary Line.....37

SUMMARY OF FY 2018-19 APPROPRIATIONS ACT
SB 99 (S.L. 2018-5)

Includes provisions of Budget Technical Correction Bill SB 335

Money Report

| K-12 PUBLIC EDUCATION | FY 18-19 CERTIFIED | | FY 18-19 ADJUSTMENTS | |
|---|-------------------------------|----|---------------------------------|----|
| Base Budget | \$8,723,720,986 | | | |
| A. Reserve for Salaries & Benefits | | | | |
| Teachers/Instructional Support Personnel Compensation: - 6.5% Avg Increase in 2018-19. - 9.6% Avg Increase Across Biennium - Step Increases - \$700 additional base salary at step 25+ over the original certified budget | \$372,639,349 | R | \$11,831,640 | R |
| Veteran Teacher Bonuses: - Does not fund this bonus program for 2018-19 - Gives salary increases to step 25+ instead | \$5,000,000 | NR | (\$5,000,000) | NR |
| Teacher Bonus Programs: - Makes 3 rd grade reading, AP/IB/CTE teacher bonus pilot programs permanent and funded at recurring level | \$14,900,000 | R | . | |
| Teacher Bonus Programs: Grades 4-8 Math Grades 4-5 Reading - Both programs made permanent and funded at recurring level | | | \$22,900,000 | R |
| Accelerated Salary Schedule Placement for Teachers Meeting Certain Qualifications | \$700,000 | R | | |

| K-12 PUBLIC EDUCATION | FY 18-19 CERTIFIED | | FY 18-19 ADJUSTMENTS | |
|---|-------------------------------|---|---------------------------------------|--------------------|
| School-Based Admin Compensation - Higher principal salary levels at each rung over 2017-18 - Avg increase of 6.9% - Revised bonus program - Salary increases for Asst. Principals | \$40,587,664 | R | \$12,000,000 \$418,000 | R R |
| Non-Certified/Central Office Compensation - 2% salary increase above 2017-18 | \$61,537,448 | R | \$28,191,221 | R |
| DPI Salary Increases - 2% or enough to make \$31,200 | \$997,153 | R | \$1,135,020 | R |
| State Agency Teachers Salary Increases | \$672,584 | R | \$42,708 | R |
| Retirement Contribution – LEA Personnel -One-Time 1.0% COLA | \$126,048,580 | R | \$6,963,644 \$19,624,812 | R NR |
| Retirement Contribution – DPI Personnel Adjusted Contribution and One-Time 1.0% COLA | \$948,345 | R | \$49,509 \$139,526 | R NR |
| State Health Plan Contribution – LEA Personnel | \$67,680,526 | R | | |
| State Health Plan Contribution – DPI | \$357,620 | R | | |
| B. Technical Adjustments | | | | |
| Average Daily Membership (ADM) - Fully funds ADM growth for 2018-19 | \$31,897,244 | R | \$14,712,831 | R |
| Avg Salary Adjustment Based on Actual December Salary Data | \$3,258,025 | R | | |
| Children with Disabilities – Adjust to Reflect April Headcount | (\$3,305,661) | R | | |
| Lottery/General Fund Swap-Out for Noninstructional Support Personnel | (\$13,647,595) | R | | |

| K-12 PUBLIC EDUCATION | FY 18-19 CERTIFIED | | FY 18-19 ADJUSTMENTS | |
|---|-------------------------------|---|---------------------------------|---------|
| C. State Public School Fund | | | | |
| Fines/Forfeitures – School Technology For 2018-19: - Eliminates \$18M in appropriations that have historically gone to school technology from the fines and forfeitures fund - Appropriates \$44.8M in overrealized receipts - Net gain for school technology= \$26.8M - Reduces GF appropriation with transfer from the Fines/Forfeiture Fund | | | (\$50,000,000) | |
| General Fund/Lottery Swap-Out for Transportation Funding | (\$1,386,090) | R | (\$20,000,000) | R |
| ADM Contingency Reserve | | | (\$6,000,000) | R |
| Textbooks and Digital Materials Allotment - \$12M transferred to the allotment from the Indian Gaming Reserve Fund | | | (\$1,114,840) | NR |
| Miscellaneous Contractual Services Reduction | | | (\$400,000) | R |
| Central Office Staff Development Reduction | | | (\$64,560) | R |
| Digital Learning Plan - Makes increased level of funding non-recurring | \$2,420,000 | R | (\$2,420,000) \$2,420,000 | R NR |
| K-5 Program Enhancement Teachers 2018-19 - Appropriated by HB90/SL 2018-2 | \$61,359,225 | R | | |
| Transportation Allotment ADM and Fuel Increase - \$15M from Fines/Forfeiture Fund for 2018-19 - Offsets increases in fuel costs and transportation costs | | | | |

| K-12 PUBLIC EDUCATION | FY 18-19 CERTIFIED | | FY 18-19 ADJUSTMENTS | |
|---|-------------------------------|----|--|---------|
| School Safety Programs - \$5M for anonymous tip line/student threat reporting application (NR) - \$10M grants for personnel to assist mental health needs of students (nurses/counselors etc.) (NR) - \$3M training for school mental health personnel (NR) - \$2M for community partners to provide grants for students in crisis (NR) - \$3M for school safety equipment grants (NR) - \$5M in new recurring funding for SRO elementary/middle school grant program (R) | | | \$5,000,000 \$23,000,000 (\$18,000,000 from General Fund/ \$10,000,000 in funds from Dorothea Dix Hospital Property Fund) | R NR |
| Advanced Placement Partnership | | | \$500,000 \$150,000 | R NR |
| Children with Disabilities – Maintain the Portion of Funds that Can be Used in an LEA from 12.5% to 12.75% | \$6,319,908 | R | | |
| Geographically Isolated Schools - Newly eligible schools | \$506,064 | R | | |
| Central Office Allotment Cuts - Additional \$4.1M in cuts in 2018-19 - 11.6% cut over 2 years | (\$11,000,000) | R | | |
| Eliminate Analysis of Student Work Process | (\$325,000) | R | | |
| Cooperative Innovative High Schools | (\$2,246,612) | R | | |
| Adjust Social Security Benefit Line-Item to Align Budgeted Funds Closer to Actual Spending | (\$5,000,000) | R | | |
| Small Specialty Schools – Align Budgeted Funds Closer to Actual Spending | (\$2,199,336) | R | | |
| Advanced Teaching Roles - Extend pilot program from 3 years to 8 years | | | \$500,000 \$200,000 | R NR |
| Small County Schools Supplemental Funding Allotment | (\$3,969,607) | R | | |
| D. Department of Public Instruction | | | | |
| Funds to Implement the School Business Systems Modernization Initiative | \$10,000,000 | NR | (\$200,000) | NR |
| Transfer the Education and Workforce Innovation Commission from Governor’s Office to DPI | \$2,001,118 | R | | |
| 6 th and 7 th CTE Grade Expansion Grant Program | \$700,000 | R | \$470,000 \$230,000 | R NR |

| K-12 PUBLIC EDUCATION | FY 18-19 CERTIFIED | | FY 18-19 ADJUSTMENTS | |
|--|-------------------------------|---|---------------------------------|----|
| Computer Science Initiative | | | \$500,000 | R |
| Funds to Improve Licensure Efficiencies | | | \$140,000 | R |
| Funds for Charter School Advisory Board and PEPSC | | | \$20,000 | R |
| B-3 Inter-Agency Council – Positions | \$250,000 | R | | |
| NCCAT | \$300,000 | R | | |
| Future Ready Students | \$200,000 | R | | |
| Teacher Prep Review and Approval – Positions | \$200,000 | R | | |
| Reimbursement for Teacher Licensure Fee for Initially Licensed Teachers | \$245,000 | R | | |
| Positions for State Superintendent’s Office | \$700,000 | R | | |
| DPI Audit | (\$1,000,000) | R | | |
| - Anticipated savings from audit | | | | |
| Management Flexibility Reduction | (\$7,297,771) | R | | |
| - Retain scheduled \$4.1M additional cut | | | | |
| - 13.9% Cut across the biennium | | | | |
| SBE Legal Services | (\$140,000) | R | | |
| - Reversion of money set aside in 2016 | | | | |
| SBE | (\$188,030) | R | | |
| - Continue elimination of Previously Filled Position - Associate State School Superintendent | | | | |
| DPI | (\$583,496) | R | | |
| - Continue elimination of 7 vacant positions | | | | |
| DPI | (\$59,988) | R | | |
| - Continue elimination of part-time position | | | | |
| DPI | (\$254,002) | R | | |
| - Continue elimination of 3 positions | | | | |
| Teacher Assistant Tuition Reimbursement Program Expansion to 19 More LEAs in 2018-19 | \$315,000 | R | \$448,315 | R |
| NC Council on the Holocaust | | | \$10,000 | NR |
| E. Grants | | | | |
| Eastern NC Stem – Add Edgecombe County Schools | | | \$400,000 | NR |
| Muddy Sneakers | | | \$400,000 | NR |
| Schools That Lead Pilot Program | | | \$350,000 | R |

| K-12 PUBLIC EDUCATION | FY 18-19 CERTIFIED | | FY 18-19 ADJUSTMENTS | |
|--|-------------------------------|----|---------------------------------|----|
| BEGINNINGS for Parents of Children who are Deaf or Hard of Hearing | | | \$300,000 | NR |
| Cabarrus County Education Foundation | | | \$250,000 | NR |
| Life Changing Experiences Pilot Program | \$360,000 | NR | | |
| School Security Equipment for Johnston, Harnett, Lee County Schools | | | \$250,000 | NR |
| Henderson County Schools for “Leader in Me” pilot program | | | \$200,000 | NR |
| DonorsChoose.org for teachers to receive classroom supplies (\$200,000 NR) | | | | |
| <i>Repealed by Budget Technical Corrections, S.L. 2018-97, Sec. 2.15</i> | | | | |
| Tri-County Early College in Cherokee County – Innovation Lab | | | \$200,000 | NR |
| Stop the Bleed Program - Bleeding control kits for Transylvania County Schools | | | \$126,950 | NR |
| Webb Street School in Gaston County – Handicapped Accessible Playground | | | \$100,000 | NR |
| Avery County Schools – High School Improvements and Renovations | | | \$100,000 | NR |
| United Way of Alamance County – “Leader in Me” program | | | \$75,000 | NR |
| Franklin County Education Foundation – Teacher Grants for Classroom Supplies | | | \$60,000 | NR |
| Gaston County Schools – 4 Elementary Schools | | | \$50,000 | NR |
| Town of Holly Springs for Anti-Bullying Program, School Safety Program, Teacher Classroom Supply Program, and Youth Advisory Board | | | \$50,000 | NR |
| REAL School Gardens’ Carolinas Region | | | \$50,000 | NR |
| Pitt County Schools for School Safety | | | \$50,000 | NR |
| Communities in Schools of Cape Fear in New Hanover County | | | \$45,000 | NR |
| Reach Out and Read – Add Wayne County | | | \$35,000 | NR |
| Swain County High School Driveway | | | \$35,000 | NR |
| Communities Supporting Schools of Wayne | | | \$30,000 | NR |
| New Dimensions Charter School Grant for New Classrooms <i>*SB 335, Budget Technical Corrections, Sec. 2.3 (S.L. 2018-97) changed the use of these funds to current operations only*</i> | | | \$25,000 | NR |
| Cary Chamber of Commerce – Teacher Classroom Supply Program (or Similar Public Education Support Program) | | | \$25,000 | NR |

| K-12 PUBLIC EDUCATION | FY 18-19 CERTIFIED | | FY 18-19 ADJUSTMENTS | |
|---|-------------------------------|---|---------------------------------|----|
| Clay County Middle School Guardrail | | | \$15,000 | NR |
| Columbus Career and College Academy | | | \$10,000 | NR |
| Robeson County Career Center | | | \$10,000 | NR |
| Robeson Early College High School – Robotics Program | | | \$7,500 | NR |
| <i>Graham County Schools received a grant through SB 335, Budget Technical Corrections, Sec. 2.14 (S.L. 2018-97).</i> | | | \$10,000 | NR |
| F. Reserves and Transfers | | | | |
| Coding and Mobile Application Grant Program | \$800,000 | R | | |
| Grants to DPI for LEAs to Establish Innovation Zone Models | \$450,000 | R | | |
| Transfer out of Education Endowment Fund for Start-Up Funds to Reinstate the NC Teaching Fellows Program | \$1,000,000 | R | | |
| Enacted Budget | \$9,486,468,651 | | | |
| Legislative Adjustments | | | \$59,657,276 | |
| Revised Budget | \$9,546,125,927 | | | |

| OTHER MONEY PROVISIONS | FY 18-19 CERTIFIED | | FY 18-19 ADJUSTMENTS | |
|---|--|---|---------------------------------|---------|
| Community Colleges | | | | |
| NC Works Career Coaches | \$1,800,000 | R | | |
| Transfer of the Apprenticeship NC Program to NC Community College System | \$850,315 | R | | |
| Career and College Ready Graduate Program | | | \$135,000 \$220,000 | R NR |
| UNC System | | | | |
| Opportunity Scholarship Voucher Program - Yearly statutory funding increases are built into base budget - 2018-19 Total Funding: \$54,800,000 | \$20,000,000 <i>*not shown in Money Report but shown in statute</i> | R | | |
| Special Education Voucher Program | | | \$3,015,000 | R |
| State Agency Teachers/School Administrators | \$482,812 | R | \$26,393 | R |
| UNC Lab Schools | \$930,000 | R | \$1,070,000 | R |

| K-12 PUBLIC EDUCATION | FY 18-19 CERTIFIED | | FY 18-19 ADJUSTMENTS | |
|--|-------------------------------|----|---------------------------------|----|
| New Teacher Support Program | \$1,000,000 | R | | |
| Future Teachers of NC Program | \$278,500 | R | | |
| Principal Prep Grants Program | \$80,000 | R | | |
| Teaching Fellows | | | | |
| Restoration of Program with \$6M from the Education Endowment Fund | | | | |
| Funding for Education Savings Accounts | \$3,000,000 | R | | |
| Department of Health and Human Services | | | | |
| NC Pre-K Additional Slots - 2018-19: 1,800 new slots - *\$12,200,000 also from TANF Funds - Swap out of General Funds with TANF funds. Total funding is unchanged. | \$6,100,000 | R | (\$50,000,000) | R |
| State Agency Teachers/Administrators | \$165,223 | R | \$8,533 | R |
| State Agency Teachers/Administrators | \$12,592 | R | \$1,505 | R |
| Transylvania County Early Childhood Initiative | | | \$50,000 | NR |
| Department of Commerce | | | | |
| James Shaw ACE Academy | \$50,000 | NR | | |
| Department of Agriculture and Consumer Services | | | | |
| Southern Guilford High School Future Farmers of America animal science project. - \$60,000 from the Tobacco Trust Fund | | | | |
| Department of Natural and Cultural Resources | | | | |
| NC Symphony Orchestra <ul style="list-style-type: none">\$50,000 shall be used to provide access to NC Symphony performances for public schools without transportation. | \$350,000 | NR | \$350,000 | NR |
| Department of Justice and Public Safety | | | | |
| State Agency Teachers/Administrators | \$554,938 | R | \$29,823 | R |
| Statewide Reserves | | | | |
| Reserve for Public School ADM Growth Eliminated | \$48,410,289 | R | (\$48,410,289) | R |

BUDGET SPECIAL PROVISIONS

ALL SPECIAL PROVISIONS ARE EFFECTIVE JULY 1, 2018, UNLESS OTHERWISE NOTED

PART V - OTHER APPROPRIATIONS

Section 5.3 Needs-Based School Capital and Lottery Changes

General Lottery Allocations

Changes appropriations from the Education Lottery Fund as follows:

| | 2017-18 | 2018-19 Original | 2018-19 revised |
|---|--------------------------|-------------------------------|----------------------------------|
| Noninstructional Support Personnel | \$383,888,897 (56.7%) | \$385,914,455 (56.7%) | \$385,914,455 (51.9%) |
| NC Pre-K | \$78,252,110 (11.6%) | \$78,252,110 (11.5%) | \$78,252,110 (10.5%) |
| Public School Building Capital Fund | \$100,000,000 (14.8%) | \$100,000,000 (14.7%) | \$100,000,000 (13.4%) |
| Needs-Based Public School Capital Fund | \$30,000,000 (4.4%) | \$75,000,000 (11%) | \$117,320,354 (15.8%) |
| Scholarships for Needy Students | \$30,450,000 (4.5%) | \$30,450,000 (4.4%) | \$30,450,000 (4.1%) |
| UNC Need-Based Financial Aid | \$10,744,733 (1.6%) | \$10,744,733 (1.5%) | \$10,744,733 (1.4%) |
| LEA Transportation | \$43,277,192 (6.4%) | \$1,386,090 (0.2%) | \$21,386,090 (2.9%) |

Total Appropriation

\$676,612,932

\$681,747,388

\$744,067,742

Needs-Based Public School Capital Fund

Requires LEAs that receive monies through the Needs-Based Public School Capital Fund grant program to enter into an agreement with DPI delineating the use of grant funds. Also outlines the items that must be part of this agreement.

Allows counties that receive a grant through this program to use the funds to enter into school leasing arrangements for a term of 15-25 years. Specifies the other requirements that must be in place for a county to use funds for leases. Prohibits a county from receiving Needs-Based grant funds more than once every five years.

Section 5.4 Civil Penalty and Forfeiture Fund

Changes the appropriations from the Civil Penalty and Forfeiture Fund as follows:

| | <u>FY 2018-19 original</u> | <u>FY 2018-19 revised</u> |
|----------------------------|----------------------------|---------------------------|
| School Technology Fund | \$18,000,000 | \$0 |
| Driver Education | \$27,393,768 | \$27,393,768 |
| State Public School Fund | \$128,341,640 | \$178,341,640 |
| Transportation Adjustment | | \$15,000,000 |
| Total Appropriation | \$173,735,408 | \$220,735,408 |

Section 5.5 Indian Gaming Education Revenue Fund

Increases the transfer of funds from the Indian Gaming Education Revenue Fund to the Textbooks/Digital Resources allotment from \$6 million to \$19 million for 2018-19.

PART VI – GENERAL PROVISIONS

Section 6.3 Budget Accountability and Transparency Reform Initiative

Creates the Budget Accountability and Transparency Reform pilot program for the Department of Public Safety. States that the purpose of the pilot is to ensure more budget transparency. Establishes reporting requirements.

PART VII - PUBLIC SCHOOLS

Section 7.1 Adjustment for Funds for Children with Disabilities

Allocates supplemental funding for children with disabilities to align actual numbers with April 2018 headcount. Sets per-pupil funding at \$4,442.34 (was, \$4,125.27) for 2018-19.

Keeps the 12.75% cap on the portion of an LEA’s ADM that can be funded through this allotment.

*****Continues the prohibition on transfers of monies OUT OF this allotment.*****

Section 7.2 Adjustment for Funds for Academically Gifted Children

Sets per-pupil funding for academically gifted children at \$1,339.14 (was, \$1,314.56) for 2018-19.

Retains 4% cap on portion of LEA’s ADM that can be funded through this allotment.

*****Prohibits transfers OUT OF this allotment beginning with the 2018-19 school year (was already included in the biennium budget).*****

Section 7.3 Adjust Supplemental Funding in Low-Wealth Counties

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

Low Wealth Funding Hold Harmless

For Cumberland and Onslow counties, funding from this allotment stream is to be the higher of 2018-19 or 2012-13 levels. **Adds Wayne County Schools** to this hold harmless provision.

Section 7.4 Adjust Small County School System Supplemental Funding

Expands the maximum allotted ADM level for an LEA to qualify for this funding from 3,200 to 3,300. Retains the rest of the historical ADM bands and supplemental funding amount. Retains the phase-out periods.

Section 7.5 Revise DPI Budget Reductions/Funds for Reduction Costs

Sets aside money to cover severance costs and other costs associated with the \$4.1 million in cuts that must be taken for 2018-19. Makes technical changes to the guidelines for DPI to implement the cuts. References the results of the DPI audit. Continues to protect 8 specified programs from budget reductions as well as positions that directly report to the State Superintendent.

SB 335, Budget Technical Corrections, Sec. 2.5, (S.L. 2018-97) also protects the Office of Charter Schools from any cuts to funding or positions as part of the next \$4.1 million in cuts.

Section 7.6 Adjust Transfer of Funds for Business System Modernization Plan

Transfers \$3 million (instead of \$250,000 originally budgeted) for 2018-19 to GDAC to leverage existing public-private partnerships for data integration service as part of DPI's business system modernization plan.

Section 7.7 Revise Digital Learning Plan Funds

Makes technical changes to the guidance on Digital Learning Funds to reflect the \$2,420,000 of funds that are made nonrecurring.

Section 7.8 CTE Grade Expansion Program Funds

Provides that the nonrecurring funds appropriated for this program in 2018-19 shall not revert at the end of the fiscal year.

Section 7.9 Extend Advanced Teaching Roles Pilot for Five Years

Extends the timeframe for LEAs piloting the Advanced Teaching Role programs for 5 additional years ending in 2024-25.

Section 7.10 Extend Finance Reform Study Committee to 2019

Extends the sunset of the Joint Legislative Task Force on Education Finance Reform to October 1, 2019 (was, 2018).

Section 7.11 Clarify Driver Education Program Funds

Prohibits transfers of monies OUT OF the driver education allotment beginning with 2018-19.

Adds a penalty if LEAs fail to comply with DPI/SBE driver ed reporting requirements. DPI may withhold up to 5% of the State driver ed allocation until the LEA comes into compliance. Requires DPI to have a full-time driver ed director.

G.S. 115C-105.25(b)(11), -215.

Section 7.12 Add Edgecombe County Schools/ENC Stem

Adds Edgecombe County Schools to the eastern residential NC STEM program and appropriates \$400,000 in nonrecurring funds for this purpose.

Section 7.13 Extend Pilot/Virtual Charter Schools

Extends the pilot for both virtual charter schools (NC Virtual Academy and NC Connections) by four years to 2022-23. Updates out of date statutory citations. Revises reporting requirements.

Section 7.14 State Board of Education Roll Call Votes

Requires the SBE to hold a roll call vote on all action items (instead of using voice vote).

Applies to votes taken at any meeting occurring on or after June 12, 2018.

G.S. 115C-11(d).

Section 7.15 Certain CIHS Operating Without Additional Funds

Authorizes, but does not fund, 5 new Cooperative Innovative High Schools to begin 2018-19:

- Roanoke Rapids Early College High School.
- Southeast Area Technical High School.
- Marine Sciences and Technologies Early College High School.
- Innovation Early College High School.
- Center for Industry, Technology, and Innovation.

Section 7.16 Regional School Withdrawal Moratorium

Prohibits any LEA that is part of a regional school from withdrawing from the regional school unless the General Assembly establishes a process and procedure for withdrawal. Sets out a study and reporting requirements.

Section 7.17 Funds for Workforce Development/Hospitality Jobs

Directs that \$200,000 in DPI funds for 2018-19 be transferred to the Education Foundation of the NC Restaurant and Lodging Association for CTE hospitality sector programs.

Section 7.18 Permit Military Children to Enroll Prior to Residency in North Carolina

Allows for a child of an active military duty servicemember who is transferred/pending transfer to a military installation in NC and is not a resident of NC to enroll in a public school system by remote means prior to becoming a resident of the LEA.

Authorizes the LEA to request a parent/guardian to provide a copy of the official military order transferring to a military installation in NC. Provides that the parent/guardian must complete the LEA's required enrollment forms and documentation, except that proof of residency and disciplinary actions are not required until the family has moved to NC.

Requires the LEA to make available to these students the same opportunities to request school assignment, register for courses, or apply for courses as are given to resident students.

Modifies the Interstate Compact on Educational Opportunity for Military Children to reflect this legislation.

G.S. 115C-218.45, -366, -366.1, -407.5.

Section 7.19 Charter School Transportation Grant Pilot Program Report

Adds a reporting requirement for the charter school transportation grant pilot program.

Section 7.20 Modify Prohibition on DPI Serving as ISD Operator

Allows the Innovative School District (ISD), through the ISD superintendent, to temporarily run an ISD school if the SBE has not found a qualified outside 3rd party group to operate the school. The ISD could operate a school for up to 5 years.

G.S. 115C-75.5(3), -78.8, -75.9(a), -75.12(a)(5).

Section 7.21 Add School Systems to the Teacher Assistant Tuition Reimbursement Program

Adds 19 LEAs to the Teacher Assistant Tuition Reimbursement Program for a total of 38 LEAs in the program. Provides that the new LEAs are:

- Alleghany
- Ashe
- Bladen
- Cherokee
- Clay
- Columbus
- Davidson
- Graham
- Greene
- Jackson
- Jones
- Lenoir
- Macon
- McDowell
- Mitchell
- Robeson
- Swain
- Yadkin
- Yancey

Increases the maximum reimbursement for a TA through this program to \$4,600 from \$4,500 per academic year. Adds clarifying language.

Section 7.22 Funds for Classroom Supplies

Appropriates \$200,000 nonrecurring to the DonorsChoose.org organization. Directs that the funds are to be provided to specified schools within the Charlotte-Mecklenburg school system.

Repealed by SB 335, Budget Technical Corrections, Sec. 2.15 (S.L. 2018-97).

Section 7.23 Extend Deadline for Implementation of Read to Achieve Assessment Instruments

Extends the deadline to implement the Read to Achieve assessment instruments in schools from 2018-19 to 2019-20.

Section 7.24 Clarify Reporting Requirements for Read to Achieve Data

Modifies various reports required to be submitted by LEAs regarding data on the Read to Achieve program.

On the school district’s Read to Achieve data website, they now must report on the name of each alternative assessment that the LEA uses to show reading proficiency. The LEA must also report on the number/percentage students eligible for priority enrollment in reading camps and the number/percentage students who attend the reading camps.

Each LEA must now include in its reports to the SBE:

- For each teacher delivering instruction at a reading camp in the LEA: the license area(s), years of licensed teaching experience, grade level assignment, and any other specific subject-area assignments (due September 1).
- Number/percentage of reading camp teachers who were paid a reading performance bonus during the school year immediately preceding the reading camp and the grade level on which the bonus was based (report due September 1).
- For the prior school year (due November 15),
 - The number/percentage of 3rd grade students who did not demonstrate proficiency upon entering reading camp and who became proficient after completing reading camp; and
 - For each grade level, the number and percentage of first and second grade students who demonstrated reading comprehension below grade level upon entering camp and who demonstrated reading comprehension at or above grade level after completing reading camp.

G.S. 115C-83.6, -83.10, -218.85(b)(4).

Section 7.25 Schools That Lead Pilot Program

Directs DPI to contract with Schools That Lead, Inc. to provide professional development to teachers and principals in up to 60 schools (charters and/or traditional) for 3 years. Allows the Superintendent of Public Instruction, along with Schools That Lead, Inc., to determine which schools are eligible to participate in the program. Priority will be given to high schools working to increase on-time graduation; middle schools working to reduce the likelihood of retention in the 9th grade; and elementary schools working to reduce the number of students with early warning indicators of course failures, absences, and discipline.

Appropriates \$100,000 for an independent evaluation. Establishes a reporting requirement.

Section 7.26 Statewide Anonymous Safety Tip Line Application

Implements Anonymous Safety Tip Line applications in grades 6 or higher in LEAs, charter schools, regional schools, and lab schools by 2019-20. The tip line application is to be used to notify local law enforcement anonymously about internal or external risks to the school population, school buildings, and school-related activities. Appropriates \$5 million for the implementation.

Requires LEAs to have their schools with grades 6 or higher inform students about the Anonymous Tip Line app and provide opportunities for students to learn about its purpose and function. Also requires that LEAs work with DPI and Center for Safer Schools to ensure that school employees receive adequate training in how the tip line operates.

Effective July 1, 2018.

G.S. 115C-12, -105.51, -218.75, -238.66; 116-11.

Section 7.27 School Safety Grants Program

Creates directives and requirements surrounding various school safety grants programs. Puts the Superintendent of Public Instruction in charge of developing criteria and guidelines for the administration and use of the grants. Requires that LEAs must apply for the grants. Outlines factors that must be considered in the award of the grants.

New SRO Elementary/Middle Grant Money (Recurring)

Adds \$5 million to the elementary/middle school School Resource Officer (SRO) grant program. For the 2018-19 fiscal year a total of \$12 million will be made available for these grant awards. Continues to require a \$2 State/\$1 local match.

Grants for Students in Crisis (NOT Recurring)

Appropriates \$2 million to community partners to provide:

(1) Crisis respite services for parents/guardians of an individual student to prevent more intensive or costly levels of care.

(2) Training and expanded services for therapeutic foster care families and licensed child placement agencies that provide services to students who need support to manage their health, welfare, and safety and have cognitive or behavioral problems, developmental delays, aggressive behavior.

(3) Evidence-based therapy services aligned with targeted training for students and their parents or guardians, including any of the following:

- Parent-child interaction therapy.
- Trauma-focused cognitive behavioral therapy.
- Dialectical behavior therapy.
- Child-parent psychotherapy.

(4) Any other crisis service, including peer-to-peer mentoring, that is likely to increase school safety.

Increased School Safety Training Grants (NOT Recurring)

Appropriates \$3 million to community partners that will address school safety by providing training to help students develop healthy responses to trauma and stress.

Grants for Safety Equipment (NOT Recurring)

Appropriates \$3 million for LEAs, regional schools, innovative schools, or lab schools to purchase safety equipment for school buildings.

Grants for School Mental Health Personnel (NOT Recurring)

Appropriates \$10 million nonrecurring for grants for all or a portion of salary and benefits to employ additional school mental health support personnel in 2018-19. Declares legislative intent to provide \$10 million for school mental health support personnel again in 2019-20.

Sets out nonsupplant language and reporting requirements.

Authorizes the State Superintendent to retain up to \$10,000 for program administration costs.

PART VIII – COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

Section 8.1 Teacher Salary Schedule

Lays out the “A” base salary schedule for classroom teachers and instructional support personnel for the 2018-19 fiscal year. Awards a year of experience step increase to those on the schedule earning a year of creditable service. Continues to build longevity payments into the salary schedule. Creates a pay band at years 15-24. Increases the salary at the final step by \$1,000 over the original budget.

Average increases for 2018-19 are 6.5%.

| Years of Experience | Annual Salary 2017-18 | Annual Salary 2018-19 | % Salary Increase w/ Steps |
|---------------------|-----------------------|-----------------------|----------------------------|
| 0 | \$35,000 | \$35,000 | N/A |
| 1 | \$36,000 | \$36,000 | 2.9% |
| 2 | \$36,300 | \$37,000 | 2.8% |
| 3 | \$37,300 | \$38,000 | 4.7% |
| 4 | \$37,300 | \$39,000 | 4.6% |
| 5 | \$38,300 | \$40,000 | 7.2% |
| 6 | \$38,300 | \$41,000 | 7.0% |
| 7 | \$39,300 | \$42,000 | 9.7% |
| 8 | \$39,300 | \$43,000 | 9.4% |
| 9 | \$40,550 | \$44,000 | 12.0% |
| 10 | \$40,550 | \$45,000 | 11.0% |
| 11 | \$42,050 | \$46,000 | 13.4% |
| 12 | \$42,050 | \$47,000 | 11.8% |
| 13 | \$43,550 | \$48,000 | 14.1% |
| 14 | \$43,550 | \$49,000 | 12.5% |
| 15 | \$45,550 | \$50,000 | 14.8% |
| 16 | \$46,300 | \$50,000 | 9.8% |
| 17 | \$47,300 | \$50,000 | 8.0% |
| 18 | \$47,300 | \$50,000 | 5.7% |
| 19 | \$48,300 | \$50,000 | 5.7% |
| 20 | \$48,300 | \$50,000 | 3.5% |
| 21 | \$49,300 | \$50,000 | 3.5% |
| 22 | \$49,300 | \$50,000 | 1.4% |
| 23 | \$50,000 | \$50,000 | 1.4% |
| 24 | \$50,000 | \$50,000 | 0.0 |
| 25 | \$51,300 | \$52,000 | 4.0% |
| 26+ | \$51,300 | \$52,000 | 1.4% |

Note that teachers 25+ who do not receive an increase on the schedule get a \$385 bonus.

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

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

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

1)

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

OR

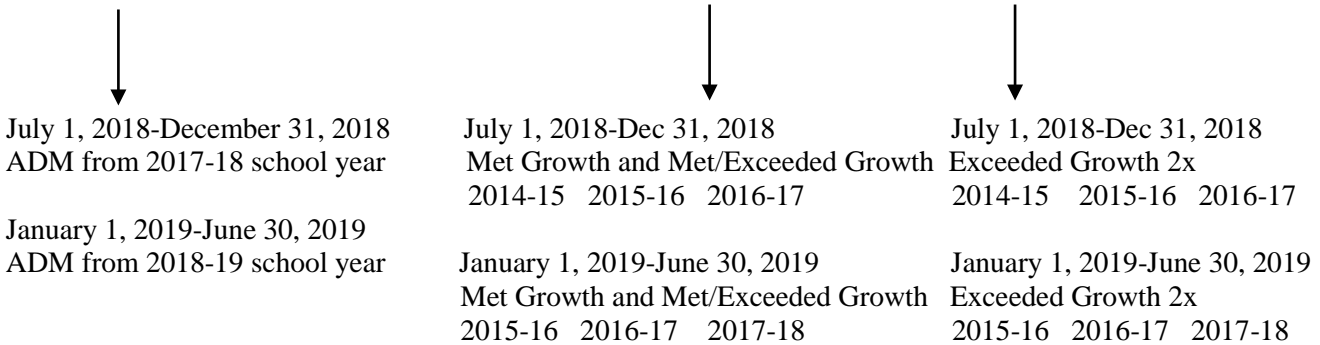
2)

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

Section 8.2 Principal Salary Schedule

Keeps the new schedule for school principals that ties principal salaries to size of school and performance of the school as measured by schoolwide growth. Increases the salaries at each rung over 2017-18. Average salaries increased 6.9%. Makes other changes in transitioning into the schedule as set out below.

| School ADM | Base Salary | | Salary if School Met Growth | | Salary if School Exceeded Growth | |
|-------------|-------------|----------|-----------------------------|----------|----------------------------------|----------|
| | 2017-18 | 2018-19 | 2017-18 | 2018-19 | 2017-18 | 2018-19 |
| 0-400 | \$61,751 | \$66,010 | \$67,926 | \$72,611 | \$74,101 | \$79,212 |
| 401-700 | \$64,839 | \$69,311 | \$71,322 | \$76,242 | \$77,806 | \$83,173 |
| 701-1,000 | \$67,926 | \$72,611 | \$74,719 | \$79,872 | \$81,511 | \$87,133 |
| 1,001-1,300 | \$71,014 | \$75,912 | \$78,115 | \$83,503 | \$85,216 | \$91,094 |
| 1,301 + | \$74,101 | \$79,212 | \$81,511 | \$87,133 | \$88,921 | \$95,054 |



Continues to incorporate longevity payments into base salary schedule (no separate longevity payments). Continues to eliminate Advanced and Doctorate supplements.

Provides a hold harmless clause to ensure that for 2018-19 no principal’s salary drops below the 2016-17 level.

Changes the definition of “demotion” to provide that if a principal experiences a salary decrease due to decline in growth scores or ADM on the salary schedule, they are not considered to be experiencing a demotion.

G.S. 115C-325.1(2).

S.L. 2018-97, Sec. 2.1, Budget Technical Corrections, amends this section to address a technical issue involving principals that have a break in service. A principal that does not have a school growth score for the years identified in the Act may use the most recent available growth score.

Section 8.3 Principal Bonuses

Eliminates the principal bonus program for principals that went from Below Growth to Met Growth and then improved to the next category.

Increases the bonuses awarded to principals of schools that score in the top 50% of statewide school growth scores according to the below chart.

| School’s Schoolwide Growth Percentile | 2017-18 Bons | Bonus 2018-19 |
|--|--------------|--------------------------------------|
| 100 – 95 th Percentile | \$5,000 | \$10,000 (\$20,000 if D or F school) |
| 94 th – 90 th Percentile | \$4,000 | \$7,500 (\$15,000 if D or F School) |
| 89 th – 85 th Percentile | \$3,000 | \$5,000 (\$10,000 if D or F school) |
| 84 th – 80 th Percentile | \$2,000 | \$2,500 (\$5,000 if D or F school) |
| 79 th – 50 th Percentile | \$1,000 | \$1,000 (\$2,000 if D or F school) |

Sets October 31, 2018, as the date by which bonuses must be awarded to qualifying principals employed as of October 1, 2018.

Section 8.4 Assistant Principal Salaries

Establishes that assistant principals shall be paid on the “A” teacher salary schedule PLUS 19%.

Continues incorporating longevity into base salaries and the elimination of separate longevity payments. Retains historical salary supplements. Lays out a hold harmless clause to ensure no assistant principal experiences a salary decrease below 2016-17 levels.

Section 8.5 Central Office Salaries

Establishes monthly salary ranges for central office staff for 2018-19. Increases minimum and maximum allowable salary levels for 2018-19 by 2%.

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

**5 bonus leave days provision does NOT apply.*

**Required minimum pay of \$31,200 for state employees does NOT apply.*

Section 8.6 Noncertified Personnel Salaries

Increases salaries for permanent, full-time employees on a 12-month contract by 2%. Provides for a prorated salary increase for part-time permanent, hourly, and permanent full-time employees on a contract of less than 12 months.

Exempts school bus drivers from the 2% raise and instead appropriates \$4,387,650 for all local school boards to increase average school bus driver pay on an equitable basis.

Section 8.7 Realign DPI Budget in Certain School Compensation Areas

Requires DPI to work with OSBM to realign the DPI budget for anticipated expenditures.

Section 8.8 Clarify Application of Highly Qualified Graduate Supplement

Allows teachers entering the profession in 2018-19 to qualify for the “highly qualified” salary supplement and additional placement on the schedule.

Section 8.9 Bonuses for Certain Veteran Teachers.

Provides a \$385 bonus to teachers with 25 years and above, employed as of October 1, 2018, AND did not receive an increase on the ‘A’ teacher salary schedule for 2018-19. Discontinues the bonus program for other veteran teachers. Requires the bonus be paid by October 31, 2018.

Section 8.10 Revise Certain Teacher Bonus Programs

AP/IB, CTE, Cambridge AICE Teacher Bonus Programs

Changes grade requirement for Cambridge AICE exams bonus program from E to a grade C or better.

Provides that a teacher must remain teaching in the same LEA until January 1 of the school year in order to get the AP/IB, CTE, or Cambridge AICE bonus.

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

Section 8.11 Revise Fourth and Fifth Grade Reading Teacher Bonus Program

Makes permanent the bonus program for 4th and 5th grade teachers whose students place in the top 25% of reading growth scores the previous school year. Lowers the maximum award from \$2,150 to \$2,000.

Every January a bonus shall be awarded to teachers who have student scores in the following categories:

- (1) the top 25% of statewide EVAAS 4th and 5th grade reading growth scorers the previous school year.
- (2) the top 25% of each individual LEA’s EVAAS 4th and 5th grade reading growth scorers from the previous school year.

Appropriates \$4,298,738 to be awarded to each group. A teacher may be given a bonus under both the statewide 25% **and** local 25%, for a total of \$4,000 for any individual teacher. The teacher must be employed in the same LEA at least by January 1 of the school year on which the bonuses are paid.

Section 8.12 Revise Fourth to Eighth Grade Math Teacher Bonus Program

Makes permanent the bonus program for grades 4-8 teachers whose students place in the top 25% of State/local Math growth scores the previous school year. Lowers the maximum award from \$2,150 to \$2,000.

Every January a bonus shall be awarded to teachers who have student growth scores in the following categories:

- (1) the top 25% of statewide EVAAS 4th, 5th, 6th, 7th, 8th grade Math growth scorers from the previous school year.

(2) the top 25% of each individual LEA's EVAAS 4th, 5th, 6th, 7th, 8th grade Math growth scorers from the previous school year.

Appropriates \$7,151,262 to be awarded to each group. A teacher may be given a bonus under both the statewide 25% **and** local 25%, for a total of \$4,000 for any individual teacher. The teacher must be employed in the same LEA at least by January 1 of the school year on which the bonuses are paid.

PART IX – COMMUNITY COLLEGES

Section 9.4 Extend Career- and College- Ready Graduate Program Implementation Date

Provides that professional development for high school faculty through the Career and College Ready Graduate Program will begin with the 2018-19 school year. The program will be phased-in beginning 2019-20 and fully implemented in all high schools statewide in 2020-21.

PART X - UNIVERSITIES

Section 10.1 UNC Laboratory School Changes

Requires an LEA with a Lab School to administer the National School Lunch Program for students in the lab school. Allows the lab school to give enrollment priority to the sibling of an enrolled student who attended the lab school the previous year.

Applies beginning 2018-19.

G.S. 116-239.8(b)(4), -239.9, -239.12(c), -239.13(2).

Section 10A.1 Modify and Align the K-12 Scholarship Programs

Makes statutory changes to align the application process and awarding of monies for the Special Education Scholarship voucher program, the Opportunity Scholarship voucher program, and the Education Savings Account program. Makes the changes such that the application process, awarding of monies, etc. for the programs are the same.

G.S. 115C-112.5(2)f.1, -112.6, -112.8, -592, -598.

Section 10A.2 Changes to the NC Teaching Fellows Program

Modifies some areas of the NC Teaching Fellows Program to specify where monies should be targeted and how the monies are to be distributed. Adds to the reporting requirements.

G.S. 115C-472.16; 116-209.62, -209.63(a).

Section 10A.3 Changes to the NC Principal Fellows Program

Reorganizes some parts of the statute dealing with the Trust Fund for this program.

G.S. 116-74.41, -74.42, -74.43.

Section 10A.4 Principal Prep Program Changes

Puts the Principal Prep Program authorization and guidelines into statute (instead of session law).

Section 10A.5 One-Year Tuition Grants for Certain Graduates of the North Carolina School of Science and Mathematics for the 2019-2020 Academic Year

Appropriates \$1,001,869 for tuition assistance grants for State resident students who graduate from the NC School of Science and Math in 2018-19 and enroll in a UNC school for the following year. Provides a non-reversion provision so that the funds remain available after the fiscal year.

PART XI – DEPARTMENT OF HEALTH AND HUMAN SERVICES

Section 11B.1 Adjustments to NC Pre-K Funding

Builds NC Pre-K funding increases into the base budget for 2019-20 and 2020-21. Provides that the increases are to be \$9.35M for the 2019-2020 fiscal year and \$18.7M for 2020-21. G.S. 143B-168.10C.

Section 11F.3 Use of Dorothea Dix Hospital Property Funds to Improve School Safety

Declares the intent of the General Assembly to improve mental health services to make public schools safer. Appropriates \$10 million from the Dorothea Dix Hospital Property Fund to DPI to help fund the school safety provisions.

PART XII – DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

Section 12.1 Future Farmers of America Project Completion

Directs \$60,000 nonrecurring from the Tobacco Trust Fund for the 2018-19 fiscal year to Southern Guilford High School’s Future Farmers of America program to complete the animal science project. Exempts the funds from bidding or contract requirements.

PART XIII – DEPARTMENT OF ENVIRONMENTAL QUALITY

Section 13.11 Volkswagen Settlement Funds

Establishes guidelines for the use of funds from the VW settlement agreement. Directs that no funds shall be appropriated unless by act of the General Assembly.

PART XV – DEPARTMENT OF COMMERCE

Section 15.2 Eliminate Adjustment Factors to Development Tier Areas

Eliminates the adjustment factor in setting development tiers. The adjustment factor had set certain population and federal poverty levels that automatically puts a county into Tier I regardless of its actual economic development.

G.S. 143B-437.01(a1), -437.04, -437.07, -437.08, -472.127, -472.128.

PART XXII – DEPARTMENT OF INSURANCE

Section 22.1 Workers’ Compensation/Allow Alternative Employer Penalty

Creates an alternative method for employers to be penalized for failure to comply with Workers’ Compensation Insurance requirements. Instead of being assessed a flat monetary penalty, an employer could be penalized for the portion of noncompliance plus 10%.

G.S. 97-94.

PART XXXIV – DEPARTMENT OF TRANSPORTATION

Section 34.18 Zoning or Permit Request/Prohibit City from Requiring Waiver by School of Certain Rights and Requirements

Prohibits cities from attaching conditions to the approval of zoning, rezoning, or permit requests that include requiring the school system to waive its right to receive reimbursements for the cost of upgrades and construction on city-owned roads adjacent to schools.

G.S. 160A-307.1, -383(d).

SB 335, Budget Technical Corrections, Sec 7.4 (S.L. 2018-97) deleted this section.

HB 374, Sec. 26 reinstated this section.

PART XXXV – SALARIES AND BENEFITS

Section 35.27 Salary Related Contributions

Increases the State contribution to the TSERs Fund from 11.87% to 12.29%.

Section 35.28 Provide One-Time Cost-of-Living Supplement for Retirees of the Teachers' and State Employees' Retirement System, the Consolidated Judicial Retirement System, and the Legislative Retirement System

Provides a one-time 1% COLA increase for retirees who are living as of September 1, 2018. Requires the payment to be made by October 1, 2018.

PART XXXVIII – FINANCE PROVISIONS

Section 38.8 Allow Cities to Use Revenues for Public Education

Authorizes a city to use property tax revenue and other unrestricted revenues to provide operational funds to traditional public schools, charter schools, lab schools, and regional schools that benefit residents of the city.

Allows the city to direct or restrict the use of appropriations for specific purposes and functions. For schools located inside the city, authorizes a city to provide operational funding or enter into operational and financing leases for real property or mobile classrooms. For schools outside the city, authorizes operational funding on a per-pupil level for students attending the school who are residents of the city.

SB 335, Budget Technical Corrections, Sec. 11.1 (S.L. 2018-97) clarified that property tax revenue may be used for capital expenses of public schools located inside city limits.

G.S. 115C-75.10, -218.105, -238.70, -426, -429; 116-239.11; 160A-690.

SUMMARY OF LEGISLATION ENACTED BY THE GENERAL ASSEMBLY

ALL BILLS ARE EFFECTIVE UPON BECOMING LAW UNLESS OTHERWISE NOTED

Public/Statewide Legislation

House Bills

HB 90: Changes to Education and Election Laws (S.L. 2018-2)

*Note this bill passed during a special session in March 2018.

Part I - Atlantic Coast Pipeline Dollars

Allocates \$57.8 million payment from the Atlantic Coast Pipeline, should it materialize, to the LEAs in the counties impacted by the pipeline. Sets out the estimated funding as follows:

| | |
|-------------------------------|--------------------------|
| Cumberland: \$15,115,607 | Northampton: \$3,574,629 |
| Halifax: \$1,920,839 | Robeson: \$7,544,754 |
| Roanoke Rapids: \$2,157,148 | Sampson: \$2,416,321 |
| Weldon City: \$642,996 | Clinton City: \$875,403 |
| Johnston: \$11,998,658 | Wilson: \$4,005,807 |
| Nash-Rocky Mount: \$7,547,838 | |

Total: \$57,800,000

Parts II - V - K-3 Class Size Reduction Phase-In and Program Enhancement Teachers

Phases-in the K-3 average and maximum class size reductions over 4 years as follows:

| | Avg Class Size | Max Class Size |
|------------|----------------|----------------|
| 2018-19 | | |
| K-3 | 1:20 | 1:23 |
| 2019-20 | | |
| K-3 | 1:19 | 1:22 |
| 2020-21: | | |
| K-3 | 1:18 | 1:21 |
| 2021-22: | | |
| K | 1:18 | 1:21 |
| Grade 1 | 1:16 | 1:19 |
| Grades 2-3 | 1:17 | 1:20 |

Provides funding for program enhancement teachers for grades K-5. Appropriates \$61,359,225 for 2018-19 to be distributed at a ratio of 1:191 of K-5 program enhancement teachers. Increases the funding each subsequent fiscal year to correlate with the class size reductions.

Creates a Program Enhancement Teacher Allotment. Defines program enhancement classes as

- Arts disciplines, including dance, music, theater, and the visual arts.
- Physical education and health programs.
- World languages.
- Other supplemental classes as defined by the SBE.

Restricts transfers out of the K-5 Program Enhancement Teacher Allotment.

G.S. 115C-105.25(b), -301.

Part VI - Education Savings Accounts

Eliminates most eligibility requirements for the Education Savings Account Program, mostly to increase the situations where parents can qualify even if they have never enrolled their student in the public school system. Provides that the student be a special education student eligible to enroll in a public school and that the student not already be placed in a nonpublic school by a public agency at public expense.

G.S. 115C-591, -592(b), -595(a)(2).

Part VII - NC Pre-K

Increases NC Pre-K funding by \$9.35 million in each of fiscal years 2019-20 and 2020-21 to eliminate the NC Pre-K wait list. Total funding in the coming years will be as follows:

2019-20: \$82 million

2020-21: \$91.35 million

G.S. 143B-168.10B.

HB92: Cherokee Reg. Plate/Teaching Agreement (S.L. 2018-7)

Section 2. Creates a teaching licensure exemption process for individuals who teach Cherokee language and culture classes. Requires that for this process to happen, the SBE must enter into a memorandum of understanding with the Eastern Band of Cherokee Indians. Establishes the minimum items that must be part of the MOU as follows:

- Identification of the criteria an individual must meet to be approved to teach Cherokee language and culture classes.
- Requirements for approval of individuals who can teach this area, including a requirement that the individual has demonstrated mastery of the Cherokee language through a credential issued by the Eastern Band of Cherokee Indians.
- A 3-year renewable approval period.
- Clear statement that an individual authorized to teach this content area is not permitted to provide instruction in other content areas without a proper license.

G.S. 115C-270.21, -295.

HB374: Regulatory Reform Act of 2018 (S.L. 2018-114)

Section 25. Exempts personal property owned by a charter school from property tax.
G.S. 105-275.

Section 26. Reinstates Section 34 of the 2018 budget (see above, dealing with preventing cities from attaching conditions on zoning and permitting requests where the LEA waives its reimbursement right). This had been repealed by the budget technical corrections bill, SB 335 (S.L. 2018-97).

Section 27. Repeals two SBE policies related to the authority of the SBE and delegation of authority from the SBE to the Superintendent of Public Instruction. Deems these policies inconsistent with the Supreme Court's decision in the lawsuit regarding division of powers between the SBE and State Superintendent. Designates all SBE policies that have not gone through rulemaking as interim policies until they have gone through the rule-making process. Sets May 30, 2019 as the expiration date for policies that have not gone through rulemaking.

HB 382: DOI Omnibus- AB (S.L. 2018-120)

Section 6.1. Expands the circumstances in which a bond forfeiture may be set aside. Allows for bond forfeiture set aside when the defendant is incarcerated in another jurisdiction anytime between when they failed to appear in court and when the court makes a final judgment (previously, set aside allowed due to incarceration on the day of failing to appear).

Applies to hearings held on or after October 1, 2018.

G.S. 15A-544.5(b)(7).

HB 496: Fair and Nonpartisan Ballot Placement (S.L. 2018-99)

Requires that candidates in primary and general elections are to be listed on the ballot in either alphabetical or reverse alphabetical order. Directs that name placement on the 2018 general election ballots are to be determined through the random selection process by the State Board of Elections and Ethics Enforcement.

G.S. 163A-1114.

HB611: Employment Contract Exception (S.L. 2018-26)

Legalizes employment of school superintendent spouses by local boards of education. Requires that the employment of a school superintendent spouse be approved by the local board of education in open session.

G.S. 14-234(b).

HB670: Protect Educational Property (S.L. 2018-72)

Section 1. Makes it a Class H felony to communicate by any means a threat to commit an act of mass violence on educational property or at a curricular or extracurricular activity sponsored by a school. Applies to a person or groups of persons.

G.S. 14-277.6.

HB 852: Real Prop. Tech Correc/Solicitation of Copies (S.L. 2018-80)

Section 3A.1. Protects counties that were in Tier I designation in 2017 and filed a grant application for the Needs-Based School Capital Grant program that year to **still** qualify for the grant money if they are moved to a different Tier in 2018.

HB 986: Various Changes to Education Laws (S.L. 2018-32)

Part I – Cursive and Multiplication Table Reports

Requires SBE/DPI to report annually by March 30 to the Joint Legislative Education Oversight Committee on the implementation of the requirements for cursive writing and multiplication tables instruction. Broken down by LEA, the report lists compliance and instructional strategy.

G.S. 115C-81.81.

Part II – Advanced Math Courses

Requires LEAs to offer advanced math courses to students who score a level five on end-of-year math tests in grades 3 and up. Students may only be removed from the advanced course if a parent or guardian provides written consent.

Applies beginning with the 2018-19 school year.

G.S. 115C-81.36.

Part III – Teacher Prep Reports

Requires SBE to provide information from annual performance reports for educator preparation providers. Removes UNC BOG from having to provide that data in the Teacher Quality Dashboard.

G.S. 115C-269.50.

Part IV – Testing in Schools

Requires the State Superintendent of Public Instruction to study and make recommendations on ways to reduce testing not otherwise mandated by State or Federal law. Sets out reporting requirements.

Part V – Student Mental Health and Suicide Awareness

Requires DPI and DHHS to develop content standards for a mental health training program and repeals the existing SBE mental health policy. Sets out the topics that must be included in the new policy, including: youth mental health, suicide prevention, substance use, sexual abuse prevention, and sex trafficking prevention. Also mandates the State to develop a model suicide risk referral protocol.

Report is due to JLEOC by October 15, 2018.

Part VI – Renewal School System

Authorizes the Rowan-Salisbury board of education to submit a renewal school system plan. If approved, this new model allows all schools in the district to have increased flexibility beginning in the 2018-19 school year. Outlines the requirements of the renewal system plan. Lists the statutes that will still apply to the LEA and those that the LEA will not have to comply with. Provides reporting requirements.

HB 1031: Local Ed. Funding Dispute Process (S.L. 2018-83)

Repeals the option for local school boards to file lawsuits challenging local current expense funding for education. Replaces the lawsuit option with a default funding formula that shall go into effect if the

local school board and county commissioners cannot reach agreement in mediation and there is no local funding formula that has already been agreed upon.

Statutory Funding Formula

Per-student local expenditures/transfers of monies from the previous school year
X
1+ 2Q Employment Cost Index (ECI) for primary and secondary education
X
ADM for the upcoming year (including LEA, Charters, Lab Schools, Regional, ISD Schools).

Provides that if this formula is used 3 years in a row there would be an additional 3% added to the ECI. Ensures that the default formula does not alter any existing local funding formulas.

Study of Capital Outlay and Fund Balance

Directs the Local Government Commission and the UNC School of Government to establish a working group to research issues surrounding school board fund balances and disputes between school boards and county commissioners over capital outlay funding. Requires that the working group have one representative from NCSBA, the NC Association of County Commissioners, and the NC Association of School Business Officers. Sets March 30, 2019, as the date by which this group needs to report back to the Joint Legislative Education Oversight Committee.
G.S. 115C-431.

HR 1102: Study Best Practice/Advanced Ed Opportunities

Creates the House Study Committee for Promoting Access to Advanced Educational Opportunity in Our Public Schools for Economically Disadvantaged Students Who Demonstrate High Academic Achievement. Tasks this committee with studying:

- National best practices for identifying, teaching, and supporting low-income, high-achieving, and high-capability students.
- The cost and feasibility of establishing educational opportunities across the State for high-achieving, low-income students.
- The cost and feasibility of reestablishing a school focused on teaching this student population.
- The feasibility of requiring that 60% of those students come from rural areas of the State.
- Any other issue the Study Committee considers relevant.

Senate Bills

SB 75: Const. Amd. – Max. Income Tax Rate of 7.0% (S.L. 2018-119)

Places a constitutional amendment on the November 2018 ballot that would lower the maximum allowable income tax rate from 10% to 7%. Requires the amendment to receive majority support in order to go into effect.

If passed, would apply to taxable years beginning on and after January 1, 2019.

SB 125: Various Changes to Education (S.L. 2018-37)

Section 1. Encourages (does not require) local boards of education to adopt a student attendance recognition program. Provides that if a local board does adopt a student attendance recognition program it must exclude from the program's attendance records students with absences resulting from service as a legislative page or Governor's page.

Applies starting with the 2018-19 school year.

G.S. 115C-382.5.

SB 140: Title Ins. Rev/Bailbondsmen Deposits (S.L. 2018-38)

Section 3. Changes the deposit of securities that each bondsman who acts as surety on bail bonds must maintain with the Department of Insurance to the greater of \$15,000 or one-twelfth (was, one-eighth) of all bonds or undertakings on which the bondsman is absolutely/conditionally liable as of the first day of the current month.

G.S. 58-71-145.

SB 335: Budget Technical Corrections & Study (S.L. 2018-97)

Makes the following technical, clarifying, and other changes to the public education sections of 2018 Appropriations Act, S.L. 2018-5:

Section 1.1. Reduces the FY 2018-19 appropriation to DPI by \$190,000.

Section 2.1. Amends Section 8.2 to address a technical issue involving principals that have a break in service. A principal that does not have a school growth score for the years identified in the principal schedule may use the most recent available growth score.

Section 2.3. Adds a new Section 7.28 to the budget to clarify that the appropriation to the New Dimensions Charter School in Burke County is for operating expenses instead of construction of new classrooms.

Section 2.4. Establishes the Center for Safer Schools in statute (G.S. 115C-105.57). Administration of the Center is moved from the Division of Safe and Healthy Schools to the Superintendent.

G.S. 115C-105.57.

Section 2.5. Prohibits transfers or reductions to the Office of Charter Schools in FY 2018-19 when DPI makes the additional round of budget cuts.

Section 2.6. Allows the SBE to issue additional Requests for Proposals to select a maximum (was up to) of 10 school systems to participate in the Advanced Teaching Roles Pilot Program.

Section 2.10. Requires DPI to provide to EVAAS only K-3 reading diagnostic assessment data, not diagnostic data for other subject areas.

Section 2.12. Eliminates estate distributions from decedents in determining income eligibility for Opportunity Scholarships retroactive to January 1, 2017.

Section 2.13. Allows DPI in FY 2018-19 to use funds appropriated for Innovation Zone model grants to be used for the administrative expenses of the ISD.

Section 2.14. Provides Graham County Schools with a \$10,000 grant.

Section 2.15. Eliminates a \$200,000 grant to DonorsChoose.org that would have funded classroom supplies for selected schools in Mecklenburg.

Section 2.16. Requires the SBE, in the FY 2017-18 school year only, to combine CTE course scores with UNC admission eligibility scores. To determine school performance grades, a high school would earn one point for each percent of students who are either college ready or career ready.

Section 7.4. Removes the language in the 2018 budget that prohibited cities from conditioning the approval of any zoning, rezoning, or permit request on a school's waiver or reduction in the reimbursement for street improvements. **This section was repealed by HB 374, Section 26. *The law is now back to the original language in the 2018 budget bill.**

Section 11.1. Clarifies that property tax revenue may be used for capital expenses of public schools located inside city limits.

SB 420: CC Governance/Amend Medical Bd (S.L. 2018-92)

Section 1. Establishes a procedure by which the State Board of Community Colleges can provide a notice of noncompliance to a local community college board of trustees and create a remediation process. Allows the SBCC to remove board leadership or replace the entire board as a result of failing to comply with State law, rules, or sound fiscal management practices.

G.S. 115D-6.5, -18, -58.16(a).

SB 486: The Elections Security and Transparency Act (S.L. 2018-13)

Section 3.4. Prohibits new political parties that select candidates via convention from selecting for the General Election a candidate whose name had appeared on the ballot in the primary election that same year.

G.S. 163A-953

SB 655: Change Date When Primary Elections Held (S.L. 2018-21)

Permanently moves the date of the statewide primary for elected office in even-numbered years to the Tuesday after the first Monday in March. Also applies this date to the NC presidential primary.

Effective January 1, 2019.

G.S. 163-1(6), -106(c), -213.2.

SB 768: People First Language 2018 (S.L. 2018-47)

Makes changes to statutes, including G.S. 115C, to modernize and update language and terminology referencing individuals with disabilities. Switches all instances of the term "mental retardation" with the term "intellectual disability" or "mental disability" and replaces the term "children who are not disabled" with "children who do not have disabilities" in the statute. Makes other technical and formatting changes.

G.S. 115C-106.3, -270.35.

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

HB 284: 25-Year LEO Retirement Option (S.L. 2018-22)

Allows separation buyouts for law enforcement officers, effective June 22, 2018. Allows transfers under the special retirement allowance in TSERS and LGERS to be paid in whole or in part with employer contributions, effective July 1, 2019. Allows law enforcement officers with 25 years of creditable service who are members of the TSERS and the LGERS to retire with reduced benefits, effective July 1, 2019.

G.S. 128-27(m2); 135-5(m2), -5(a)(4), -5(b19); 143-166.43.

HB 651: State Pension/Retiree Health Benefit Fund Solvency (S.L. 2018-30)

Establishes the Unfunded Liability Solvency Reserve in the General Fund. Funds in the Reserve will be appropriated annually to the Retiree Health Benefit Fund and the Teachers' and State Employees' Retirement System (TSERS) based on their share of the State's total unfunded liability for both programs as reported by the State Controller in the most recent Comprehensive Annual Financial Report. Funding for the Reserve will come from direct appropriation by the General Assembly and by transfers from the Savings Reserve. Transfers from the Savings Reserve will occur under the following conditions:

- When the Savings Reserve has reached its recommended balance of 7.5% of the prior fiscal year's General Fund operating budget.
- Transfers from the Savings Reserve are restricted to funds transferred from:
 - 15% of the succeeding fiscal year's estimated growth in state revenues (G.S. 143C-4-2)
 - Savings from refinancing general obligation bonds (G.S. 142-15.4)
 - Savings from refinancing special indebtedness. (G.S. 142-96)

Effective October 1, 2018.

G.S. 143C-4-9.

HB 931: UI Technical Changes (S.L. 2018-94)

Section 2. Delays the effective date for a requirement that employers respond to unemployment insurance claims in 10 days. Makes the effective date January 1, 2019 (was, July 1, 2018).

HB 977: Admin. Changes Ret. System/Treasurer – 2018 (S.L. 2018-84)

Section 2. Adds conviction for embezzlement and certain other offenses in state courts to the list of offenses for which an elected government official's TSERS or LGERS pension could be forfeited.

G.S. 135-18.10,

Section 3. Allows for payment plans to satisfy the withdrawal liability owed by a charter school that elects to cease participation in TSERS. Payment plans must meet the following requirements:

- The plan must be approved by the TSERS Board of Trustees;
- Employees will no longer earn retirement credit;
- The total liability must exceed \$2 million;
- 50% of the withdrawal liability must be paid within 90 days;
- The remaining liability must be paid in no more than 36 monthly payments; and
- TSERS will hold a lien on the real property owned by the school

G.S. 135-5.3(f)

Section 5. Clarifies that the fee-setting authority granted to the Board of Trustees of the Supplemental Retirement Plans extends to all plans and programs under the purview of the Board.
G.S. 115C-341.2; 143B-426.24.

Section 11. Extends the time from 30 days to two years for charter schools to join the State Health Plan. A charter school must provide a six month advance notice to the State Health Plan that it intends to join the Plan.
G.S. 135-48.54.

HB 985: Retirement Technical Corrections Act of 2018- AB. (S.L. 2018-85)

Section 1. Amends the Disability Income Plan to treat short-term disability benefits the same as long-term disability payments in regards to post disability benefit adjustments (i.e. across the board salary increases or Social Security increases).
G.S. 135-105(g).

Section 3. Amends TSERS and LGERS to provide that purchased military service is treated as creditable service rather than membership service as it pertains to the anti-pension spiking contribution based benefit cap.
G.S. 135-5(a3).

Section 10. Amends TSERS to clarify that the following are considered as service or work under the retirement definition:

- Serving as an unpaid bona fide volunteer in an LEA.
- Serving as an unpaid bona fide volunteer guardian ad litem.
- Volunteering in a position normally designated as an unpaid bona fide volunteer position.
- Serving on an authority, board, commission, committee, council or other body of the State or of one or more counties, cities, local school administrative units, community colleges, UNC institutions, or other political subdivisions of the State, that is authorized to function as legislative, policy making, quasi-judicial, administrative, or advisory body in a position that does not require membership in the Retirement System.

G.S. 135-1(20)

HB 1056: FAIR 2018- AB. (S.L. 2018-52)

Section 2. Adds a new provision to the State Health Plan and TSERS requiring that any overpayment or erroneous payment of benefits or other amount to, or premiums or claims paid on behalf of, any plan member to, be repaid by the person who received the overpayment or erroneous payment. Directs employing units to recoup the erroneous or overpayment against the net wages of such an individual. Establishes that if the individual has not entered into a payment plan within 30 days after written notice of the erroneous payment, the employer will be notified of the amount owed and will be required to withhold not less than 10% of the individual's net wages until full repayment. Penalizes employing units that do not follow these requirements by giving the State Health Plan or TSERS the authority to seek recovery of what is owed directly from the employers.

G.S. 135-9, -48.37A

Section 6. Provides that members of TSERS are not allowed to repurchase forfeited benefits or any creditable service associated with the forfeited benefits.
G.S. 135-18.10B.

Section 7. Disallows the use of service rendered while participating in the University or Community College Optional Retirement Program (ORP) toward reciprocity benefit eligibility for TSERS.
Applies to members first hired on or after January 1, 2021.
G.S. 135-4.1.

Section 8. Prohibits employing units from entering into State Health Plan settlement agreements with an employee or former employee unless the employing unit has received written authorization from the State Health Plan's Executive Administrator. Disallows a settlement agreement from reinstating health benefit coverage more than one year prior to the date of the settlement agreement.
Applies to settlement agreements entered into on or after that date, including this which may be under negotiation on or before that.
G.S. 135-48.46.

Section 9. Clarifies that if a member has an average final compensation of more than \$100,000 earned from multiple employing units, that total amount is **not** subject to the anti-pension spiking law, unless one single employer's share exceeds \$100,000.
G.S. 135-8(f)(2)f.

Section 10. Makes technical changes to the Short-Term Disability statute. Makes it the responsibility and financial obligation of the employing unit to provide benefits during the first 12 months of the short-term disability period, including benefits from a preliminary determination of eligibility for long-term disability.
G.S. 135-105.

Local Legislation

House Bills

HB 12: Community College Boards of Trustees (S.L. 2018-15)

Transfers authority for appointing Trustees to the Cleveland Community College Board of Trustees from the Cleveland school board to the Cleveland County Commissioners.

HB 514: Permit Municipal Charter School/Certain Towns (S.L. 2018-3)

Allows the Towns of Cornelius, Huntersville, Matthews, and Mint Hill to apply for and operate charter schools. Provides that a town that operates a charter school under this authority may use public monies for both current operating expenses and capital expenses. Allows a town that operates a charter school to give enrollment priority to children living within its jurisdiction.
G.S. 115C-218, -218.1, -218.15, -218.25, -218.90.

HB 954: Rockingham County School Board/Chair Term (S.L. 2018-17)

Directs that the Rockingham County Board of Education must select a board chair each year for a one year term. Establishes that this will begin with the meeting held on the first Monday in December 2018.

HB 1076: Alamance/Guilford Boundary Line (S.L. 2018-61)

Adjusts the boundary lines of Alamance and Guilford counties according to the 2008 NC Geodetic Society (NCGS) Survey. Includes protection for students/families that change counties due to the resurvey.

Requires the Alamance-Burlington and Guilford school boards to work together to allow the option for current students impacted by the boundary line shift to stay in their current school system until high school graduation. Provides that students who change their county of residence due to the boundary shift but stay in their current school system are to be allowed to attend school in that LEA without paying tuition.

HB 1082: Wake/Chatham/Harnett Boundary Line (S.L. 2018-62)

Adjusts the boundary lines of Wake, Chatham, and Harnett counties according to the 2017 NCGS Resurvey. Directs that any children and their siblings in these counties enrolled in the school systems who are impacted by the shift are to be provided a choice to remain in their current school system until graduation from high school without paying tuition, as long as they resided in the current residence during the 2017-18 school year and continue to reside there.