



PUBLIC EDUCATION: NORTH CAROLINA'S BEST INVESTMENT

2013 LEGISLATIVE SUMMARY

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SUMMARY OF FY 2013-15 APPROPRIATIONS ACT
SB 402 - S.L. 2013-360

Money Report

PUBLIC EDUCATION	FY 2013-14		FY 2014-15	
Recommended Continuation Budget	\$7,984,924,757		\$8,111,097,830	
A. Technical Adjustments				
Average Daily Membership (ADM) Increase	\$10,651,329	R	\$9,914,165	R
ADM Adjustment for Anticipated Enrollment in School Voucher Program Established in Section 8.29			(\$11,797,941)	R
Average Salaries for Certified Personnel – Shift Pay Period Base for Projections	(\$11,873,083)	R	(\$11,980,756)	R
Civil Penalties – Supplant State Public School Fund Appropriation with One-Time Over-Realized Receipts	(\$43,030,131)	NR		
Sales Tax Receipts –Reduce Appropriation to SPSF Based Upon Increase in Projected Sales Tax Revenue Transfer	(\$5,025,426)	R	(\$6,553,965)	R
Exceptional Children Headcount	(\$2,689,483)	R	(\$2,689,483)	R
B. Elimination of LEA Adjustment				
LEA Adjustment Elimination	\$376,124,279	R	\$376,124,279	R
Classroom Teacher Allotment – Increase Allotted Class Size Ratios K: 1:19 1-3: 1:18 4-6: 1:24 7-8: 1:23 9: 1:26.5 10-12: 1:29	(\$286,433,312)	R	(\$245,897,168)	R
Instructional Support Personnel Allotment	(\$16,990,590)	R	(\$17,186,802)	R
Instructional Supplies Allotment	(\$6,919,008)	R	(\$7,372,550)	R
Additional Appropriation to Fully Eliminate LEA Adjustment*	\$65,781,369*	R	\$105,667,759*	R
C. Other Public School Funding Adjustments				
Limited English Proficiency Allotment	(\$6,000,000)	R	(\$6,000,000)	R
ACT Assessments – Provides Dedicated	\$7,500,000	R	\$7,500,000	R

Source of State Funding for ACT, PLAN, EXPLORE and WorkKeys assessments				
School Bus Replacement – Modifies formula per Section 8.11	(\$29,823,055)	R	(\$39,102,605)	R
Stop Arm Cameras – Funding for Two Stop Arm Cameras per LEA	\$690,000	R	\$690,000	R
Low Wealth Supplemental Funding Allotment - does not decrease allotments to LEAs	(\$15,526,391)	R	(\$15,526,391)	R
Small County Supplemental Funding – Modifies Formula in 2014-15 per Section 8.4 in 2014-15	(\$949,694)	R	(\$3,192,877)	R
EVAAS Expansion	\$850,000	R	\$850,000	R
EVAAS School Performance Grades – Data Collection/Analysis/Calculation of Grades	\$300,000	NR	\$100,000	R
Teacher Assistants Allotment – Reduces Funding Received per K-3 ADM	(\$110,000,000)	R	(\$110,000,000)	R
	(\$10,000,000)	NR		
Education-Based Salary Supplements – elimination per Section 8.22			(\$18,700,000)	R
NC Educator Effectiveness and Compensation Task Force	\$62,000	NR		
Advanced Placement/International Baccalaureate – Defray Student Fees per Section 8.27	\$1,500,000	R	\$12,331,184	R
School Safety Initiatives				
School Safety Officers in Elementary and Middle Schools	\$7,000,000	R	\$7,000,000	R
Installation and Maintenance of Panic Alarm Systems	\$2,000,000	R	\$2,000,000	R
Career and Technical Education Test Fees – Defray Fees for Exams Leading to Industry Certification per Section 8.28	\$1,252,157	R	\$1,302,243	R
Education Innovation Grants	\$2,000,000	R	\$2,000,000	R
Cooperative and Innovative High School Allotment – Yadkin Regional Academy	\$310,669	R	\$310,669	R
D. Pass-Through Funds				
Teach for America	\$5,100,000	R	\$5,100,000	R
Tarheel ChalleNGe	(\$767,719)	R	(\$767,719)	R
North Carolina Center for the Advancement of Teaching – Shift Funding to Nonrecurring for Biennium	(\$3,219,222)	R	(\$3,219,222)	R
	\$3,219,222	NR	\$3,219,222	NR
Teaching Fellows – Continue Phase-Out	(\$3,095,000)	R	(\$6,190,000)	R
	(\$1,300,000)	NR		
E. Department of Public				

Instruction				
Officer of Charter Schools – Additional Personnel	\$320,000	R	\$320,000	R
DPI Flexible Reduction	(\$780,491)	R	(\$780,491)	R
F. Excellent Public Schools Act				
Read to Achieve Program Funding	\$5,000,000	R	\$5,000,000	R
	\$13,578,841	NR		
Incentive Bonus for Career Status Teachers Switching to 4-Year Contracts			\$10,200,000	R
Total Legislative Changes	(\$79,794,040)	R	(\$66,215,430)	R
	(\$37,170,068)	NR	\$3,219,222	NR
Revised Budget	\$7,867,960,649		\$8,048,101,622	

* This figure is for illustration purposes and is not delineated in published money report

OTHER MONEY PROVISIONS				
F. UNC System				
School Voucher Program Funding			\$10,000,000	R
Tuition Grant for NC Science & Math Students	(\$1,248,310)	R	(\$2,469,075)	R
National Board Certification Loan Program Recurring Reduction. <i>Section 11.2, below, also reduces the available fund balance for the program by \$3.5 million.</i>	(\$3,174,500)	R	(\$3,174,500)	R
G. Department of Health and Human Services				
NC Pre-K – Additional Lottery Receipts for Additional 2,500 Slots	\$12,400,000	NR		
NC High School Athletic Association	(\$332,491)	R	(\$332,491)	R
H. Department of Juvenile Justice and Delinquency Prevention				

Safer School Initiative	\$311,572	R	\$311,572	R
	\$5,200	NR		
K. Transportation				
Driver Education Program – Reduced Appropriation to Align with Increase in Student Fees	(\$1,709,142)	R	(\$1,701,923)	R
L. Reserves/Debt Service/Adjustments				
Severance Expenditure Reserve	\$16,000,000	NR		
State Retirement System Contributions	\$36,000,000	R	\$36,000,000	R
Reserve for Future Benefit Needs			\$56,400,000	R
State Health Plan	\$33,500,000	R	\$89,000,000	R
Unemployment Insurance Reserve – Provides Funds to Cover Portion of the 1% UI Reserve Attributable to State-Funded Teachers	\$23,800,000	NR		
Reserve for Pending Legislation HB 269- Children with Disabilities Scholarship Grants	\$4,000,000	R		

SPECIAL PROVISIONS

*****ALL SPECIAL PROVISIONS ARE EFFECTIVE JULY 1, 2013, UNLESS OTHERWISE NOTED*****

PART V - OTHER APPROPRIATIONS

Section 5.2(c) Other Receipts from Pending Grant Awards

Forbids State agencies from accepting a grant not anticipated by the budget if acceptance of the grant would trigger future State expenditure obligations.

Section 5.3 Civil Penalty and Forfeiture Fund

Remits monies from the Civil Penalty and Forfeiture Fund in each year of the fiscal biennium as follows:

- School Technology Fund:
 - \$18,000,000 in FY 2013-14
 - \$18,000,000 in FY 2014-15

- Public School Fund:
 - \$163,392,921 in FY 2013-14
 - \$120,362,790 in FY 2014-15

Allocates excess Civil Penalty and Forfeiture Fund proceeds realized in the 2012-13 fiscal year (\$43,030,131) to the State Public School Fund for expenditure in the 2013-14 fiscal year.

Directs that any excess proceeds realized in the Civil Penalty and Forfeiture Fund during the 2013-14 fiscal year are to be allocated to the State Public School Fund for expenditure during the 2014-15 fiscal year.

Section 5.4 Indian Gaming Revenue Fund

Allocates \$3,000,000 of Indian Gaming Revenue Fund proceeds to the School Technology Fund for both years of the fiscal biennium.

PART VI – GENERAL PROVISIONS

Section 6.4 MSA Payments

Redirects funds received through the Master Settlement Agreement (MSA) with tobacco companies to the General Fund for appropriation. MSA funds were previously allocated to specific programs according to a statutorily established formula.

Section 6.6 Expenditures of Funds in Reserves Limited

Requires all funds appropriated into reserves by the budget to be expended exclusively for the purposes for which the reserves are established.

Section 6.11 Revise Public School Building Capital Fund/Appropriate Education Lottery Funds

Section 6.11(a) – (d)

Repeals statutorily prescribed allocations of annual lottery proceeds (50% for K-3 classroom teachers and prekindergarten, 40% to Public School Building Capital Fund (PSBCF), 10% to UNC Need Based Scholarships). Directs instead that the General Assembly will have permanent discretionary authority to appropriate annual lottery proceeds in each fiscal year’s budget based upon estimates of lottery proceeds to the Education Lottery Fund provided by the Office of State Budget and Management and the Fiscal Research Division of the Legislative Services Commission. Additionally repeals statutorily prescribed requirements directing 50% of lottery proceeds realized in excess of projections to the PSBCF and 50% to UNC Need-Based Scholarships, directing instead that excess lottery proceeds are to remain in the Education Lottery Fund.

**Note that the General Assembly has overridden statutory lottery allocation requirements since 2009 and directed lottery proceeds at its own discretion. This provision makes that practice permanent.*

Requires that any lottery funds the General Assembly may direct to school capital purposes are to be allocated to LEAs on a per ADM basis according to figures determined and certified by SBE (previous statutory formula required 65% of funds be distributed on per ADM basis and 35% be distributed to counties exceeding State effective tax rate).

Makes statutory changes conforming to elimination of the PSBCF corporate tax revenue redirect prescribed by HB 998 (see below). Because lottery proceeds (if appropriated) will be the exclusive funding stream for the PSBCF the conforming changes prescribe that PSBCF monies may *not* be used for school technology (PSBCF lottery monies are not allowed to be used for school technology). Allows monies that have already accumulated in the PSBCF through the corporate income tax revenue redirect to continue to be used for school technology. Changes funding source for DPI’s Support Services Division from the corporate income tax redirect to PSBCF lottery proceeds and raises the allowable funding share cap from \$1,000,000 to \$1,500,000.

G.S. 18C-164; 115C-499.3(b), -546.1(a), -546.2.

Section 6.11 (e) – (g)

Appropriates projected lottery funds for the fiscal biennium as follows:

	<u>FY 2013-14</u>	<u>FY 2014-15</u>
Classroom Teachers	\$220,643,188	\$220,643,188
Prekindergarten Program	\$75,535,709	\$75,535,709
Public School Building Capital Fund	\$100,000,000	\$100,000,000
Scholarships for Needy Students	\$30,450,000	\$30,450,000
UNC Need-Based Financial Aid	\$10,744,733	\$10,744,733
UNC Need-Based Financial Aid		
Forward Funding Reserve	\$32,530,359	\$19,130,728
Digital Learning	\$11,928,735	\$11,928,735

Total Appropriation

\$481,832,724

\$468,433,093

Freezes the annual 5% transfer to the Education Lottery Reserve Fund.

Provides that lottery funds appropriated for digital learning shall be used to support grants to LEAs for: (i) delivering educator professional development focused on using digital and other instructional technologies to provide high-quality, integrated digital teaching and learning to all students; and (ii) acquiring quality digital content to enhance instruction. Provides that up to \$1,000,000 may be used by DPI to develop a plan to implement HB 44 (below). This plan shall also include an inventory of the infrastructure needed to support robust digital learning in public schools.

6.12 State Budget Act Amendments

Makes a number of changes to statutes governing annual State budget development. Among the changes is a provision defining *continuation budget* in statute. Defines *continuation budget* as that part of the Recommended State Budget necessary to continue the same level of services in the next biennium as is provided in the current fiscal year, including: (i) mandated Social Security rate adjustments; (ii) annualization of programs and positions; (iii) enrollment adjustments for public schools and Medicaid; (iv) reductions to adjust for items funded with nonrecurring funds during the prior fiscal biennium; (v) increases to adjust for nonrecurring reductions during the prior fiscal biennium; and (vi) if deemed necessary by the Director, other adjustments such as inflation, building reserves, and equipment replacement.

Another change adds that in odd-numbered year budget recommendations shall include a list of budget adjustments made during the prior fiscal year that are included in the proposed continuation budget for the upcoming fiscal year.

Subjects Indian Gaming Revenue Fund monies to annual appropriation by the General Assembly rather than mandated transfer to the State Public School Fund.

Section 6.15 No State Funds for Lobbying

Forbids State funds from being used by a non-State entity to pay for lobbying or lobbyists.

PART VIII - PUBLIC SCHOOLS**Section 8.1 Funds for Children with Disabilities**

Allocates supplemental funding for children with disabilities to reflect actual numbers based upon April 1, 2013, headcount. Funding for 2013-14 fiscal year increased to \$3,743.48 per child (was, \$3,709 per child). Retains LEA allotment cap at 12.5% of ADM.

Section 8.2 Funds for Academically Gifted Children

Allocates supplemental funding for academically or intellectually gifted children. Funding for 2013-14 fiscal year increased to \$1,233.01 per child (was, \$1,223.93 per child). Retains LEA allotment cap at 4% of ADM.

Section 8.3 Use of Supplemental Funding in Low-Wealth Counties

Establishes funding formula for Low Wealth County Supplemental Funding allotment and details expenditure requirements. Tracks language from previous years except in two areas.

- New Provision 1- holds funding for counties with an Armed Forces base *and* an ADM greater than 23,000 at the 2012-13 fiscal year level for each year of the fiscal biennium (affects Cumberland and Onslow counties only).
- New Provision 2- changes nonsupplant requirement. Low-wealth funding traditionally comes with a directive that the funds not be used in place of local current expense appropriations (nonsupplant requirement). Traditional formula for calculating whether this provision has been violated was to use the *county's local current expense appropriations* as the baseline funding source over the prior 3 fiscal years (the lookback period) and determine whether existing local current expense appropriations fell below 95% of that figure. The traditional language is changed to make *local expenditures* (from the LEA) the baseline funding source during the lookback period.* Also requires the SBE to make rules (not a policy) to implement nonsupplant requirements.

****Technical corrections bill (HB 112) removed this provision and returned to traditional formula making local current expense appropriations the baseline funding source for the lookback period.***

Section 8.4 Small School System Supplemental Funding (SSSF)

Establishes funding formula for Small County Supplemental Funding allotment and details expenditure requirements. Retains eligibility criteria and funding formula from previous years for 2013-14 fiscal year, except hold harmless provision applies only for the 2013-14 fiscal year (was, for seven years).

Restructures the funding formula and eligibility criteria for the 2014-15 fiscal year as follows:

- ADM eligibility cap set at 3,200 for all school systems within the LEA (was, 3,175 to 4,080).
- Sets each LEA's maximum allowable allotment at \$2,094 per student.
- Funding formula established as follows:

LEA's allotment per student = Per Student Funding Factor ^(*) multiplied by LEA's ADM

^(*) per student funding factor calculated as follows:

- (1) Divide ADM of LEA by 3,200
- (2) The number 1 minus the figure arrived at in step (1)
- (3) The figure arrived at in step (2) multiplied by \$2,094

- Gradually phases-out LEAs newly ineligible for SSSSF funding in 2014-15 fiscal year under the new formula. Funding for such LEAs is to be reduced in equal increments in each of the 5 years following LEA ineligibility.

- Provides that allotments for those LEAs that are still eligible but subject to reduced funding will not be decreased in any fiscal year by more than 20% of the 2013-14 fiscal year allotment.
- Changes nonsupplant requirement. Funding traditionally comes with a directive that the funds not be used in place of local current expense appropriations (nonsupplant requirement). Traditional formula for calculating whether this provision has been violated was to use the *county's local current expense appropriations* as the baseline funding source over the prior 3 fiscal years (the lookback period) and determine whether existing local current expense appropriations fell below 95% of that figure. The traditional language is changed to make *local expenditures* (from the LEA) the baseline funding source during the lookback period.* Also requires the SBE to make rules (not a policy) to implement nonsupplant requirements.

**Technical corrections bill (HB 112) removed this provision and returned to traditional formula making local current expense appropriations the baseline funding source for the lookback period.*

Section 8.5 Disadvantaged Student Supplemental Funding

Establishes funding formula and expenditure obligations for Disadvantaged Student Supplemental Funding allotment. Tracks language from previous years.

Section 8.6 Budget Reductions/Department of Public Instruction

Authorizes DPI, after consultation with the Office of State Budget and Management and the Fiscal Research Division, to reorganize if necessary to implement required budget reductions.

Section 8.7 Litigation Reserve Funds

Allows SBE to expend up to \$500,000 in each year of the fiscal biennium from unexpended licensed employees' salary monies to pay litigation expenses.

Section 8.8 Uniform Education Reporting System (UERS) Funds

Provides that UERS appropriations shall not revert at the end of the 2012-13 fiscal year or the 2013-15 fiscal biennium.

Effective June 30, 2013.

Section 8.9 Revise NC Virtual Public Schools (NCVPS) Cost Calculation Date

Shifts from February 21 to February 28 the date by which SBE is to annually calculate the actual instructional cost/actual NCVPS enrollment for LEAs and charter schools for purposes of adjusting projected cost assessments under the NCVPS funding formula.

Section 8.10 NC Center for the Advancement of Teaching

Declares the General Assembly's intent to systematically review NCCAT to determine action to be taken on the program and enumerates required reports NCCAT must submit for legislative review.

Section 8.11 School Bus Replacement

Puts into statute criteria qualifying school buses for State-funded replacement, nullifying DPI Transportation Services Section guidelines. Qualifies school buses for State-funded replacement

upon reaching 250,000 miles of operation *or* 20 years old by model year (previous DPI guidelines were 200,000 miles *or* 20 years).

Exempts the following categories of buses from State-funded replacement, even if otherwise eligible:

- Buses of any model year operated for less than 150,000 miles.
- Buses less than 15 years old by model year until operated for at least 300,000 miles.

Authorizes SBE to replace up to 30 buses annually due to safety concerns regarding the bus or mechanical or structural problems that would place an undue burden on the LEA.

Grants \$2,000 incentive payments to an LEA at the beginning of each school year for each replacement-eligible bus that it continues to operate until the bus reaches 23 years old by model year. Funds may be used for additional maintenance costs for high-mileage buses or for any other school purpose.

Requires safety concerns to be highest priority in SBE determinations of which school buses are to be replaced with State-funds.

Limits to the 2013-15 fiscal biennium, LEA authority to request that State funds be used to replace: (1) all buses that are 20 years old by model year; and (2) all other buses eligible for replacement under new statutory criteria.

G.S. 115C-249.

Section 8.13 EVAAS School Performance Grades

Exempts SBE development of A-F school performance grades from requirements established elsewhere in the budget regarding State IT contract review.

Section 8.14 LEA Budgetary Flexibility

Broadens transferability of State funds between allotment categories and LEA use of State funds by eliminating statutory restrictions, thus making them permanent. New allowances are as follows:

- Lifts restrictions on transferability of classroom teacher funds.
- Lifts restrictions on transferability of teacher assistant funds.
- Makes permanent the following transferability restrictions which had been temporarily frozen in recent years:
 - Classroom materials/instructional supplies funds;
 - Textbook funds;
 - Noninstructional support personnel funds; and
 - LEP funds.
- Lifts restrictions on transferability of driver's education funds.
- Lifts restrictions on transferability of Academically or Intellectually Gifted funds.
- Lifts restrictions on transferability of At-Risk student funds.
- Retains the following restrictions:

- Transfers of funds for exceptional children, CTE, and other purposes will be limited by federal law and SBE policy to ensure compliance with federal regulations.
- Transfers into central office administration prohibited.
- Classroom teacher positions may be converted to international exchange teachers at the statewide average salary average.

Incorporates the following restrictions into statute:

- Dollar equivalent value of funds received for conversions of classroom teacher and instructional support personnel positions shall be the A-00 step of the classroom teacher salary schedule instead of statewide average salary (had been set at A-00 step in 2012-13).
- Dollar equivalent value of funds received for conversions of principal positions shall be the first step of the PIII schedule and for assistant principals shall be AP00 instead of statewide average salary (had been set at these levels in 2011-12 and 2012-13).
- Funds to carry out the Excellent Public Schools Act of 2012 shall not be transferred.
- Certified position allotments shall not be converted to dollars in order to hire the same type of position.

Creates budgetary public disclosure requirements for LEAs. Obligates LEAs to publish by October 15 of each year the following information on its Web site:

- A description of each PRC, written in “plain English,” and a summary of the prior fiscal year’s expenditure of State funds within each PRC.
- A description of each PRC object code, written in “plain English,” and a summary of prior fiscal year’s expenditure of State funds for each object code.
- A description of each allotment transfer that increased or decreased the initial allotment amount by more than 5% and the educational priorities that necessitated the transfer.

G.S. 115C-105.25.

Section 8.15 Residential Schools

Gives certain directives to DPI regarding transfer of positions and use of lease proceeds from residential schools.

Section 8.16 Excellent Public Schools Act/Summer Reading Camps

Provides that fiscal biennium appropriations for summer reading camps shall not revert at the end of each fiscal year but shall remain available until expenditure.

Section 8.17 Participation in Communities in Schools Learning Initiative

Encourages student participation in Harvard University’s READS for Summer Learning initiative. Describes the initiative’s purposes and goals. Exempts grade 3 students reading below grade level at the end of the 2013-14 school year who enroll in the READS initiative from the mandatory retention requirements that would otherwise apply. Provides that any student participating in the READS initiative and in need of more intensive intervention shall be placed in a summer reading program as determined by the LEA and as approved by the child’s parent/guardian.

Section 8.18 Instructional Improvement System

Declares the General Assembly's intent to make the optional portions of the Home Base Instructional Improvement System receipt-supported. Directs SBE to establish a cost no greater than \$4.00 per ADM for the optional portion which may be covered by corresponding LEA-identified reductions to State allotments.

Effective July 1, 2014.

Section 8.19 Study of GPA Calculations

Directs the Joint Legislative Education Oversight Committee to conduct a study on SBE's policy on calculating weighted GPA and class rank and report the results prior to the 2014 short session.

Section 8.20 Regional School Boards

Changes appointing authority for boards of regional schools. The board of directors for the chamber of commerce of the regional school's county replaces the Economic Development Regional Partnership as appointing authority. Requires that no less than one-half of the regional school's board be chamber of commerce appointees.

G.S. 115C-238.63(a).

Section 8.21 Teach for America Expansion and NC Teacher Corps

Instructs Teach for America, Inc. (TFA) to use a portion of the funds available to it for the 2013-15 fiscal biennium (\$5,100,000 each fiscal year) to recruit, train, support, and retain teachers to work in North Carolina public schools.

Directs TFA to establish a program in the Piedmont Triad region with a goal of recruiting at least 50 candidates in 2013-14 to begin teaching in the 2014-15 school year and to expand its current program in the southeast region of NC with a goal of recruiting at least 50 candidates to begin teaching in the 2013-14 school year. Also requires a goal of 175 candidates for the southeast and northeast regions combined beginning with the 2013-14 school year.

Requires TFA to also:

- Develop and establish a new program to increase North Carolina resident candidate recruitment.
- Develop and establish 2 new programs to increase the number of candidates who remain working in North Carolina public schools beyond their initial commitment utilizing innovative strategies that engage TFA participants, local school board members, and school administrators.
- Increase targeted recruitment efforts of candidates with specified backgrounds.
- Document and report specified information to legislative branch.
- Use a portion of appropriated funds to administer NC Teacher Corps beginning with the 2014-15 fiscal year pursuant to a contract with SBE effective July 1, 2014 (provides corresponding statutory authorization for SBE to contract NC Teacher Corps administrative responsibilities to a third-party entity).

G.S. 115C-296.7.

Section 8.22 Phase Out Certain Teacher Salary Supplements

Disqualifies classroom teachers and instructional support personnel from the Master's Degree salary schedule and 6-year degree salary supplements beginning in the 2014-15 school year. Grandfathers classroom teachers and instructional support personnel who received either supplement prior to the 2014-15 school year. Retains these salary supplements for *certified nurses* and *instructional support personnel in positions for which a master's degree is required for licensure*.

Section 8.23 Public-Private Partnerships for the Read to Achieve Program

Directs LEAs to consider utilizing public-private partnerships as specified in implementing their program responsibilities through the Read to Achieve K-3 Literacy program.

Section 8.25 Investing in Innovation Grant

Reauthorizes certain LEAs to participate in the Investing in Innovation Grant program under the same terms and conditions as established in 2012 budget. Removes Sampson County and adds Warren County as a school district authorized to participate.

Section 8.27 Broaden Successful Participation in Advanced Courses

Declares the State's intent to enhance accessibility and encourage students to enroll in and successfully complete more rigorous advanced courses (Advanced Placement and International Baccalaureate) to enable success in postsecondary education for all students.

Exempts students enrolled in AP/IB courses from paying course exam fees beginning in the 2014-15 school year and appropriates State funds to LEAs to cover exam fees (\$10.8 million beginning in 2014-15). Establishes requirement that eligible secondary students be encouraged to enroll in advanced courses and outlines methods of identifying student advanced course preparation level.

Obligates school boards to provide students and parents with information regarding available opportunities and the enrollment process for students to take advanced courses; such information must incorporate an explanation of the value of advanced courses in (i) preparing students for postsecondary level coursework (ii) enabling students to gain access to postsecondary opportunities and (iii) qualifying for scholarships and other financial aid opportunities. Requires school boards to ensure that all high school students have access to advanced courses in English Language Arts, Math, Science, and Social Studies. Qualifies courses offered through or approved by NCVPS as meeting access requirements. Directs SBE to seek a partner to assist in providing professional development, implementation consulting, and other areas. Establishes SBE reporting requirements.

Prescribes that students in grades 8-10 completing Algebra I shall have the opportunity to take the PSAT or ACT (was, PSAT only) at no cost to the student.

Adds AP/IB course participation and exam participation and performance as an indicator on annual high school report cards.

Except for exam fee exemption, provisions become effective beginning with the 2013-14 school year.

G.S. 115C-12(9)c1., -83.4A, -174.18.

Section 8.28 Increase Successful Career and Technical Education (CTE) Participation

Requires SBE to establish, implement, and determine the impact of a CTE incentive program that supports students in earning industry certifications and credentials. Exempts students from paying fees for 1 administration of exams leading to industry certifications and credentials (SBE to adopt governing rules). Instructs LEAs to consult with local industries, employers, and workforce development boards to identify industry certification and credentials the LEA may offer to best meet State and local workforce needs. Establishes SBE reporting requirement.

Effective beginning with the 2013-14 school year.

G.S. 115C-12, -156.2.

Section 8.29 Opportunity Scholarships

Awards school vouchers (entitled Opportunity Scholarships) of up to \$4,200 per year beginning in 2014-15 to eligible students to cover expenses associated with attendance at a nonpublic school (defined as various types of private schools meeting the requirements of Part 1 or Part 2 of Article 39 of Chapter 115C).

Student Eligibility Requirements in 2014-15

Establishes 2 criteria that must be met to qualify a student for a voucher in 2014-15.

1. Income Criteria
 - Student must reside in a household with income no greater than the free and reduced price lunch service qualifying level (approximately \$43,568 for family of four based on 2013-14 levels).
2. Schooling Criteria
 - Student must be a full-time student who has not yet received a high school diploma and is assigned to and attending a public school during the 2014 spring semester.

Student Eligibility Requirements in 2015-16 and Thereafter

Establishes 3 criteria that must be met to qualify a student for a voucher in 2015-16 and thereafter.

1. Income Criteria
 - Student must reside in a household with income no greater than 133% of the free and reduced price lunch service qualifying level (approximately \$57,933 for family of four based on 2013-14 levels).
2. Categorical Criteria
 - Student must fall into *at least one* of the following categories:
 - A full-time student assigned to and attending a public school during the previous semester.
 - A student entering kindergarten or grade 1.
 - A student who received a voucher during the previous school year.
 - A student who is in foster care.
 - A student who was recently adopted.
3. Diploma Criteria
 - Student must *not* have received a high school diploma.

Voucher Value

Sets voucher value at exactly \$4,200 per year for students residing in a household with income no greater than free and reduced price lunch service qualifying level.

Sets voucher value at not more than 90% of the nonpublic school's tuition and fees, up to \$4,200 per year, for students residing in a household with income from 101% to 133% of the free and reduced price lunch service qualifying level.

Selection Procedure

Requires that the State Education Assistance Authority (SEAA) make voucher applications available to eligible students by February 1 of each year (beginning in 2014). Requires SEAA to award vouchers beginning March 1 according to the following procedure:

- First priority to applicants who received a voucher the previous year.
- Second priority awards, once all prior recipients have received awards, shall be as follows:
 - At least 50% directed to eligible students from families that qualify for free and reduced lunch services.
 - No more than 35% to go to eligible students entering kindergarten or first grade.
 - Any other remaining funds shall be used to award vouchers to all other eligible students.

Directs SEAA to allow a voucher student to enroll in a different nonpublic school and remain eligible. Tasks SEAA with developing rules and regulations for administration, verification, and selection.

Procedure and Timeline for Annual LEA Reduction of Funding

September 1 – Deadline for SEAA to report to DPI a list of the number and names of students who have accepted vouchers for the current school year and who were enrolled the prior semester in a public school.

September 15 - SBE must calculate the funding reduction for LEAs from which voucher students departed according to the following formula:

Number of the LEA's prior semester students who received vouchers for the current school year multiplied by the LEA's per pupil State ADM allocation

October 1 – Each LEA targeted for reductions must identify specific line-item reductions to DPI.

*Across-the-board ADM reduction budgeted for 2014-15 at \$11.8 million. First round of specific LEA reductions according to the above procedure will occur in fall 2014.

Obligations of Private Schools Accepting Voucher Students

Delineates obligations of private schools accepting voucher students as follows:

- Provide to the SEAA documentation for required tuition and fees charged.
- Conduct a criminal background check on the staff member with the highest decision-making authority.
- Provide to parents of voucher students annual written progress reports, including any standardized test scores.

- Administer to voucher students at least once a year a nationally standardized assessment or other nationally standardized equivalent measurement selected by the CAO of the school. Competencies in at least English grammar, reading, spelling, and mathematics must be measured by the assessment. Protects assessment performance data from public disclosure.
- Submit to the SEAA the graduation rates of voucher students.
- If accepting more than \$300,000 in aggregate voucher awards in a school year, contract with an independent certified accountant to perform a financial review, consistent with generally accepted account principals

Enrollment of more than 25 voucher students triggers report to SEAA on aggregate standardized assessment scores of voucher students. Allows for public inspection of aggregate assessment results submitted to SEAA excluding personally identifiable student data.

Other Provisions

Requires program reports submitted to the legislative branch.

Expands agencies authorized to accredit nonpublic schools from the Southern Association of Colleges and Schools to any national or regional accrediting agency. Clarifies that vouchers provided to a nonpublic school are not considered State funds for the purposes of qualifying a school as nonpublic.

Effective beginning with the 2014-15 school year.

G.S. 110-86(2); 115C-562.1 through 562.8, -555; 116-204.

Section 8.30 Repeal Requirement That Schools Provide Reading Workshops for Parents of Students Who Have Been Retained

Repeals statutory provision as section title indicates.

G.S. 115C-83.8(d).

Section 8.31 Task Force to Study Teacher and School Administrator Effectiveness and Compensation

Creates a task force with the responsibility of making recommendations on (i) whether a statewide model of incentives should be established to encourage the recruitment and retention of highly effective educators and (ii) to consider the transition to an alternative compensation system for educators. Findings and recommendations are to be provided to the 2014 GA short session no later than April 15, 2014 (any recommended legislation would be eligible for consideration in that session). Enumerates factors the task force is required to consider in recommendation development.

Structures the Task Force as follows:

9 appointees of the House Speaker-

- 4 members of the House of Representatives at the time of appointment, at least 2 of whom must represent the minority party.
- 1 DPI representative.
- 1 classroom teacher recommended by the North Carolina Association of Educators.

- 1 school principal, as recommended by the North Carolina Association of School Administrators.
- 1 representative of a North Carolina institution of higher education that offers a teacher education program and a master's degree program in education or school administration.
- 1 representative from the Professional Educators of North Carolina.

9 appointees of the Senate President Pro Tempore:

- 4 members of the Senate at the time of appointment, at least 2 of whom represent the minority party.
- 1 local school board member.
- 1 parent of a public school student.
- 2 classroom teachers.
- 1 school system superintendent or public school principal.

Prescribes rules for task force administration, organization, and compensation. Dissolves the task force on April 15, 2014, or upon the filing of its final report, whichever occurs first.

Section 8.34 Education and Workforce Innovation Program

Initiates the NC Education and Workforce Innovation Program that will award competitive grants to individual schools, LEAs, and regional partnerships to advance comprehensive, high-quality education to equip teachers with the knowledge and skill required to succeed with all students. Outlines application and other requirements to be eligible for grants. Grant awards are to be accompanied by a match of 25% local funds and 25% private funds to cover total program costs.

Creates the NC Education and Workforce Innovation Commission to develop and administer the program and provide reports to legislative branch. Commission membership shall include gubernatorial and legislative branch appointees as well as the SBE Chair and the Superintendent of Public Instruction. Program administration shall be done in close collaboration with the North Carolina New Schools.

Section 8.35 School Psychologists, School Counselors, and School Social Workers

Establishes new statutory prescriptions regarding assignment of duties to school counselors.

Requires no less than 80% of school counselor work time be spent providing *direct services* to students and an adequate portion of the remainder be spent on *school counseling program support activities*. Forbids school counselor coordination of standardized testing from being considered either a *direct service* or *school counseling program support activity* but allows counselors to assist with coordination of testing.

Describes activities constituting *direct services* as follows:

- Delivering the school guidance curriculum through large group guidance, interdisciplinary curriculum development, group activities, and parent workshops.
- Guiding individual student planning through individual or small group assistance and individual or small group advisement.

- Providing responsive services through consultation with students, families, and staff; individual and small group counseling; crisis counseling; referrals; and peer facilitation.
- Performing other student services listed in DPI's school counselor job description.

Lists examples of school counseling program support activities as: professional development; consultation, collaboration, and training; and program management and operations.

Requires all local school boards to develop transition plans for implementing established school counselor work time requirements *within existing resources* by reassigning duties within their schools, effective immediately. Charges SBE with developing and distributing implementation guidelines to all LEAs.

G.S. 115C-316.1.

Section 8.36 Grants for School Resource Officers in Elementary and Middle Schools

Authorizes recurring funding stream of State grants to LEAs, charter schools, and regional schools to fund SROs in elementary and middle schools (\$7 million total in recurring appropriations). Directs that every \$2.00 in State SRO grants is to be matched by \$1.00 in local funds and shall be used to supplement and not supplant State, local, and federal funds for SROs. Funds may be used for employment and/or training of SROs in elementary and middle schools. Requires any training using the grants to include instruction on research into the social and cognitive development of elementary school and middle school children.

Instructs SBE to include need-based considerations in its grant award criteria.

Section 8.37 Panic Alarm Systems

Establishes recurring funding stream of State grants to LEAs, charter schools, and regional schools to fund panic alarm systems (\$2 million total in recurring appropriations). Directs that every \$1.00 in State grants is to be matched by \$1.00 in local funds and shall be used to supplement and not supplant State, local, and federal funds for panic alarm systems.

Changes local school board adoption of an emergency response plan relating to incidents of school violence from a permissive option to an *affirmative requirement*. Prescribes that by July 1, 2015, every public school shall have a panic alarm system that connects with the nearest local law enforcement agency in the local school board's required emergency response plan.

Instructs SBE to include need-based considerations in its grant award criteria.

G.S. 115C-47(40).

Section 8.38 School Safety Exercises

Encourages LEAs to hold a full systemwide school safety and school lockdown exercise every 2 years with the local law enforcement agencies that are part of the school board's emergency response plan.

Provides that as part of each local school board's emergency response plan, each school is encouraged to hold an annual full schoolwide school safety and lockdown exercise with local law enforcement agencies.

G.S. 115C-105.49

Section 8.39 Schematic Diagrams of School Facilities

Instructs each LEA that maintains schematic diagrams of its school facilities to provide them to local law enforcement agencies beginning with the 2013-14 school year. Schematic diagram updates must be provided to local law enforcement agencies when substantial modifications such as new facilities or modifications to doors and windows are made to school facilities. Requires the LEA to provide keys to the main entrance of all school facilities to local law enforcement agencies.

Directs each LEA that *does not* maintain schematic diagrams of its school facilities to report to DPI by March 1, 2014, on whether it intends to prepare schematic diagrams of its school facilities to provide to local law enforcement agencies and if any obstacles exist in the preparation thereof.

Encourages all LEAs to prepare schematic diagrams and provide keys to the main entrance of all school facilities to local law enforcement agencies prior to the beginning of the 2014-15 school year.

Allows DPI to develop standards and guidelines to assist LEAs.

Protects schematic diagrams from public disclosure requirements under public records law.

Section 8.40 Anonymous Tip Lines

Encourages each LEA to operate an anonymous tip line to receive information on internal or external risks to schools and school-related activities.

G.S. 115C-105.51.

Section 8.41 School Safety Component of School Improvement Plans

Reorganizes school improvement plan/team statute.

Clarifies that school improvement team meetings are subject to open meetings law but requires closed session deliberations on the school safety components of the school improvement plan (SIP). Assigns responsibility for ensuring these requirements are met to school principal.

Subjects the SIP to public record laws but protects from public disclosure the SIP's school safety components. Requires posting on the school's Web site of the school improvement team members' names, position, and date of election to the team.

Establishes procedure for superintendent and local school board review of SIP school safety components. Superintendent must review SIP school safety components and make written recommendations thereon to the local school board. Before voting on any SIP, the local school board shall go into closed session to review the school safety components. The school board

shall make findings on the safety components. Provides that the SIP school safety component and the school board's findings thereon are not to be included in the board minutes.

Encourages any employee, parent, or other interested individual or organization to provide written or other notification to the superintendent of any concerns with compliance with the school improvement plan/team statutory requirements. Directs the superintendent to make a good faith effort to investigate the concern so noted and, upon request provide a written response.

Amends statutorily permitted purposes of closed sessions to provide legal authority for local school boards and school improvement teams to hold closed sessions for formulation and adoption of SIP school safety components.

Effective beginning with the 2013-14 school year.

G.S. 115C-105.27; 143-318.11(a)(8).

Section 8.42 Crisis Kits

Authorizes DPI to adopt policies on the placement of school crisis kits and the contents of the kits. Permits the principal of each school, in coordination with the local law enforcement agencies that are part of the emergency response plan, to place 1 or more crisis kits at appropriate locations in the school.

G.S. 115C-105.52.

Section 8.43 School Safety for Charter Schools and Regional Schools

Establishes provisions as title indicates.

G.S. 115C-238.29F, -238.66.

Section 8.44 Emergency and Crisis Training

Encourages the Dept. of Public Safety, through the NC Center for Safer Schools and in conjunction with DPI, to develop school emergency and crisis training modules for school employees and provide them to schools as soon as practicable.

Section 8.45 Volunteer School Safety Resource Officer Program

Permits local school boards to enter into an agreement with the local sheriff, chief of a local police department, or chief of a county police department to provide security at the schools through assignment of a *volunteer school safety resource officer*. Authorizes those law enforcement agencies to establish a volunteer school safety resource officer program.

Provides that volunteer SROs are to be nonsalaried special deputies and have prior experience as either (i) a sworn law enforcement officer or (ii) a military police officer with a minimum of two years' service (and an honorable discharge if no longer serving). Obligates program volunteers to undergo training on research into the social and cognitive development of elementary, middle, and high school children and meet any additional criteria and selection standards established by the sheriff or police chief. Forbids assignment of a program volunteer who has not updated or renewed their law enforcement training nor been certified by the North Carolina Sheriff's Education and Training Standards Commission as meeting the educational and firearms proficiency standards required of persons serving as special deputy sheriffs. Exempts volunteer

SROs from physical standards required by the Commission but requires administration of a standard medical exam to ensure good health.

Makes the employing law enforcement official the authority to whom volunteer SROs must report. Vests the employing law enforcement official with powers of volunteer SRO supervision and assignment.

Grants the power of arrest to volunteer SROs while performing official duties. Exempts volunteer SROs from criminal prohibitions on firearm/weapon possession or carrying on educational property so long as the person is acting in the discharge of official duties and is on the educational property of their assigned school.

Specifies additional criteria and standards that must be met regarding the volunteer's updating or renewal of law enforcement training and certification of the volunteer's meeting of educational and firearms proficiency standards.

Establishes liability and legal action immunity for a volunteer SRO, a sheriff or police chief, employees of the sheriff or police chief supervising a volunteer SRO, and the public school system and its employees for any good-faith action taken in the performance of their duties associated with an established volunteer school safety resource officer program.

Effective December 1, 2013.

G.S. 14-269.2(a) and (g); 115C-47(61); 160A-282(c), -288.4; 162-26.

Section 8.46 Information Technology Oversight Capacity

Establishes certain requirements for DPI regarding its information technology oversight capacity.

Section 8.48 Study Virtual Charter Schools

Instructs SBE to study and determine needed modifications regarding virtual charter school authorization and oversight in the state. Issues to be studied shall include: virtual charter school application requirements, enrollment growth, and funding allocations. Requires SBE to prepare its recommendations in the form of draft rules and proposed statutory changes presented to the Joint Legislative Education Oversight Committee by February 1, 2014 (proposed legislation would be eligible for consideration during the 2014 session).

**SBE passed a policy in January 2013 governing virtual charter schools that has been submitted to the Rules Review Commission.*

Clarifies that the directive is not to be construed to affect litigation pending as of the date of the provision's enactment.

Section 8.49 Pilot Program to Raise the High School Dropout Age from Sixteen to Eighteen

Upon receipt of a joint resolution adopted by the boards of education for the Hickory Public Schools and the Newton-Conover City Schools, requires SBE to authorize both school systems to establish and implement a pilot program to increase the compulsory attendance age from 16 to 18 years of age, unless the student has previously graduated from high school. Allows both LEAs to utilize any existing funds to implement the pilot program through employment of up to 3 additional teachers and fund additional student-related costs. The LEAs may also utilize any

funds to operate a night school program for at-risk high school students. To the extent possible, the LEAs are to partner with Catawba Valley Community College.

Enumerates specific reporting requirements for the LEAs due to the Joint Legislative Education Oversight Committee, the House Appropriations Subcommittee on Education, and the Senate Appropriations Committee on Education/Higher Education on or before January 1, 2016.

PART IX – THE EXCELLENT PUBLIC SCHOOLS ACT OF 2013

Section 9.1 State Employee Literacy Volunteer Time

Establishes a leave program for State employees by which up to 5 hours each month may be taken for volunteering in a public school literacy program. Assigns development of governing policies and rules to the State Personnel Commission.

Section 9.2 Maximize Instructional Time

Prescribes rules governing final exam testing window. For year-long courses, all State assessments and other final exams shall be administered within the final 10 instructional days. For semester-long courses, all State assessments and final exams shall be administered within the final 5 instructional days. Provides exceptions to accommodate an IEP and section 504 plans and for the administration of final exams for courses with national or international curricula required to be held at designated times.

Removes school improvement team authority to conduct a vote on participating in more than 2 field tests per year.

Effective beginning with the 2013-14 school year.

Section 9.3 Strengthen Teacher Licensure and Modify Licensure Fees

Abolishes statutorily designated fees for various types of licensure applications and instead vests SBE with discretion to set these fees. Makes changes to some initial test score requirements.

Effective with the 2013-14 school year, increases CEUs necessary for teacher licensure renewal from 7.5 to 8, with 3 required to be in the teacher's specific subject area (currently, 1 CEU required in this area). Effective with the 2014-15 school year, requires licensure renewal standards for elementary and middle school teachers shall also include at least 3 CEUs related to literacy. Literacy renewal CEUs shall include evidence-based assessment, diagnosis, and intervention strategies for students not demonstrating reading proficiency. Describes oral language, phonemic and phonological awareness, phonics, vocabulary, fluency, and comprehension as areas that must be addressed in literacy-related activities leading to license renewal for elementary school teachers. Provides that for teachers who are in their 4th or 5th year of their current license renewal cycle, the changes shall apply beginning with the first year of their next renewal cycle.

Incorporates into statute a requirement beginning 2014-15 school year that K-6 and special education general curriculum teachers achieve a prescribed minimum score on subtests or standard examinations specific to teaching reading and mathematics.

Makes other changes and directives regarding teacher licensure and teacher education program statutes.

G.S. 115C-296.

Section 9.4 School Performance Grades

Delays incorporation of A-F school performance grades into report cards by 1 school year. A-F school performance grades will be incorporated into 2013-14 school report cards (to be issued no earlier than August 1, 2014).

Repeals A-F school performance grade calculation formula established in 2012. Establishes new formula for calculating grades as follows.

School Achievement Score

Creates a *school achievement score* component of a school's grade calculation. The school achievement score shall be derived by first adding the totals of whichever of the following performance composites apply in the school:

- Percent of students scoring at or above Level 3 on Grades 3-8 EOG Mathematics Assessments.
- Percent of students scoring at or above Level 3 on Grades 3-8 EOG ELA/Reading Assessments.
- Percent of students scoring at or above Level 3 on Grades 5 and 8 Biology Assessments.
- Percent of students scoring at or above Level 3 on Algebra I/Integrated Math I EOC Assessment.
- Percent of students scoring at or above Level 3 on English II EOC assessment.
- Percent of students scoring at or above Level 3 on Biology EOC assessment.
- Percent of students successfully completing Algebra II or Integrated Math III.
- Percent of 11th grade students scoring at 17 or above on the ACT (the minimum score required for admission into a UNC constituent institution on a nationally normed test of college readiness).
- Percent of CTE students who achieve a Silver Certificate or above on ACT WorkKeys.
- Percent of students who graduate in 4 years.

Once the total performance points are added, they will be converted to a corresponding 0-100 point scale (by dividing the total performance point score by the number of applicable indicators) to derive the school's school achievement score.

School Growth Score

Creates a *school growth score* component of the school performance grade. The school growth score shall be derived by weighting growth on the delineated school achievement indicators that have available growth values (EOGs and EOCs). Numerical values used to determine whether a school has exceeded, met, or not met expected schoolwide growth shall be translated to a 100-point scale and used for calculating the school growth score. Provides that school report cards shall have a section designating the school as having exceeded, met, or not met growth.

Total School Performance Score

Total school performance score calculated according to certain contingencies.

- School does not meet or exceeds expected growth: total school performance score shall incorporate a weighted combination of both components, with the school achievement score to account for 80% and the school growth score to account for 20%.
- School meets expected growth and achieves 80% or higher school achievement score composites: total school performance score shall equal the school achievement score.
- School meets expected growth and achieves 79% or lower school achievement score: total school performance score shall incorporate a weighted combination of both components, with the school achievement score to account for 80% and the school growth score to account for 20%.

Performance score will be converted to a corresponding 0-100 point scale by the SBE which will subsequently determine the school's letter grade according to the following scale:

90-100 = A
80-89 = B
70-79 = C
60-69 = D
0-59 = F

Other Provisions

Requires the school achievement scores for math and reading EOGs to be reported separately on the report card for schools serving grades K-8.

Retains existing requirement established in 2012 budget bill that the report card for schools serving 3rd grade students will contain information on the number and percentage of 3rd grade who are retained or promoted based upon reading performance.

Effective beginning with the 2013-2014 school year.

G.S. 115C-12(9)c1, -12(24), -83.11.

Section 9.5 Pay for Excellence

Declares the GA's intent that, when a robust evaluation instrument and process that accurately assesses and evaluates the effectiveness of teachers, especially in the area of student growth, is wholly implemented in North Carolina, the evaluation instrument and process will be utilized in the implementation of a performance pay plan for teachers.

Section 9.6 Teacher Contracts

Repeals existing teacher employment statute G.S. 115C-325, enacts new statutory provisions governing teacher employment, and abolishes career status designation for teachers.

I. Implementation Provisions

August 1, 2013

Currently employed teachers who have not attained career status prior to the 2013-14 school year (probationary teachers in the pipeline) cannot attain it during the 2013-14 school year and cannot attain it in the future.

New teachers, currently employed probationary teachers, and transfers from other districts who have not attained career status will follow old legal procedures for mid-year dismissals, demotions, etc. until July 1, 2014. Procedures for nonrenewal will also follow old law except there will be no right to a board hearing (due to the elimination of career status).

Provisions of the old law (G.S. 115C-325) continue to apply to career status teachers.

September 1, 2013 - June 30, 2014

Superintendents must review performance and evaluations of all teachers who have been employed by their local school board for at least 3 consecutive years (both career status teachers and non-career status teachers).*

**Note that there will be some career status teachers who will not qualify to be part of this group.*

Each superintendent must recommend 25% of this reviewed group as candidates to receive 4-year employment contracts governed by the new teacher employment law. No teacher may be recommended for a 4-year contract unless that teacher has shown effectiveness as demonstrated by proficiency on the educator evaluation instrument. The local school board must review the recommendations and can approve them or select other teachers as part of the 25% to offer 4-year contracts. Contract offers must be made and accepted no later than June 30, 2014.

Teachers accepting 4-year contracts will voluntarily relinquish career status or any claim of career status and will receive a \$500 compounded annual pay raise for each year of the contract.*

**Example: teacher base salary in 2013-14 is \$30,000 and the teacher is offered and accepts a 4 year contract; teacher's base salaries in the subsequent years would be \$30,500 in 2014-15, \$31,000 in 2015-16, \$31,500 in 2016-17, and \$32,000 in 2017-18 and moving forward.*

\$10.2 million in State funds are appropriated to fund the annual pay increases for the 4-year contract teachers.

The 4-year contract period will be July 1, 2014 – June 30, 2018 and mid-contract actions taken by the superintendent and local school board shall follow the procedures established through the new teacher employment law.

July 1, 2014 – June 30, 2018

Teachers who have accepted 4-year contracts are employed subject to the new teacher employment law.

Career status teachers reviewed but *not* offered 4-year contracts and those who reject 4-year contract offers retain career status and *all provisions of the old law will continue to apply to them.*

Teachers who: (a) had been teaching prior to August 1, 2013; (b) had not attained career status prior to 2013-14; and (c) were not chosen for 4-year contracts above can only be offered contracts of 1 year in length; all other aspects of their employment shall be governed by the terms of the new teacher employment law.

All new teachers hired during this time are employed through the new employment law but *can only be employed through 1 year contracts.*

July 1, 2014: Career status is permanently eliminated for those principals who had earned it prior to July 1, 1995, and had not relinquished it.

Noncertified employees lose the right to receive written reasons for dismissals, demotions, or suspensions without pay and lose the right to appeal these decisions to Superior Court.

July 1, 2018: Career status abolished for all teachers.

All teachers are employed through 1, 2, or 4 year renewable contracts subject to the new teacher employment provisions.

II. New Teacher Employment Law

Eliminates career status designation and associated employment protections for teachers.

Establishes system of teacher employment through renewable employment contracts of 1, 2, or 4 school years, during which term a teacher shall not be dismissed or demoted except upon prescribed grounds and procedures.

Requires contract term lengths for teachers employed by the same local school board for *less than 3 years* (0, 1, or 2 years) to be no greater than 1 school year (July 1 – June 30). Allows contract term lengths for teachers employed by the same local school board for *3 years or more* to be for 1, 2, or 4 school years at the local school board's discretion.

New and renewed teacher contracts must be offered upon recommendation of the superintendent and final vote of the local school board. Contract decisions shall be made as follows:

- A superintendent *intending to recommend* a new contract offer to a new teacher or a renewed contract offer to an existing teacher shall submit the recommendation, which shall also include a proposed contract term length, to the local school board for action. Forbids superintendents from recommending an existing teacher's contract be renewed for a term length of 2 or 4 years unless the teacher has shown effectiveness

as demonstrated by proficiency on the educator evaluation instrument. Allows the local school board to: (a) approve the superintendent's recommendation; (b) decline to offer the teacher a new or renewed contract; or (c) offer the teacher a renewed contract for a different term than recommended by the superintendent.

- A superintendent *intending to recommend nonrenewal* of an existing teacher's contract shall so notify the teacher via written notice no later than June 1.

Authorizes teacher recommended for nonrenewal to petition the local school board for a hearing regarding the superintendent's recommendation no later than 10 days after receipt of the intention to nonrenew notification.

Provides local school boards discretion as to whether to conduct such a hearing but requires notification to the teacher of the decision on the petition (no timeline given). Requires that any such hearings be conducted pursuant to the provisions of 115C-45(c) (appeals to the board of education and superior court).

Does not specify a certain date by which a contract offer vote must be taken by a local school board but does require boards to provide an existing teacher with notification of any nonrenewal decision no later than June 15 (same date for probationary teacher nonrenewal decisions), unless the teacher has submitted a hearing petition above, in which case the board shall provide the nonrenewal notification within 10 days of the hearing or such later date upon written consent of the superintendent and teacher. Contract nonrenewal decisions shall not be arbitrary, capricious, discriminatory, for personal or political reasons, or on any basis prohibited by State or federal law.

Provides that local school boards that acquire knowledge of a teacher who is continuing to teach in the school district because he/she failed to receive a contract nonrenewal notice must subsequently vote to either: (1) offer the teacher a contract valid through June 30 of the school year in which the error is discovered; or (2) dismiss the teacher (which shall be an at-will decision not subject to appeal) accompanied by the equivalent of 1 additional month's pay.

Allows for mutual modification of a teacher's employment contract to allow for part-time employment.

Grounds for Mid-Contract Dismissal or Demotion of Teacher for Cause

Enumerates allowable grounds upon which teachers may be dismissed, demoted, or reduced to part-time employment for disciplinary reasons during a contract term, which generally track those formerly applicable to mid-year probationary and career status teachers.

1. Inadequate performance.
 - Determinations of whether the professional performance of a teacher is adequate must give consideration to regular and special evaluation reports prepared in accordance with the published policy of the employing local school board and to any published standards of performance which shall have been adopted by the board.

- Inadequate performance shall mean: (i) failure to perform *at a proficient level on any standard* of the educator evaluation instrument; or (ii) otherwise performing in a manner that is below standard.
2. Immorality.
 3. Insubordination.
 4. Neglect of duty.
 5. Physical or mental incapacity.
 6. Habitual or excessive use of alcohol or nonmedical use of a controlled substance as defined by law.
 7. Conviction of a felony or crime involving moral turpitude.
 8. Advocating the overthrow of the government of the United States or of the State of North Carolina by force, violence, or other unlawful means.
 9. Failure to fulfill the duties and responsibilities imposed upon teachers or school administrators by North Carolina statutes.
 10. Failure to comply with such reasonable requirements as the local school board may prescribe.
 11. Any cause which constitutes grounds for the revocation of the teacher's teaching license or the school administrator's administrator license.
 12. Failure to maintain a teaching license in a current status.
 13. Failure to repay money owed to the State.
 14. Providing false information or knowingly omitting a material fact on an application for employment or in response to a preemployment inquiry.
 15. A justifiable decrease in the number of positions due to district reorganization, decreased enrollment, or decreased funding.

Procedure for Mid-Contract Dismissal or Demotion of Teacher for Cause

Establishes procedures for mid-contract teacher dismissal, demotion, or reduction to part-time employment for disciplinary actions.

- Standard for school board action mirrors that of dismissal/demotion/reduction in employment actions formerly applicable to career status teachers and mid-year probationary teachers (can only take action upon recommendation of the superintendent).
- Requirements for superintendent notice to teacher mirror those formerly applicable to career status teachers and mid-year probationary teachers.
- Teacher hearing request may only be directed to the local school board (eliminating hearing officers) within a 14 day window of receiving the superintendent's notice.
- If teacher submits a local school board hearing request:
 - Superintendent must submit the mid-contract dismissal/demotion/reduction action recommendation to the school board.
 - Within 5 days of receiving the superintendent's recommendation and before taking any formal action, the school board must:
 - set a time and place for the evidentiary hearing; and
 - notify the teacher by certified mail or personal delivery of the date, time, and place of the hearing.
 - School board must hold the hearing between 10 and 30 days after the board has notified the teacher, unless both parties agree to an extension.

- If the teacher does not submit a timely school board hearing request:
 - Superintendent may submit the recommendation to the school board.
 - School board may, if it sees fit, adopt a resolution:
 - Rejecting the superintendent's recommendation; or
 - Accepting or modifying the superintendent's recommendation and dismiss, demote, reinstate, or suspend the teacher without pay.

Hearings Before Board

Outlines the following procedural requirements for evidentiary hearings for mid-contract teacher dismissals, demotions, reductions to part-time employment, and disciplinary suspensions without pay before the local board. The procedures track those formerly required of hearing officer hearings and are enumerated as follows:

1. The hearing shall be private.
2. The hearing shall be conducted in accordance with reasonable rules adopted by the State Board of Education to govern such hearings.
3. At the hearing, the teacher and the superintendent shall have the right to be present and to be heard, to be represented by counsel, and to present through witnesses any competent testimony relevant to the issue of whether grounds exist for a dismissal, demotion, reduction to part-time employment for disciplinary reasons, or disciplinary suspension without pay.
4. Rules of evidence shall not apply to an evidentiary hearing, and the board may give probative effect to evidence that is of a kind commonly relied on by reasonably prudent persons in the conduct of serious affairs.
5. At least 5 days before the hearing, the superintendent shall provide to the teacher a list of witnesses the superintendent intends to present, a brief statement of the nature of the testimony of each witness, and a copy of any documentary evidence the superintendent intends to present.
6. At least 3 days before the hearing, the teacher shall provide the superintendent a list of witnesses the teacher intends to present, a brief statement of the nature of the testimony of each witness, and a copy of any documentary evidence the teacher intends to present.
7. No new evidence may be presented at the hearing except upon a finding by the board that the new evidence is critical to the matter at issue and the party making the request could not, with reasonable diligence, have discovered and produced the evidence according to the schedule provided in this section.
8. The board may subpoena and swear witnesses and may require them to give testimony and to produce records and documents relevant to the grounds for dismissal, demotion, reduction to part-time employment for disciplinary reasons, or disciplinary suspension without pay.
9. The board shall decide all procedural issues, including limiting cumulative evidence, necessary for a fair and efficient hearing.
10. The superintendent shall provide for making a transcript of the hearing. The teacher may request and shall receive at no charge a transcript of the proceedings.

Right of Appeal

Grants mid-contract teachers who went through the school board hearing process the right to appeal the local school board's decision on their dismissal, demotion, reduction to part-time employment, or disciplinary suspension without pay to the superior court. Requires such petitions be filed within 30 days. Sets the judicial review portion of the Administrative Procedures Act as the standard of review.

Clarifies the authority of the court in adjudicating an appeal of a school board mid-contract teacher employment action by providing that the court shall have authority to affirm or reverse the school board's decision or remand the matter but shall not have authority to award monetary damages or to direct the local school board to enter into an employment contract of more than one year, ending June 30.

Teacher Suspension

Recodifies and applies to all contracted teachers during the contract term the procedural requirements formerly applicable to career teachers and mid-year probationary teachers regarding suspensions without pay, disciplinary suspensions without pay, and suspensions with pay.

Teacher Resignations

Recodifies existing law regarding procedures and requirements for teacher resignations. Applies to all contracted teachers who have been recommended for dismissal.

Personnel Files

Retains existing requirements that each superintendent maintain a personnel file in his/her office for each teacher containing commendations, complaints, or suggestions for improvement. Retains existing law regarding: procedure for placing commendations, complaints, or suggestions into the file; teacher petitions for local board hearings on removing information; inspection of personnel files by the teacher; access to personnel files by other persons in accordance with local board rules and regulations; and separate files for preemployment information.

Prohibits evidentiary use of preemployment data in dismissal/demotion hearings pursuant to new statute, except allows for such data to substantiate grounds 7 and 14 for demotion/dismissal above.

School Administrator Contracts

Eliminates provision in current law allowing that an appeal of a school board's decision not to offer a school administrator a new, renewed, or extended contract shall be reviewed as a matter of administrative review (before a judge, without a jury, and on the record created in the school system). Abolition of this provision means that an action challenging such a decision will need to be initiated as a lawsuit under the regular rules of civil procedure.

Other Provisions

Recodifies provisions regarding the dismissal, by SBE, of employees in low-performing schools.

Eliminates obsolete statutory provisions.

Requires SBE to develop by rule a model contract for use by local school boards in awarding teacher contracts.

Definitions

Establishes definitions of terms used in new teacher employment statute.

G.S. 115C-45(c), -287.1, -325, -325.1 to -325.13.

Section 9.7 Teacher Contract Conforming Changes

Makes series of statutory changes conforming to rewritten teacher employment statute. As part of the conforming changes, teacher evaluation statute is modified to provide for 3 observations yearly of teachers who have been employed for at least 3 consecutive years and are assigned to schools that are not low-performing. Teachers who have been put on a 4-year contract (and career status teachers until June 30, 2018) are to be evaluated annually.

G.S. 115C-105.26(b)(2), -105.37B(a)(2), -105.38A, -105.39, -238.29F(e)(3), -238.68(3), -276(1), -285(a)(7), -304, -333, -333.1, -344, -335(b), -404(b); 143B-146.7(b), -146.8.

PART XI – UNIVERSITIES

Section 11.2 UNC Need-Based Financial Aid Forward Funding Reserve/Provide Funds for UNC Need-Based Grants

Establishes the UNC Need-Based Financial Aid Forward Funding Reserve. Transfers a number of pots of monies, including \$3,525,000 from the fund balance of the National Board Certification Loan program, to the reserve.

Provides that funds in the reserve are to be held in reserve for the 2013-14 and 2014-15 fiscal years. Directs that funds in the reserve will fund UNC Need-Based Financial Aid Program grants beginning 2015-16.

PART XII – DEPARTMENT OF HEALTH AND HUMAN SERVICES

Section 12B.1 NC Pre-K

Eligibility

Directs that the NC Pre-K shall serve children who are 4-years of age on or before August 31 of the program year (retaining current law). Prescribes NC Pre-K income eligibility requirements at a level not to exceed 75% of the State median income (approximately 200% of federal poverty level, as under current law). Allows up 20% of enrollees to have family incomes in excess of income cap if they have other designated risk factors.

Allows any age-eligible child who is a child of either of the following to be eligible for NC Pre-K services: (i) an active duty member of the Armed Forces of the United States, including the NC National Guard, State military forces, or a reserve component of the Armed Forces who was ordered to active duty by the proper authority within the last 18 months or is expected to be ordered within the next 18 months; or (ii) a member of the Armed Forces of the United States, including the North Carolina National Guard, State military forces, or a reserve component of the

Armed Forces who was injured or killed while serving on active duty. Retains provision allowing eligibility determinations for NC Pre-K participants to continue through LEAs and local North Carolina Partnership for Children, Inc., partnerships.

Provides that other than developmental disabilities or other chronic health issues, DCDEE shall not consider the health of a child as a factor in determining eligibility for participation in NC Pre-K.

Multiyear Contracts

Authorizes DCDEE to require the NC Pre-K contractor to issue multiyear contracts for licensed private child care centers providing classrooms.

Programmatic Standards

Establishes that all entities operating prekindergarten classrooms shall adhere to all DCDEE standards and requirements.

NC Pre-K Committees

Requires DCDEE to establish a standard decision-making process to be used by local NC Pre-K committees in awarding classroom slots and making student selections.

SEEK

Directs all NC Pre-K classrooms to participate in the Subsidized Early Education for Kids (SEEK) accounting system to streamline the payment function for these classrooms. Allows that prekindergarten funds transferred may be used to add these programs to SEEK.

Pilot Program

Allows DCDEE to create a pilot program that provides funding for NC Pre-K classrooms on a per classroom basis. Outlines pilot program rules and establishes reporting requirements.

Ends the terms of all members currently serving on the Child Care Commission as of the effective date of the budget. A new Commission of 17 members shall be appointed and terms staggered. Members shall be appointed no later than October 1, 2013.

Section 12E.3 Funds for School Nurses

Requires all appropriations for the School Nurse Funding Initiative to be used to supplement and not supplant other State, local, or federal funds appropriated or allocated for this purpose. Prescribes that communities shall maintain their current level of effort and funding for school nurses. Establishes funding formula as in previous years.

Requires DHHS to ensure that school nurses funded with State funds: (i) do not assist in any instructional or administrative duties associated with a school's curriculum; and (ii) perform all of the following with respect to school health programs:

- Serve as the coordinator of the health services program and provide nursing care.
- Provide health education to students, staff, and parents.
- Identify health and safety concerns in the school environment and promote a nurturing school environment.

- Support healthy food services programs.
- Promote healthy physical education, sports policies, and practices.
- Provide health counseling, assess mental health needs, provide interventions, and refer students to appropriate school staff or community agencies.
- Promote community involvement in assuring a healthy school and serve as school liaison to a health advisory committee.
- Provide health education and counseling and promote healthy activities and a healthy environment for school staff.
- Be available to assist the county health department during a public health emergency.

Repeals provisions establishing a utilization review of school nurses.

Section 12J.1(w) 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 2013-14 or 2014-15 fiscal years, then those funds are to be transferred to SBE to be administered by DPI to establish an abstinence until marriage education program. DPI shall delegate to one or more persons the responsibility of implementing the program and State abstinence until marriage education law. DPI shall strictly and carefully follow federal guidelines in implementing and administering the abstinence education grant funding.

PART XXXIV – DEPARTMENT OF TRANSPORTATION

Section 34.20 Driver Education

Increases the driver education fee LEAs may assess from \$45 to \$55 per participating student. Requires the Division of Motor Vehicles and the Department of Public Instruction to collaborate to revise the driver knowledge test and to create a process for administration of the test and certification of passage by public schools administering driver education programs. Establishes reporting requirements.
G.S. 115C-216(g).

PART XXXV – SALARIES AND BENEFITS

Section 35.1 Governor and Council of State

Freezes the salary of the Superintendent of Public Instruction, along with the Governor and other members of the Council of State, for the 2013-15 fiscal biennium.

Section 35.8 Salary Adjustments for Special Circumstances Only/No Automatic Increases

Freezes annual salary of all State employees, including employees of local boards of education, for the 2013-15 fiscal biennium at the level authorized on June 30, 2013, or the last date in pay status during the 2011-13 fiscal biennium, if earlier, unless an increase is authorized subject to the provisions below.

Authorizes salary increases for employees of local school boards who are paid from State funds, all State employees regardless of funding sources, and NC Community College system employees in the following situations: reallocations or promotions; in-range adjustments for job

change; career progression adjustments for demonstrated competencies; or any other adjustment related to an increase in job duties or responsibilities. Caps the cumulative allowable salary adjustment in such situations for each year of the fiscal biennium at 10% of annual salary unless the adjustment is approved in advance by the local board of education or other specified governing body employers.

Section 35.10 Establish Severance Expenditure Reserve

Establishes a reserve fund for the purpose of, among other things, distributing monies to public agencies (including LEAs) to fund severance-related obligations incurred as a result of RIF actions that cause State-supported public employees to be terminated from public employment. Money report appropriates \$16,000,000 to the reserve fund. Specifies the severance-related obligations eligible for funding as:

- Severance salary continuation with an age adjustment factor as authorized by G.S. 126-8.5, including employer-related contributions for social security.
- Noncontributory health premiums for up to 12 months.

Provides that funds appropriated to the reserve fund shall be expended in their entirety before funds appropriated to a public agency for State-supported personal services expenditures may be used to fund any severance-related obligations. Allows monies to be allocated for positions that are fully funded out of the General Fund as well as split-funded (local or federal) positions but only to the extent of the proportionate part of the salaries paid from the General Fund.

Section 35.10C Special Annual Leave Bonus

Authorizes a one-time supplement of 5 additional days of annual leave credited on July 1, 2013, for employees eligible to earn annual leave who, as of July 1, 2013, were full-time permanent employees of a local board of education and other specified entities or under contract to be employed for the 2013-14 school year in such a position. Expires unused bonus leave days on June 30, 2014, and establishes that they shall not be paid in a lump sum upon termination of employment unless the employee effects a retirement from a State-supported retirement system immediately upon termination of employment. Provides part-time permanent employees with a pro rata amount of the 5 days.

Section 35.11 Teacher Salary Schedules

Establishes the 2013-14 fiscal year monthly teacher salary schedules for “A” and “M” teachers. Total number of steps on both schedules is increased from 36 to 37, prohibiting monthly earnings increase for step increases. Each step corresponds to 1 year of teaching experience and the first 6 steps correspond to an equivalent monthly earning level. Provides that teachers who did not work required number of months to acquire an additional year of experience on the schedule are not to receive a salary decrease. Establishes that employees who earned a Master’s Degree or NBPTS certification shall not be prohibited from receiving the appropriate increase in salary. Allows for salary supplements for six-year and doctoral degree preparation in the 2013-14 fiscal year at traditional rates. Prescribes rules for placing certified psychologists, speech pathologists, audiologists, and certified nurses on salary schedules.

Prohibits public school employees and other employees paid on the teacher salary schedule from moving up on salary schedules or receiving automatic step increases, or other increments. during the 2014-15 fiscal year unless authorized by the General Assembly.

Section 35.12 School-Based Administrator Salary Schedule

Establishes the 2013-14 fiscal year monthly school administrator salary schedules which shall apply only to principals and assistant principals. Total number of steps on all schedules increased by 1, prohibiting monthly earnings increase for step increases. Each step corresponds to 1 year of experience. Provides that a principal shall be placed on the step on the salary schedule that reflects total number of years of experience as a certificated employee of the public schools and an additional step for every three years of experience except provides that a principal who acquires an additional step for either year of the fiscal biennium shall not receive a corresponding increase in salary during the fiscal biennium. Directs that school-based administrators (1) employed during the 2012-13 school year who did not work the required number of months to acquire an additional year of experience and (2) employed during the 2013-14 school year in the same classification are not to receive a decrease in salary as otherwise would be required by the salary schedule.

Prohibits public school employees and other employees paid on the administrator salary schedule from moving up on salary schedules or receiving automatic step increases, or other increments during the 2014-15 fiscal year unless authorized by the General Assembly.

Retains provisions from previous years.

Section 35.13 Central Office Salaries

Directs the monthly salary ranges for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers to remain unchanged for the 2013-15 fiscal biennium.

Directs each local board of education to determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the salary ranges and within funds appropriated by the General Assembly. The category in which an employee is placed must be included in the contract of any employee.

Directs each local board of education to determine the appropriate category and placement for the superintendent based on ADM of the LEA and within funds appropriated by the General Assembly.

Directs that longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers must be equivalent to those provided for State employees under the State Personnel Act.

Authorizes the \$126 and \$253 per month salary supplement for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers with certification based on academic preparation at the six year degree level and the doctoral degree level, respectively.

Specifies that the salaries for permanent, full time personnel paid from the Central Office Allotment remain unchanged for the 2013-15 fiscal biennium.

Section 35.14 Noncertified Personnel Salaries

Freezes the salaries of noncertified public school employees who are paid out of the State's General Fund for the 2013-15 biennium.

Section 35.15 Salary Related Contributions

Sets the Teacher and State Employee retirement employer contribution rate at 14.69% for 2013-15 fiscal biennium.

Sets the State Health Plan employer contribution rate at \$5,285 for 2013-14 and \$5,435 for 2014-15.

Section 35.18 State Health Plan Board to Control Growth of Employer Premium

Requires the State Health Plan Board of Trustees to adopt new plan changes that are expected to reduce the average annual percentage increase in employer premiums needed over the next four years by at least one. Outlines various options the Trustees may consider.

SUMMARY OF LEGISLATION ENACTED BY THE GENERAL ASSEMBLY

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

Public/Statewide Legislation

House Bills

HB 23: Digital Learning Competencies/School Emp'ees (S.L. 2013-11)

Beginning July 1, 2017, incorporates digital learning into teacher education programs by directing the State Board of Education (SBE), in consultation with the UNC Board of Governors, to require teacher education program students demonstrate competencies in using digital and other instructional technologies to provide high-quality, integrated digital teaching and learning to all students for the 2017-18 school year and thereafter. Beginning July 1, 2017, incorporates digital learning into lateral-entry and school administrator programs by directing SBE to establish the same standard as above for lateral-entry teaching candidates and students in school administrator education programs for the 2017-18 school year and thereafter, except additionally requires that school administrator education program students demonstrate competencies in supporting teachers and other school personnel to use digital and other instructional technologies.

Beginning July 1, 2017, requires SBE to integrate digital teaching and learning into teacher licensure renewal standards and to include continuing education in high-quality,

integrated digital teaching and learning as a requirement of school administrator licensure renewal.

Beginning March 15, 2013, requires SBE to develop digital teaching and learning competencies to provide schools of education, school administrators, and classroom teachers with a framework on skills necessary for the provision of high-quality, integrated digital teaching and learning.

Makes organizational changes to teacher licensure statutes.
G.S. 115C-284, -296(b) and (c1).

HB 44: Transition to Digital Learning in Schools (S.L. 2013-12) declares the General Assembly's intent to transition from funding for traditional and digital textbooks to funding for digital materials, including textbooks and instructional resources, by 2017.

HB 57: Child Nutrition Program Solvency and Support (S.L. 2013-235) prohibits LEAs from assessing indirect costs to a child nutrition program unless such program has a minimum of *one month's operating balance*.

Defines *one month's operating balance* as: net cash resources divided by one month's operating costs.

Defines *net cash resources* as: all monies, as determined in accordance with the State agency's established accounting system, that are available to or have accrued to a school food authority's nonprofit child nutrition account at any given time, less cash payables and other liabilities.

Defines *average month's operating balance* as: average of the three prior fiscal years' monthly operating balances. Requires the Department of Public Instruction to calculate and publish each child nutrition program's average month's operating balance and to use the complete and final figures obtained from the annual financial report from each child nutrition program's operation in the calculation thereof. Allows DPI, if complete and final financial reports for a given year are not yet available for a child nutrition program, to use projected figures but requires an update of the published average month's operating balance once complete and final financial reports become available.

Defines *indirect costs* as defined in the U.S. Office of Budget and Management Circular A-87, as revised.

Instructs the NC Procurement Alliance to promote optimal pricing for child nutrition program foods and supplies.

Effective July 1, 2013.

G.S. 115C-450(b).

HB 92: GSC Technical Corrections 2013 (S.L. 2013-410)

Section 4. Makes a purely technical change to G.S. 15A-145.5(c) dealing with expunctions of criminal records.

Section 16.1. Adds a clarifying word to S.L. 2013-1 (SB 14).

Section 20. Makes a purely technical change to G.S. 115C-296(b)(1)c. as amended by S.L. 2013-226 (SB 168, below).

Section 21. Amends G.S. 115C-366(a3) to clarify the definition of *active duty* for the purposes of establishing whether a child of a military or uniformed parent/legal guardian is exempted from tuition an LEA would otherwise charge non-domiciliary students. *Active duty* for

uniformed parents who have died on active duty means full-time duty status in the active uniformed service of the United States, including members of the National Guard and Reserve on active duty orders pursuant to federal law (new definition). Retains current definition of *active duty* for military parents on deployment (definition is not to include periods of active duty for training that is less than 30 days). Adds that assignment under the statute is only available if some evidence of medical discharge, retirement, or death is tendered (previously was the discharge action only). Makes technical changes to the statute.

Section 43.5(e). Adds a section to HB 669 appointing two additional individuals to the North Carolina Public Charter School Advisory Board for terms expiring on June 30, 2017. The individuals are two current members of the Advisory Council- Alan Hawkes and Paul Norcross.

Section 44.5. Changes rules for the Pitt County Board of Education's 2014 election laid out in S.L. 2013-318 (HB 523, below). Directs that instead of three members being elected to at-will status in the 2014 election, one member is to be elected from each combination of Districts 1 and 2, Districts 4 and 5, and Districts 3 and 6, as those districts existed on July 1, 2013. Clarifies that the bill does not affect the terms of office of any member elected in 2008 for a six-year term.

Section 47. Clarifies eligibility for the children with disabilities voucher program established per S.L. 2013-364 (HB 269, below) for the 2013-14 school year.

HB 110: Public Contracts/Project Labor (S.L. 2013-267)

Outlaws project labor agreements by prohibiting certain terms in bid specifications, project agreements, or other controlling documents issued by governmental bodies subject to public contract law as follows.

Prohibits officers, boards, departments, and commissions charged with responsibility of preparation of specifications or awarding of or entering into contracts for the erection, construction, alteration, or repair of any buildings for a governmental entity subject to public contract law from:

- requiring or prohibiting a bidder, offeror, contractor, or subcontractor from adhering to an agreement with one or more labor organizations in regard to that project or a related construction project; or
- otherwise discriminating against a bidder, offeror, contractor, or subcontractor for becoming, remaining, refusing to become or remaining a signatory to, or for adhering or refusing to adhere to an agreement with one or more labor organizations in regard to that project or a related construction project.

Clarifies that these restrictions do not prohibit the awarding of a contract to a private owner, bidder, contractor, or subcontractor who enters into or who is party to an agreement with a labor organization if: (1) being or becoming a party or adhering to an agreement with a labor organization is *not* a condition for award of the contract; and (2) if the State agent, employee, board, or political subdivision does not discriminate against a private owner, bidder, contractor, or subcontractor in the awarding of that contract based upon the person's status as being or becoming, or the willingness or refusal to become, a party to an agreement with a labor organization.

Clarifies that the restrictions do not prohibit a contractor or subcontractor from voluntarily entering into or complying with an agreement entered into with one or more labor organizations in regard to a contract with the State or a political subdivision.

Allows the State or political subdivision governing body to exempt a particular project, contract, or subcontract from the requirements if the State or political subdivision governing

body finds, after public notice and a hearing, that special circumstances require an exemption to avert a significant, documentable threat to public health or safety. Prohibits special circumstance finding from being based on the possibility or presence of a labor dispute concerning the use of contractors or subcontractors who are nonsignatories to, or otherwise do not adhere to, agreements with one or more labor organizations, or concerning employees on the project who are not members of or affiliated with a labor organization.

Clarifies that the restrictions do not: prohibit employers or other parties from entering into agreements or engaging in any other activity protected by the National Labor Relations Act; or interfere with labor relations of parties that are left unregulated under the National Labor Relations Act.

Effective October 1, 2013, and applies to all contracts awarded on or after that date.

G.S. 143-133.5.

HB 112: Modifications/2013 Appropriations Act (S.L. 2013-363)

Section 3.2. Amends HB 269 (below) to incorporate a reference to the reserve fund for pending legislation established in the budget bill (SB 402) and explicitly authorize funding of the program for the 2013-15 fiscal biennium.

Section 3.3. Amends SB 402 to add a new provision regarding class sizes. Eliminates individual class size maximums and LEA average class size maximums for grades 4-12. Retains individual class size maximums and LEA average class size maximums for K-3. Retains requirements to receive class size waivers in grades K-3. Allows LEAs to receive an allotment adjustment at any grade level upon submission of documentation to SBE showing significant increases in class sizes in grades 4-12. Removes prescribed determinations SBE must make to grant grades K-3 class size waivers. Eliminates directive that superintendent who is determined to have willfully failed to comply with the class size requirements shall have State salary funds withheld during noncompliant period. Directs that class size requirements in K-3 shall remain unchanged for the 2013-15 fiscal biennium.

G.S. 115C-47, -276(k), -301

Section 3.6. Makes a technical change to the school performance score calculation established in SB 402.

Section 3.9. Establishes that the developmental screening and kindergarten entry assessment required through the Read to Achieve program will be administered beginning with the 2014-15 school year in at least 50% of the LEAs. Statewide administration is to commence no later than the 2015-16 school year.

Section 3.10. Changes the entity charged with administering funds for the NC Education and Workforce Innovation Program from DPI to the Office of the Governor and makes corresponding \$2 million transfer.

Section 3.11. Provides that local current expense appropriations are the baseline funding source for the small school system supplemental funding allotment nonsupplant lookback period, reversing change made by Section 8.4 of SB 402. Makes a conforming change.

Section 3.17. Amends HB 269 to clarify 2013-14 student eligibility rules.

Section 3.18. Amends the ACT/IB fee offset program in SB 402 to provide that students in grades 8-10 who have completed Algebra I or are in the last month of Algebra I shall be given an opportunity to take a version of the PLAN precursor test to the ACT (was, just the ACT) at no cost.

Section 3.19. Provides that local current expense appropriations are the baseline funding source for the low-wealth supplemental funding allotment nonsupplant lookback period, reversing change made by Section 8.3 of SB 402.

Section 3.20. Instructs DPI to study the nonsupplant requirements for low-wealth funding supplemental and small county supplemental funding allotments. The study is to include consideration of potential modifications to the nonsupplant requirements that would account for increases to the local fund balance from the previous fiscal year. Establishes reporting requirement deadline of March 15, 2014.

Section 4.3. Incorporates a provision into the budget allowing DCDEE to exempt from licensure requirements public classrooms currently participating in the NC Pre-K program that are not yet licensed by the Division. Requires all public classrooms participating in the NC Pre-K program to be licensed no later than July 1, 2014.

HB 125: Public Agency Computer Code Not Public Record (S.L. 2013-96) protects from public disclosure proprietary computer code written by and for use by an agency of North Carolina government or its political subdivisions.

Applies to public records existing before, on, or after June 12, 2013.

G.S. 132-1.1.

HB 146: Back to Basics (S.L. 2013-71) requires the following two areas of instruction as part of the standard course of study in North Carolina public schools:

- Instruction in cursive handwriting with competency demonstrated by the creation of readable documents through legible cursive handwriting by the end of 5th grade.
- Memorization of multiplication tables to demonstrate competency in efficiently multiplying numbers.

Effective beginning with the 2013-14 school year.

G.S. 115C-81.

HB 149: Caylee's Law/Report Missing Children (S.L. 2013-52)

Establishes Class I felony penalty for a parent or any other person providing care or supervision to a child under 16 years of age who *knowingly* or *wantonly* fails to report the disappearance of a child to law enforcement.

Establishes Class 1 misdemeanor penalty for *any person* who *reasonably suspects* (1) the disappearance of a child under 16 years of age and (2) that the child may be in danger, and fails to report those suspicions to law enforcement within a reasonable period of time.

Provides that teachers are not obligated to report students who are absent from school to law enforcement provided that the absences have been properly reported per the compulsory attendance law. Immunizes any person who takes action in good faith to report the disappearance of a child from any criminal or civil liability that may arise or accrue from the action. Establishes presumption of good faith in any legal proceeding involving action taken to report a child's disappearance.

Defines *disappearance of a child* as: when the parent or other person providing supervision of a child does not know the location of the child and has not had contact with the child for a 24-hour period.

Provides that the failure of a parent or person providing care or supervision to a child under the age of 16 to report the disappearance of a child to law enforcement constitutes a *grossly negligent omission* in providing care/supervision sufficient to trigger liability for felonious reckless disregard for human life or reckless disregard for human life that results in serious bodily injury to the child.

Affirms that legal duty to report child missing from a child care facility is not affected by new duty to report the disappearance of a child. Lowers the age criteria of the child triggering duty to report a child missing from a child care facility from 18 to 16.

Establishes Class H felony penalty for any person who fails to notify a law enforcement authority of the death of a child under the age of 16, or who secretly buries or otherwise disposes of the body of a child, with the intent to conceal the death of a child.

Establishes Class H felony penalty for providing false, deliberately misleading, or unfounded reports to law enforcement relating to a law enforcement investigation involving the disappearance of a child under the age of 16 or a child victim of a Class A, B1, B2, or C felony offense.

Establishes Class 1 misdemeanor penalty for any person or institution who fails to report abuse, neglect, dependency, or death of a juvenile due to maltreatment or who knowingly or wantonly prevents another person from making a required report.

Effective December 1, 2013, and applies to offenses committed on or after that date.

G.S. 7B-301(b); 14-225, -318.4, -318.5, -401.22; 110-102.1(a).

HB 249: Substitute Teacher Deduction/Personal Leave (S.L. 2013-240) requires that the \$50 substitute teacher deduction taken for a teacher's use of personal leave on a non-teacher workday must be *refunded* if no substitute is hired for the teacher.

Effective beginning with the 2013-14 school year.

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

HB 250: Charter School Enrollment & Charter Revisions (S.L. 2013-359)

Makes numerous changes to admission requirements for charter schools.

Authorizes automatic charter school expansion in any year into one grade higher than the previous year if the charter school has: (1) operated for at least three years; (2) has not been identified as having inadequate performance; and (3) does not increase total student enrollment beyond 20% of the previous year's enrollment. Such expansions shall not be considered a material revision to the charter and are thus exempt from State Board of Education review.

Effective beginning with the 2013-14 school year.

G.S. 115C-238.29D, -238.29F(g).

HB 269: Children w/ Disabilities Scholarship Grants (S.L. 2013-364) converts the tuition tax credits for parents of children with disabilities program to a voucher program to be run by the State Education Assistance Authority (SEAA). All components of the tuition tax credit program, including \$6,000 cap on individual awards per year, are transferred.

Establishes parental accountability requirements omitted from tuition tax credit program. Requires that parents of voucher students provide SEAA with receipts for reimbursable expenses along with documentation that the student was enrolled in nonpublic school or received special education related services as a home schooled student for no less than 75 days of the semester for which the reimbursable expenses are being claimed.

Requires the voucher student's LEA of domicile to reevaluate the child every three years to determine the child's continued status as IDEA-eligible (same requirement as tuition tax credit program). Tasks SEAA with ensuring reevaluation requirements are satisfied.

Authorizes SEAA to engage in application information verification efforts and provides for revocation of vouchers for families that do not cooperate with verification efforts. Creates annual reporting requirements for SEAA.

Caps the aggregate monetary value of voucher awards at \$3 million in each year of the 2013-15 fiscal biennium. Appropriates funds to DPI to carry out reevaluation requirements. Provides that funding must be authorized through the 2013-15 fiscal biennium budget.*

*HB 269 was not signed into law until after enactment of the fiscal biennium budget (SB 402). The budget bill created a reserve fund for legislation, including HB 269, that was pending at the time of its enactment. After the budget bill was enacted, the technical corrections bill (HB 112) revised the language of HB 269 to incorporate a reference to the reserve fund and explicitly authorize funding of the program for the 2013-15 fiscal biennium.

First cycle of vouchers to be awarded in the fall of 2013 for the spring semester of 2014.
G.S. 115C-112.2, -112.3, -112.4, -112.5.

HB 289: State Computer Equipment/Buy Refurbished (S.L. 2013-128) requires the Office of the State Chief Information Officer (OSCIO) and the Department of Administration to offer State and local governmental entities (including local boards of education) the option of purchasing refurbished computer equipment from registered computer equipment refurbishers whenever most appropriate to meet the needs of the entity.

Requires governmental entities that utilize this option to document savings that accrue from purchasing refurbished computer equipment and report the savings to OSCIO quarterly. A competitive purchasing process must be established to support the program. Establishes that purchased refurbished equipment cannot deviate from State standards for the purchase of new computers. Delineates other record-keeping and reporting requirements of OSCIO.

Establishes definitions for major terms.

HB 317: Improve Ed. for Children Who Are Deaf (S.L. 2013-119)

Delineates series of minimal actions SBE must take to improve educational outcomes for children who are deaf or hard of hearing as follows:

- Develop assessment procedures and protocols to measure, at least annually or more frequently if specified in a child's IEP, the acquisition of language skills necessary for literacy using linguistically and culturally appropriate assessment tools. Assessment results shall be used to determine whether further support and services, if any, are needed for a child who is deaf or hard of hearing.
- Require an IEP team to use the Communication Plan Worksheet for Student who is Deaf or Hard of Hearing for documentation of:
 - the team's consideration of the language and communication needs of the child as the IEP is developed, reviewed, or revised;
 - data to be used in placement decisions made for that child; and
 - the team's review, at least annually, of the child's placement and language and communication needs.
- Ensure that personnel who are highly qualified in the education of children who are deaf or hard of hearing are available to meet the unique needs of each child,

including interactions in the child's language and communication modality to meet academic and social goals.

- Develop and implement strategies to ensure that parents of child who is deaf or hard of hearing know they are entitled to request the child's IEP team consider placement of the child in a residential setting and, if such a request is made, that a representative from one of the residential/day program schools for the deaf shall be a member of the IEP team.

Requires DPI to create and maintain a statewide tracking system to centralize information culled from various agencies and organizations on children under the age of 22 who are diagnosed as deaf or hard of hearing. Instructs that the system be used by DPI to coordinate with other agencies and organizations and ensure literacy achievement for all children who are deaf or hard of hearing.

HB 336: Continuing Budget Authority (S.L. 2013-184)

Section 1. Authorizes the Director of the Budget to continue to allocate funds for expenditure for current operations by State departments, institutions, and agencies at a level not to exceed 95% of the level at which these operations were authorized in 2012-13 fiscal year budget. Instructs the Director of the Budget to implement the budget reductions not in controversy between the Senate and House 2013-15 biennium budgets as passed during the 2013 session. Prohibits State agencies from making grant awards with funds that are subject to proposed budget reductions in Senate and House budgets as passed.

Effective July 1, 2013.

Section 2. Freezes salary schedules and specific salaries established for offices and positions established for the 2012-13 fiscal year that are in effect on June 30, 2013, until the effective date of the Current Operations and Capital Improvements Appropriations Act of 2013. Prohibits public school employees paid on the teacher salary schedule or school administrator salary schedule and other employees from moving up on salary schedules or receiving automatic step increases, annual, performance, merit, or other increments until authorized by the General Assembly.

Effective July 1, 2013.

Section 3. Freezes employer contribution rates budgeted for retirement and related benefits until the Current Operations and Capital Improvements Appropriations Act of 2013 becomes law. Instructs the Director of the Budget to modify whatever rates are enacted for the remainder of the 2013-14 fiscal year so as to compensate for the different amount contributed between July 1, 2013, and the date effective date of the 2013 budget so that the effective rates for the entire year reflect the rates set out in the Current Operations and Capital Improvements Appropriations Act of 2013.

Effective July 1, 2013.

Section 9. Appropriates from the General Fund to the Department of Public Instruction \$10,651,329 for the 2013-14 fiscal year to fully fund public school ADM increases, subject to adjustment by the General Assembly.

Effective July 1, 2013.

Section 11. Prohibits excess lottery proceeds realized in the 2012-13 fiscal year from being transferred out of the Education Lottery Fund. Requires that excess lottery proceeds remain in the Education Lottery Fund until appropriated by the General Assembly.

Effective June 30, 2013.

HB 428: North Carolina School Bus Safety Act (S.L. 2013-293) imposes additional penalties for each of the three offenses involving passing a properly marked and designated stopped school bus.

Passing a Stopped School Bus

Establishes a minimum \$500 fine to be levied in addition to existing misdemeanor charge for passing a stopped school bus. Provides that offenders convicted twice within a three year period are subject to one-year driver's license revocation. Provides that offenders convicted three times within any period of time are subject to permanent driver's license revocation.

Willfully Passing a Stopped School Bus and Striking a Person

Establishes a minimum \$1,250 fine to be levied in addition to existing Class I felony charge for willfully passing a stopped school bus and striking any person. Establishes a two-year revocation of an offender's driver's license. Provides that offenders convicted twice within any period of time are subject to permanent driver's license revocation.

Willfully Passing a Stopped School Bus and Striking a Person Resulting in Death

Establishes a minimum \$2,500 fine to be levied in addition to existing Class H felony charge for willfully passing a stopped school bus and striking any person resulting in death. Establishes a three-year revocation of an offender's driver's license. Provides that offenders convicted twice within any period of time are subject to permanent driver's license revocation.

Other Provisions

Establishes processes for receiving limited driving privileges and applying for reinstatement of permanently revoked licenses. Blocks registration of motor vehicles for unpaid fines imposed for passing a stopped school bus. Prohibits persons with revoked licenses as a result of passing stopped school bus convictions from driving a commercial motor vehicle for the period of time the license is revoked.

Encourages local boards of education to use the proceeds of fines collected through violations of the stopped school bus law to purchase automated camera and video recording systems to install on school buses.

Effective December 1, 2013, and applies to offenses committed on or after that date.

G.S. 20-17.4, -54, -217.

HB 510: Foster Care Children's Bill of Rights (S.L. 2013-326) enumerates 11 priorities the General Assembly desires to promote in the provision of foster care. Among the priorities are allowing the child to remain enrolled in the school the child attended before being placed in foster care, participation in school extracurricular activities, and meaningful participation in a transition plan out of foster care including school meetings.

G.S. 131D-10.1.

HB 587: Alternate ACT/PLAN for Certain Students (S.L. 2013-208) requires SBE to develop alternate assessments to measure career and college readiness that can be administered to certain types of students in lieu of the 11th grade ACT assessment and the 10th grade PLAN assessment.

Requires SBE to mandate administration of alternate ACT or PLAN assessment when the following conditions are met:

- the student exhibits severe and pervasive delays in all areas of conceptual, linguistic, and academic development and in adaptive behaviors, including communication, daily living skills, and self-care;
- the student is following the extended content standards of the Standard Course of Study, or is following a course of study that, upon completing high school, may not lead to admission into a college-level course of study resulting in a college degree; and
- the parent has submitted a written request for an alternate assessment.

Directs that pilot testing for the alternate ACT assessment occur simultaneously with normal ACT administration during the 2013-14 school year and that pilot testing for the alternate PLAN assessment occur simultaneously with the PLAN administration during the 2014-15 school year. Provides that students who participate in pilot testing shall not be administered the ACT or PLAN, and where possible, results from the ACT pilot will be included in end of year accountability reports.

Provides that the State Board of Education is to ensure that parents of students enrolled in all public schools have the necessary information to make informed decisions regarding participation in ACT and PLAN assessments.

Directs that the results of alternate assessments, as well as results of ACT assessments taken by students with disabilities, are to be included in end-of-year school accountability reports, including charter and regional schools.

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

HB 589: VIVA/Election Reform (S.L. 2013-381) omnibus voter identification and election reform package with notable provisions as follows.

Part 10. Amends G.S. 163-287 to requires a special election called by a local government to be held at the same time as any other state, county, or municipal general election or at the same time as the primary election in an even-numbered year. Makes conforming changes to other election statutes. *Effective January 1, 2014.*

Part 12. Eliminates pre-registration of individuals who are at least 16 years of age but will not be 18 years of age by the date of the next election and that are otherwise qualified to register. Makes conforming changes throughout election and public education statutes to reflect the repeal of voter pre-registration. Encourages DPI to improve outreach to high school students on registering to vote when they are eligible, including the curriculum element on instruction in voter registration already provided by G.S. 115C-47(59) and voter registration in public high schools as already allowed by G.S. 163-82.23. *Effective September 1, 2013. Provided all voter pre-registrations completed and received by the State Board prior to that date will be processed and those voters will be registered as appropriate.*

G.S. 163-82.1(d), -82.3(a)(5), -82.4(d), -82.23, -82.19(a), -82.20; 115C-81(g1)(1), -47(59).

Part 21. Changes the date by which a candidate has the right to withdraw a notice of candidacy from any time before the filing deadline to any time *before the close of business on the third business day before the filing deadline.* *Effective January 1, 2014.*

G.S. 163-106, -294.2, -323.

Part 22. Allows written petitions filed in lieu of paying a filing fee for local nonpartisan primaries or elections to be signed by 5% (was, 10%) of the registered voters in the election area in which the office will be voted. *Effective January 1, 2014.*

G.S. 163-107.1(c).

Part 42. Raises individual campaign contribution limits from \$4,000 per election cycle to \$5,000 per election cycle. Allows this cap to increase according to a prescribed formula in odd-numbered calendar years beginning in 2015. Repeals prohibition on campaign contributions from a candidate's parents, brothers, and sisters. *Effective for contributions made after January 1, 2014.*

G.S. 163-278.13.

HB 591: Reporting and Terms for Long. Data Board (S.L. 2013-80) makes structural clarifications and changes to the North Carolina Longitudinal Data System Board (established by S.L. 2012-133). Specifies that terms for appointed members begin on May 1, 2013, and every four years thereafter. Designates the State Chief Information Officer as the board chair. Requires the Board to hold an initial meeting upon appointment of a majority of the appointed members and requires convening of meetings no less than quarterly. Modifies reporting requirements.

G.S. 116E-3(a)(10) and (b) and (c), -4(c).

HB 611: Suspension Removed When Eligibility Met (S.L. 2013-133) requires the Division of Motor Vehicles to expunge suspensions and revocations entered on a limited permittee or provisional licensee's driving record if the student provides the required documentation to the Division that the student meets the eligibility requirements and if the limited permittee or provisional licensee has never had a prior expunction from the permittee's driving record. *Effective December 1, 2013, and applies to reinstatements occurring on or after that date.* G.S. 20-13.2(c1).

HB 656: Forfeiture for Speeding to Elude Revisions (S.L. 2013-243) extends DWI motor vehicle forfeiture law to offenses involving felony speeding to elude arrest. *Effective December 1, 2013, and applies to offenses committed on or after that date.* G.S. 20-28.2, -28.3, -28.4(a), -28.8, -54.1, -141.5.

HB 669: 2013 Appointments Bill (S.L. 2013-353)

Section 1.8. Sets the House Speaker's appointments to the newly established North Carolina Charter School Advisory Board: Cheryl Turner (term expiring on June 30, 2015), Eric Sanchez, and Alex Quigley (terms expiring on June 30, 2017).

Section 2.46. Sets the Senate President Pro Tempore's appointments to the North Carolina Charter School Advisory Board: Baker Mitchell (term expires June 30, 2015).

**HB 92 (see above) modified this section to add 2 additional appointees.*

HB 765: Jury Instructions for School Budget Dispute (S.L. 2013-141)

Modifies jury instructions required to be issued in school board-county commission budget dispute resolution statute.

Factors to be Considered by Jury

Establishes 7 factors to be considered by a judge/jury in fact-finding determinations of whether county appropriations are sufficient to maintain a system of free public schools.

1. The State's educational goals and policies.

2. The local school board's budgetary request.
3. The county's financial resources.
4. The county commissioners' fiscal policies.
5. The local school board's educational goals and policies.
6. The local school board's financial resources.
7. The local school board's fiscal policies.

*The factors are based upon but modify the North Carolina Supreme Court's holding in *Beaufort County Bd. of Ed. v. Beaufort County Bd. of Comm'rs.*

Definitions - Fact-Finding Standard

Incorporates into statute some fact-finding standard definitions established in the *Beaufort* decision. Statute as written required a determination of the amount of money necessary to maintain a system of free public schools and the amount of money needed from the county to make up this total. The *Beaufort* decision held that "a system of free public schools" is comprehensively defined by statutory provisions enacted by the legislature and guidelines adopted by the State Board. The decision also held that the words "necessary" and "needed" are to be defined restrictively as the "minimum amount required by law," or *legally necessary*. These definitions are incorporated into statute.

115C-431(c).

HB 767: Corporal Pruitt Rainey Brass to Class Act (S.L. 2013-268) requires SBE establishment of rules for awarding credit for salary purposes to principals, assistant principals, and teachers who served in the U.S. Armed Forces and who have retired or who have received an Honorable Discharge. Enumerates rules for awarding credit. Delineates components required to be included in determining the relevance of nonteaching work experience earned while on active military duty that shall be credited toward the individual's total licensure experience rating for salary purposes. Establishes reporting requirements.

Effective July 17, 2013, and applies to military veterans initially employed by LEAs in the 2014-15 school year and beyond.

HB 786: Reclaim NC Act (S.L. 2013-418)

Section 2(c). Prohibits awarding of a public contract unless the contractor and the contractor's subcontractors comply with E-Verify utilization requirements.

G.S. 143-129.

HB 857: Public Contracts/Construction Methods/DB/P3 (S.L. 2013-401) adds 3 construction methods to those statutorily authorized for use in public contracts for construction projects costing more than \$300,000: design-build; design-build bridging; and public-private partnership construction.

Design-Build Contracts

Defines *design-builder* as an appropriately licensed person, corporation, or entity that, under a single contract, offers to provide or provides design services and general contracting services where services within the scope of the practice of professional engineering or architecture are performed respectively by a licensed engineer or licensed architect and where

services within the scope of the practice of general contracting are performed by a licensed general contractor.

Provides that governmental entities must establish written criteria that will be used for determining circumstances under which the design-build method is appropriate for a project. Delineates minimum criteria to be included.

Prescribes that design-builder procurement must follow Qualifications Based Selection (QBS) process (same as that used for architect, engineering, surveying, or construction management at risk selection). Requires issuance of a Request for Qualifications (RFQ) public notice and sets minimum information that must be included.

Requires governmental entity to rank-order the 3 most highly qualified design-builders following RFQ evaluation. Re-advertisement is required if fewer than 3 responses are initially received. Allows negotiations to commence with the highest ranked design-builder pursuant to the QBS process if fewer than 3 responses are again received after second round of advertising. Authorizes governmental entities to invite some or all responders to interview if it deems appropriate.

Once selected, the design-builder must provide a performance and payment bond as well as obtain written approval from the governmental entity prior to engaging in mid-contract actions to change the key personnel outlined in RFQ response.

Design-Build Bridging Contracts

Defines *design-build bridging* as a design and construction delivery process whereby a governmental entity contracts for *design criteria services* under a separate agreement from the *construction* phase services of the design-builder.

Provides that governmental entities must establish written criteria that will be used for determining circumstances under which engaging a *design criteria design professional (DCDP)* is appropriate for a project. Delineates minimum criteria to be included (same as that of design-build contracts).

Prior to issuance of any design-build bridging construction contract, a governmental entity must designate a staff design professional, or a design professional who is independent of the design-builder, to act as its DCDP. The DCDP will be the governmental entity's representative for both the procurement process and through the duration of design and construction. If the DCDP is not a full-time employee of the governmental entity, the governmental entity must select him/her using the QBS process. Requires DCDP to: (i) develop design criteria in consultation with the governmental entity; and (ii) prepare a design criteria package equal to 35% of the completed design documentation for the entire construction project (enumerates items required to be included in the criteria package)

Requires issuance of a Request for Proposal (RFP) public notice if design-build bridging method is used. Establishes minimum information that must be included in the RFP. Directs that the governmental entity is to rank the design-builders who provided RFP responses, grouping the top 3 *without rank-ordering* them. Requires re-advertisement if fewer than 3 RFP responses are initially received. Establishes the lowest, responsive, responsible bidder standard for selecting a design-builder under the design-build bridging method.

Establishes rules for design-builders accepting bids from first-tier subcontractors.

Once selected, the design-builder must provide a performance and payment bond and obtain written approval from governmental entity prior to changing key personnel outlined in RFP response after the contract has been awarded.

Public-Private Partnership Contracts

Defines *public-private project* as a capital improvement project undertaken for the benefit of a governmental entity and a private developer pursuant to a development contract that includes construction of a public facility or other improvements, including paving, grading, utilities, infrastructure, reconstruction, or repair, and may include both public and private facilities.

Allows a governmental entity to acquire, construct, own, lease as lessor or lessee, and operate or participate in the acquisition, construction, ownership, leasing, and operation of a public-private project, or of specific facilities within such a project, including the making of loans and grants from funds available to it for these purposes. Utilization of this method requires a determination in writing that a critical need exists for a capital improvement project. Requires this determination to be made during an open meeting for LEAs and other public bodies subject to open meetings requirements. Requires certain terms and allows for other terms in public-private contracts. Specifies that public-private partnerships using the design-build project delivery method shall follow the procedures established for procuring design-build contracts above (including utilizing QBS selection process).

Requires a governmental entity to determine its programming requirements for facilities to be constructed using the public-private construction method and to determine the form in which private developers may submit qualifications. Provides that the governmental entity shall advertise a RFQ notice for interested private developers in a newspaper having general circulation within the governmental entity's county. Prior to submission of qualifications, the governmental entity shall make available, in whatever form it deems appropriate, the programming requirements for facilities included in the public-private project. Establishes information a private developer must provide.

The governmental entity can select 1 or more private developers with whom to negotiate terms/conditions of a contract. Requires the proposed contract terms/conditions to be advertised in a newspaper having general circulation within the governmental entity's county at least 30 days prior to entering into the contract. Requires public hearing on the contract followed by open meeting consideration of the contract. Directs the notice of public hearing to be published in the same notice as the advertisement of the contract terms and conditions.

Requires governmental entity to make available a summary of the development contract terms which shall include a statement of how to obtain a copy of the complete development contract.

Authorizes partial performance of the construction or design work by the private developer only if both of the following criteria apply:

- A previously engaged contractor defaults, and a qualified replacement cannot be obtained after a good-faith effort has been made in a timely manner; and
- The governmental entity approves the private developer to perform the work.

Enumerates bonding provisions between private developers and contractors/subcontractors that shall be applicable to all public-private development contracts. Among these provisions are rules granting any person entitled to bring an action or any defendant in an action on a payment bond the right to require the governmental entity to certify and furnish a copy of the payment bond, the development contract, and any construction contracts covered by the payment bond. Creates legal duty of the governmental entity to provide any such person a certified copy of the payment bond and the construction contract upon not less

than 10 days' notice and request and allows requisition of reasonable payment for the actual cost of furnishing the certified copy. Outlines information required in payment bonds.

Directs that capital or operating leases that are entered into pursuant to a public-private contracting method may not contain any provision with respect to the assignment of specific students or students from a specific area to any specific school.

Mini-Brooks Act Exemption

Changes the Mini-Brooks Act exemption allowance in G.S. 143-64.32 (provision allowing local governments to select an architect, engineering, surveying, construction management at risk, design-build firm by whatever method it chooses or none at all). Requires that a local government can only exempt itself from the statute if the estimated fee is \$50,000 or more and it provides a justification for the exemption (eliminating the option to exempt itself in other circumstances simply through written intent).

Reporting Requirements for Qualification Based Selection Process

Expands current QBS project reporting requirements (outlined in G.S. 143-64.1(b)) to include design-build, design-build bridging, and public-private delivery methods. Adds new requirement that the QBS process report (no matter which delivery method is utilized) shall be submitted no later than 12 months from the date the governmental entity takes beneficial occupancy of the project.

Prohibits utilization of construction at risk, design-build, design-build bridging, or public-private partnership until completion of reporting requirements. Provides that contracts entered into prior to submission of reporting requirements shall not be deemed ultra vires and shall remain valid and fully enforceable. Entitles any person, corporation, or entity which has submitted a bid or response to a RFP on any construction project previously advertised by a governmental entity in violation of QBS reporting requirements to obtain an injunction compelling the governmental entity to comply with the reporting requirements and from commencing or continuing a project let until such time as the reporting requirements have been met. Blocks plaintiff entitlement to recover monetary damages. Blocks plaintiff and defendant allowance to recover attorneys' fees except as otherwise allowed by G.S. 1A-11 or G.S. 6-21.5. Establishes four year statute of limitations on injunctive actions.

Adds new item of information required to be included in QBS reporting requirements: a detailed explanation of why the particular delivery method was used in lieu of single prime, multi-prime, and dual-bidding delivery methods identified and the anticipated benefits to the public entity from using the particular delivery method.

Other

Authorizes local boards of education to use prototype designs from the clearinghouse that is a previously approved and constructed project by the School Planning Division of the State Board of Education, and other appropriate review agencies. Permits contracting with the architect of record to make changes and upgrades as necessary for regulatory approval.

Exempts such prototype schools from the QBS selection procedure and may enter into an agreement with the original design professional of the prototype to supply design services for future construction of the prototype school.

G.S. 143-64.31, -128(a1), -128.1, -128.1A, -128.1B, -128.1C.

HB 868: Resid. School Changes (S.L. 2013-247) clarifies operation and oversight of residential schools formerly governed by the Department of Health and Human Services and now governed by the State Board of Education. Repeals unnecessary residential school statutes. Makes conforming changes.

G.S. 115C-150.11 to -150.14, -383; 143B-138.1(b), -146.1(b), -146.2(a), -146.8(f), -146.15, -146.21, -164.10 to -164.18, -216.40 to -216.44.

HB 892: No Fiscal Note for Rule Repeal (S.L. 2013-149) repeals requirement in the Administrative Procedure Act that an agency prepare a fiscal note when proposing to repeal an existing rule.

Applies to all proposed rules published in the NC Register on and after June 13, 2013.

G.S. 150B-21.4.

HB 937: Amend Various Firearms Laws (S.L. 2013-369)

Section 2. Removes criminal penalties attached to carrying a firearm onto public school grounds if the carrier has a valid concealed handgun permit and the firearm is in a closed compartment or container within the person's locked vehicle or in a locked container securely affixed to the person's vehicle. Allows the concealed carry permit holder to unlock the vehicle to enter or exit the vehicle provided the firearm remains in the closed compartment at all times and the vehicle is locked immediately following the entrance or exit.

Effective October 1, 2013, and applies to offenses committed on or after that date.

Prosecutions for offenses committed before October 1, 2013, are not abated or affected, and the statutes that would be otherwise applicable but for this language remain applicable to those prosecutions.

G.S. 14-269.2(k).

HB 998: Tax Simplification and Reduction Act (S.L. 2013-316) makes changes to the North Carolina taxation system. Abolishes existing three-tiered structure of graduated marginal income tax rates and establishes instead a flat 5.8% income tax rate effective January 1, 2014, and 5.75% effective January 1, 2015. Reduces the corporate income tax rate from 6.9% to 6% effective January 1, 2014, and 5% effective January 1, 2015; reductions in future years contingent upon attainment of certain revenue targets. Expands sales tax base to include some new services. Closes select tax exemptions and extends others set to expire.

**Total fiscal impact of HB 998 is a reduction to projected revenue to the General Fund by nearly \$87 million in the 2013-14 fiscal year, \$438 million in 2014-15, and more than \$600 million in 2015-16.*

Specific Notable K-12 Provisions

- Retains prohibition on LEA eligibility for sales tax refunds.
- Section 1.3(f) repeals G.S. 105-134.6, eliminating income tax deductions for educator expenses effective January 1, 2014.
- Section 2.4 repeals G.S. 115C-546.2(a), permanently eliminating the 7.25% corporate income tax transfer to the Public School Building Capital Fund effective July 23, 2013. Transfer had previously been suspended by way of General Assembly directive since 2009.

**Will cost LEAs a projected \$325.6 million over five years.*

- Section 4.1 subjects electricity and natural gas to the combined State (4.75%) and local sales tax rate instead of the 3.22% franchise tax rate effective January 1, 2014.
- Section 5(c) exempts events held at elementary and secondary schools and sponsored by the school, such as student performances and athletic events, from sales taxes.
- Section 6 imposes the combined State (4.75%) and local sales tax on the sales price of a service contract, defined as a warranty agreement, a maintenance agreement, a repair contract, or a similar agreement or contract by which the seller agrees to maintain or repair tangible personal property. Effective January 1, 2014.

Senate Bills

SB 14: Increase Access to Career/Technical Ed. (S.L. 2013-1) requires SBE to establish 3 endorsements to be included on high school diplomas beginning with 2014-15 graduating class. Prescribes that high school diploma endorsements certify a high school graduate as one of the following:

- College-ready
- Career-ready
- College and career-ready

Directs SBE to set criteria for the awarding of each type of endorsement based upon courses completed, overall grade point average, and other criteria at its discretion.

Requires SBE to take additional actions to improve career and technical education accessibility as follows:

- Take into account LEAs that have unmet recruitment needs for career and technical education teachers in making placement decisions for NC Teacher Corps teachers.
- Revise post-secondary education and evaluation requirements for career and technical education teacher licensure to increase accessibility to the licensure process while maintaining quality of instruction.
- Develop alternative professional development, mentoring, and curricular models to support career and technical education teachers who may not have an extensive teaching or classroom management background.
- Develop strategies, in conjunction with the State Board of Community Colleges, to increase the number of high school students engaging in career and technical education, especially in the areas of engineering and industrial technologies, and in other occupations with high employment opportunities. Directs the Boards as they develop these strategies to consider sharing of instructors, facilities, equipment, and business internship opportunities between the public schools and community colleges.

Establishes SBE reporting requirements regarding establishment of the high school diploma endorsements and progress on the other requirements.

G.S. 115C-12(40), -296.7(d).

SB 36: APA Technical/Clarifying Changes (S.L. 2013-143) makes series of clarifying and conforming changes to Administrative Procedure Act.

G.S. 150B-19.1(c)(4), -21.2(c), -21.7, -21.20(a), -45(a)(2).

SB 91: Prohibit Expunction Inquiry (S.L. 2013-53)

Section 3. Requires agencies, officials, and employees of State and local governments who request an employment applicant disclose information concerning any arrest, criminal charge, or criminal conviction to give the applicant *advance notice* regarding their right not to disclose expunged records. The advance notice must inform the applicant that State law allows the applicant to not refer to any expunged arrest, charge, or conviction. Clarifies that an applicant need not, in answer to any question concerning any arrest or criminal charge that has not resulted in a conviction, include a reference to or information concerning charges or convictions that have been expunged. Prohibits denial of the employment application solely on the grounds of applicant's refusal or failure to disclose information concerning an arrest, criminal charge, or criminal conviction that has been expunged. Directs Commissioner of Labor to issue a written warning to violators for first offense and levy a civil penalty of up to \$500 for each additional violation occurring after issuance of written warning. Establishes appeals procedure.

Effective December 1, 2013, and applies only to violations that occur on or after that date.

G.S. 15A-153.

SB 103: Amend Assessments for Infrastructure Needs (S.L. 2013-371) extends county and city authority to use critical infrastructure special assessments from July 1, 2013, to July 1, 2015.

Makes changes to rules regarding method and petition.

Effective June 30, 2013, and applies retroactively to special assessments imposed on or after that date.

G.S. 153A-210.1, -210.2(c), -210.3(a); 160A-239.1, -239.2(c), -239.3(a).

SB 123: Clarify Sex Offender Residence Law (S.L. 2013-28) statutorily clarifies applicability of legal prohibitions on registered sex offenders residing within 1,000 feet of a public school or child care facility. Original legislation (S.L. 2006-247) exempted from the law registrants who had established a residence at a location prior to August 16, 2006, through direct ownership, leasehold, or residing with an immediate family member who had already established residency. Statutory exemption was being interpreted to extend to registrants who resided with an immediate family member but arrived after August 16, 2006. New statutory language provides that the prohibitions apply to any registrant who did not establish his or her residence prior to August 16, 2006.

G.S. 14-208.16(a).

SB 132: Health Curriculum/Preterm Births (S.L. 2013-307) adds an instructional area required as part of the reproductive health and safety education program which must teach about the preventable risks for preterm birth in subsequent pregnancies, including induced abortion, smoking, alcohol consumption, the use of illicit drugs, and inadequate prenatal care. Requires

similar instruction in charter schools. Instructs material to be made available by the Division of Nonpublic Education to nonpublic schools and homeschools.

Directs DHHS to provide to DPI sample educational materials with the most current information available on the preterm birth risk curriculum areas.

Effective July 18, 2013. Curriculum becomes effective for the 2013-14 school year.

G.S. 115C-81(e1)(4), -238.29F(a), -548, -556, -565.

SB 168: Clarify Education Reporting Requirements (S.L. 2013-226)

Repeals the following reporting requirements:

- Annual evaluation reports by SBE on strategies implemented by LEAs using Disadvantaged Student Supplemental Funding and Low Wealth Counties Supplemental Funding monies.
- Annual LEA certification to the SBE of compliance with personal education plan legal requirements.
- SBE reports to the Joint Legislative Education Oversight Committee regarding progress of at-risk students for whom personal education plans have been developed.
- SBE reports to the Joint Legislative Education Oversight Committee regarding LEA use of teacher mentor funds (this allotment was discontinued in 2011).

Eliminates requirement for the UNC Board of Governors to implement, administer, and revise programs for meaningful professional development for professional public school employees based upon evaluations and recommendations made by SBE.

Changes HB 23 (see above) by removing language contained therein that changed teacher licensure statutes and established digital learning competency requirements for teacher education program students, lateral-entry teachers, and teacher licensure renewal standards by 2017. Incorporates language removed from HB 23 as part of enhanced rewrite of teacher licensure statutes making technical and organizational changes. Requires SBE to establish annual report cards for educator preparation programs and reward/sanction/revoke approval of those programs based upon performance levels demonstrated on the report cards.

Abolishes obsolete language requiring DPI to monitor and report on the progress of each LEA toward achieving State child nutrition standards.

Repeals requirement that LEAs report directly to the Labor and Economic Analysis Division of the Division of Employment Security regarding data and information for input into the common follow-up information management system. Tasks DPI with responsibility for collecting such information from LEAs and reporting to DES on their behalf.

Directs SBE, to the extent federal law may permit, to require no more than one economically disadvantaged student report per school year from LEAs (current submission frequency for EDS reports is bi-annually).

Directs DPI to simplify and minimize data entry requirements of LEAs to achieve the least burdensome administrative data entry workload possible, particularly as it relates to the implementation of the PowerSchool application and any other component of the Instructional Improvement System.

Eliminates the following State reports required from LEAs throughout the year:

- Final Principal's Monthly Report (completed by principal).
- LEA Vacancy Report (completed by personnel administrator).
- Professional Personnel Activity Report (completed by data manager/principal).

- Pupils in Membership by Race and Sex (completed by principal).
- Report of School Sales (completed by textbook coordinator).
- School Activity Report (completed by principal).

Allows DPI to collect any information contained in the eliminated reports necessary for compliance with State or federal law through the implementation of the PowerSchool application or any other component of the Instructional Improvement System. Reaffirms that LEAs will continue to be responsible for required data entry into the PowerSchool application or any other component of the Instructional Improvement System. Deletes statutory directives for LEAs to comply with requirements of the Uniform Education Reporting System and instead provides that, to the extent practicable, reporting requirements developed by SBE as part of the Uniform Education Reporting System are to be incorporated into the PowerSchool application or any other component of the Instructional Improvement System.

Instructs SBE to adopt a policy ensuring that LEAs will not be required to provide information that is not necessary to comply with State or federal law or that is not relevant to student outcomes or the efficient operation of public schools. Requires SBE to annually identify reports that are required at the State level and evaluate the need for continuation of individual reports, including considering whether those individual reports exceed State and federal legal requirements.

Directs SBE, whenever practicable, to limit narrative reporting requirements in IEP forms strictly to essential components requiring personalized student information.

Establishes a new component of student performance improvement strategies required as part of school improvement plans. The new component mandates a plan to identify and eliminate unnecessary and redundant teacher reporting requirements and, to the extent practicable, streamline the school's reporting system and procedures, including requiring forms and reports to be in electronic form when possible and incorporating relevant documents into the student accessible components of the Instructional Improvement System.

Changes rules regarding locally-established teacher reporting requirements. Shifts responsibility from the local school board to the superintendent in determinations of whether a teacher should be required to provide information available in the student information management system or to provide the same information twice. Superintendent must determine that (a) a compelling need exists for the requirement and (b) that there is no more expeditious manner of providing the information to the local school board.

Allows a school improvement team to request that the superintendent consider the elimination of a redundant reporting requirement for teachers at its school if the school improvement plan identifies a more expeditious manner to provide the information to the local board. Directs the superintendent to recommend to the local board whether the reporting requirement should be eliminated for that school. If the superintendent does not recommend elimination of the reporting requirement, the school improvement team may request a hearing by the local board.

All provisions effective July 3, 2013, except digital learning competencies for teacher education students and teacher licensure renewals become effective July 1, 2017, and apply beginning with the 2017-18 school year.

G.S. 96-33; 115C-12(18) and (19), -105.27(b), -105.41(a), -107.2(d), -296, -307(g); 116-11(12a).

SB 189: Amend Law Defining Home Schools (S.L. 2013-57) modifies definition of "Home school" to provide that parents/legal guardians, in addition to providing academic instruction,

also determine the scope and sequence of academic instruction and determine additional sources of academic instruction. Makes technical changes.
G.S. 115C-563(a).

SB 231: Modify Duties/Advisory Council on Indian Educ. (S.L. 2013-295) modifies the duties of the State Advisory Council on Indian Education.

Adds the following duty:

- To improve consultations among SBE, DPI, and American Indian tribal communities, students, parents, and educators.

Modifies the following duties:

- Annual report preparation and presentation – annual report shall include an action plan and the annual SBE presentation shall continue to advise the SBE on ways to meet the educational needs of American Indian students more effectively based on SBE’s strategies, policies, and information. The report must also go to the authorized Indian Tribes and Indian organizations and organizations holding membership on the NC State Commission of Indian Affairs at the statewide Indian Unity Conference and with the North Carolina State Commission of Indian Affairs, along with an action plan based on recommendations.
- Improvement of coordination and communication between and among programs shall be done in close collaboration with Tribal Leaders and Title VII Coordinators in addition to DPI. Removes reference to the Division of Indian Education within DPI.

G.S. 115C-210.4

SB 337: NC Charter School Advisory Board (S.L. 2013-355) makes numerous changes to charter school statutes as follows.

Local Current Expense Fund Transfers

Inserts the term *local current expense fund* in place of *local current expense appropriation* wherever the latter appears in local charter school funding statute, per the *Frances B. Delaney vs. Asheville City Schools* case.

Requires LEAs to transfer local current expense funds to charter schools enrolling domiciliary students within *30 days of receipt of monies into the local current expense fund*.

Mandates that within 30 days of receipt of monies into the local current expense fund, LEAs must also provide the following information to charter schools receiving a local funding transference:

- Total amount of monies the LEA has in each of its funds.
- Student membership numbers the LEA used to calculate the charter school’s per pupil local current expense fund share.
- How the charter school’s per pupil local current expense fund share was calculated.

Allows LEAs and charter schools to use the process for mediation of differences between the SBE and a charter school to resolve differences on calculation and transference of local current expense per pupil shares. Before filing legal action, a charter school must provide the LEA with 15 days’ written notice of the alleged violation. Awards reasonable attorneys’ fees and costs to the prevailing party in litigation involving local current expense

transference/calculation. Directs the court to order any delinquent funds, costs, fees, and interest to be paid in equal monthly installments and establish a timeline for payment in full that shall be no later than three years from the entry of judgment.

Clarifies that special funds of individual schools are *not* to be included as part of the local current expense funding share required to be transferred to a charter school. Makes technical changes to G.S. 115C-426(c). Eliminates language allowing a 3-year payment procedure for LEAs adjudicated to owe charter schools money prior to establishment of Fund 8.

North Carolina Charter Schools Advisory Board

Effective August 1, 2013, dissolves the North Carolina Charter School Advisory Council which had been authorized through State Board of Education (SBE) policy. Creates the North Carolina Charter Schools Advisory Board as a statutorily constituted and empowered entity located administratively in the Department of Public Instruction (DPI) and reporting to the SBE. Vests the Advisory Board with the following responsibilities:

- Making recommendations to SBE on the adoption of rules regarding all aspects of charter school operation, including timelines, standards, and criteria for acceptance and approval of charter applications, monitoring of operational charter schools, and grounds for charter revocations.
- Reviewing charter school applications and making recommendations to SBE as to which should receive final approval.
- Making recommendations to SBE on actions concerning operational charter schools, including renewals, nonrenewals, and revocations of charters.
- Undertaking any other duties and responsibilities that may be assigned by SBE.

Composition of the Advisory Board as compared to the old body is as follows:

Abolished Charter School Advisory Council	New Charter School Advisory Board
8 members appointed by Governor	3 members appointed by Governor, including the Chair of the Board
3 members appointed by Gen. Assembly upon recommendation of the Senate President Pro Tem	3 members appointed by Gen. Assembly upon recommendation of the Senate President Pro Tem
3 members appointed by Gen. Assembly upon recommendation of the House Speaker	3 members appointed by Gen. Assembly upon recommendation of the House Speaker
1 member appointed by the Superintendent of Public Instruction	1 member appointed by the State Board of Education
	Lieutenant Governor
	Superintendent of Public Instruction (secretary and nonvoting member)

Total voting members = 15

Total members = 12
Total voting members = 11

Outlines member qualifications. Under the abolished board, appointing authorities were directed to make maximum effort to include representatives of the traditional public school system. Appointing authorities to new advisory board are directed to ensure that each appointee has demonstrated an understanding of and a commitment to charter schools as a strategy for strengthening public education and that the body collectively possesses strong experience and

expertise in public and nonprofit governance, management and finance, assessment, curriculum and instruction, public charter schools, and public education law.

Establishes four-year terms for appointed members. Provides rules for term limits, meetings, expenses, removal from office, and other board functions.

Application and Approval Process Modifications/Impact Statements

Eliminates the preliminary approval option for charter school applicants and eliminates preliminary chartering entities, requiring *all* charter school applications to go exclusively through the SBE chartering process.

Abolishes requirements that local school boards receive copies of all applications for charter schools proposing to operate in their LEAs and eliminates the opportunity to submit LEA impact statements to SBE in response to applications. Eliminates requirement that SBE consider a proposed charter school's impact on the LEA's ability to provide a sound basic education to its students. Eliminates opportunity for local school boards to submit impact statements to SBE on how a resident charter school's enrollment growth exceeding 20% in one year would adversely impact the LEA's ability to provide a sound basic education to its students.

Changes the date by which SBE must take final action on charter applicants to January 15 (was, March 15). Removes February 15 as the date by which applications must be received by SBE to be entitled to action; instead, tasks setting of this date to the Office of Charter Schools. Adds new ground for granting final approval to a charter applicant. Encourages SBE to give preference to charter applications in an LEA that demonstrate the capability to provide comprehensive learning experiences to students identified by the applicants as at-risk of academic failure.

Leasing Requests

Institutes an appeals procedure when a local school board declines to lease available buildings/land to a charter school *and* the two bodies are unable to reach an agreement. Provides that in such situations, the charter school may appeal the school board's decision to the county commissioners of the county in which the building or land is located and that any decision by the county commissioners on the leasing dispute is to be a final decision.

Other Provisions

Clarifies that due process must be provided before a student may be excluded from a charter school and returned to another school in the LEA.

Lowers required minimum licensed teacher staffing levels for grades K-5 at charter schools from 75% to 50%; retains grades 6-12 50% level.

Mandates that a charter school adopt a policy on criminal background checks for employees mirroring the local school board of the domiciliary LEA's policy requiring criminal background checks for their employment applicants. Establishes other guidelines for charter school employment applicant background checks.

Instructs the SBE to make rules allowing third-party assumption of an inadequately performing charter that has been in operation for five years or more (an option that could be utilized as an alternative to termination or nonrenewal of the charter). Provides that in such situations public assets would transfer to the new entity and not revert to the LEA.

Exempts property used exclusively for a charter school from local property tax.

Makes technical and conforming changes throughout charter school statutes.

G.S. 105-275; 115C-238.29A, -238.29B, -238.29C, -238.29D, -238.29E, -238.29F, -238.29G, -238.29H, -238.29I, -238.29J, -238.29K, -426(c), -448; 143B-426.40A.

SB 406: Repeal Laws Denied Section 5 Preclearance (S.L. 2013-343) repeals all public or local laws enacted by the General Assembly, for which prior to June 25, 2013, either the United States Department of Justice interposed an objection or the United States District Court for the District of Columbia denied a declaratory judgment under Section 5 of the Voting Rights Act of 1965. G.S. 120-30.9J.

SB 473: Health Cost Transp/Speaker and PPT Standing (S.L. 2013-393)

Section 3. Allows the Speaker of the House and the Senate President Pro Tempore to jointly intervene on behalf of the North Carolina General Assembly in any judicial proceeding challenging a North Carolina statute or a provision of the North Carolina Constitution.

G.S. 1-72.2.

SB 547: Energy Savings Contracting Amendments (S.L. 2013-396) amends statutes governing *guaranteed energy savings contracts* for governmental units.

Establishes a definition for *qualified reviewer*. Changes any references to “licensed architect or engineer” to “qualified reviewer” throughout the statute.

Allows governmental entities to open the proposals if fewer than 2 proposals were received from qualified providers, eliminating requirement for a second RFP. Adds requirement that an RFP can be opened if fewer than 2 qualified providers attended the mandatory pre-bid meeting.

Requires that a qualified reviewer evaluate proposals and provide a report containing an evaluation of the proposal. An optional recommendation may accompany the evaluation but the governmental unit is not obligated to follow it. Removes the requirement that the proposal include specified cost estimates. Revises the criteria for selecting a provider.

Establishes selection process by which the governmental unit shall select a short list of finalists on the basis of rankings of the written proposals under required criteria as well as references from past clients. The governmental unit must have the highest ranked qualified provider prepare a cost-savings analysis for the proposed contract showing at a minimum a comparison of the total estimated project savings to the total estimated project costs for the proposed term. If the unit and the qualified provider cannot negotiate acceptable terms, pricing, and savings estimates, the governmental unit may terminate the process and begin negotiations with the second highest ranked qualified provider. Requires review of proposal and other items by the State Energy Office prior to the governmental unit announcing the award.

Eliminates provision allowing a governmental unit that has solicited a guaranteed energy conservation measure or the State Treasurer to execute and deliver a financing contract of up to \$5 million to finance the costs of the energy conservation measure.

Makes other changes.

G.S. 142-63; 143-64.17, -64.17A, -64.17B, -64.17L(e).

SB 613: Create Military Affairs Commission (S.L. 2013-227) abolishes the North Carolina Advisory Commission on Military Affairs. Establishes the North Carolina Military Affairs Commission, outlines its purpose, provides for its structure and membership, and enumerates its powers.

Among the commission's enumerated powers is to identify and support ways to provide adequate education for military members and their families. Provides that the Superintendent of Public Instruction, or designee, is to be an ex-officio, nonvoting member of the commission.

Effective August 1, 2013.

G.S. 127C-1 through -4.

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

HB 4: U/I Fund Solvency & Program Changes (S.L. 2013-2) reforms the North Carolina Unemployment Insurance system and repeals and rewrites numerous governing statutes.

Section 2(b). Establishes new requirements for governmental entity employers' financing of unemployment insurance benefits. Retains option for governmental entities to reimburse benefit charges in lieu of contributions. Requires each governmental entity employer that reimburses in lieu of contributions to maintain a balance in its U/I account equal to 1% of taxable wages against which benefits attributable to that employer will be charged. Allows existing governmental entities to submit quarterly advance payments sufficient to establish cumulative 1% account balance by August 2014.

**Per Division of Employment Security guidance, governmental entities will submit advance payment of 1% of quarterly taxable wages with each quarterly wage report beginning with the October 2013 wage report and ending with the July 2014 quarterly wage report.*

Requires Division of Employment Security to conduct annual reconciliation process of all governmental reimbursable accounts beginning 2014 and to bill governmental entities for an amount which will bring their account balance to 1% of the preceding calendar year's taxable wages (changed by HB 743, see below).

**DES guidance provides that timeline for mailing bills for deficient accounts will be the same as the timeline for mailing bills for benefit charges under previous law.*

Eliminates option for governmental entities to reimburse benefit charges at 120% and have certain noncharging rights.

**DES guidance provides that 120% reimbursable accounts will be deactivated effective June 30, 2013, and new U/I tax account numbers issued effective July 1, 2013.*

Noncharging of benefits will not be allowed on claims filed beginning with benefit year beginning date on or after June 30, 2013. Benefit charges for claims filed under the old account will continue to be billed to the old account on an annual basis at 120% and will remain eligible for noncharging. 2014 reconciliation will be done on the new account only.

Effective July 1, 2013.

G.S. 96-9.6.

Section 4. Eliminates all but 2 of the reasons an individual could quit employment and still automatically qualify for unemployment benefits (good cause for leaving work). The retained good cause for leaving work allowances are: domestic violence and military spouse relocation (employer account will not be charged in these circumstances). Changes rules regarding when an individual can leave work due to reduced work hours or a reduced rate of pay and still qualify for benefits. The requirement to qualify is raised from a 20% reduction in work hours to a 50% reduction in work hours.

Section 7(b). Retains current law providing that no substitute teacher or other substitute school personnel seeking unemployment benefits is to be considered unemployed for days or weeks when the individual is not called to work unless the individual was employed as a full-time substitute during the period for which the unemployment benefits are being requested. Retains current law defining a “full-time substitute” as a substitute employee who works (1) more than 30 hours a week, (2) on a continual basis, (3) for a period of six months or more.

Effective July 1, 2013.

G.S. 96-15.01(d).

HB 176: Charter School Election (S.L. 2013-279) permits the Corvian Community School charter school to become a participating employer in the Teachers’ and State Employees’ Retirement System and a participating employing unit in the State Health Plan for Teachers and State Employees. Sets forth timelines for taking participatory action.

HB 232: State Health Plan/Statutory Changes-AB (S.L. 2013-324)

Section 1. Provides that all full-time employees (was, permanent full-time employees) of an employing unit are eligible for coverage under the State Health Plan on a partially contributory basis. Removes requirements regarding hours worked per week and months worked per calendar year as factors in determining eligibility for coverage. Provides instead that the full-time status of an employee will be determined by the employing unit under Section 4980H of the Internal Revenue Code and applicable regulations, as amended.

Effective January 1, 2015.

G.S. 135-48.20(b)(1).

Section 2. Disqualifies permanent hourly employees who work at least one-half of the workdays of each pay period from eligibility for the Plan on a partially contributory basis.

Effective Immediately.

G.S. 135-48.20(b)(2).

Section 3. Adds retirees to class of individuals eligible to change coverage elections.

Effective January 1, 2014.

G.S. 135-48.20(e).

Section 4. Effective January 1, 2015, establishes that new employees are eligible to apply for coverage on the first day of the month following the date that the employee is determined by the employing unit to be a full-time employee as defined in statute, or if later, the first day of any applicable stability periods established by the employing unit under the provisions of Section 4980H of the Internal Revenue Code and the applicable regulations, as amended (previous law allowed a coverage application on the first day of the month following employment, or on a like date the following month if the employee has enrolled). Effective January 1, 2014, eliminates age requirements of regarding enrollment for employees not enrolling or not adding dependents when first eligible for enrollment. Effective January 1, 2014, removes 12-month waiting period for a preexisting health condition if enrolling sometime after initial eligibility. Effective January 1, 2014, changes from mandatory to permissive the 12-month waiting period for retirees and dependents with preexisting health conditions who desire to enroll after the initial eligibility period.

G.S. 135-48.43.

Section 6. Clarifies that statute allowing State agencies to charge interest and penalties for past-due accounts does not apply to the State Health Plan for past-due account receivables related to premiums and claims payments.

G.S. 147-86.23.

HB 357: Retirement Governance Changes Act of 2013-AB (S.L. 2013-287)

Section 1. Authorizes the Supplemental Retirement Board of Trustees to be an additional administrator of the North Carolina Public School Teachers' and Professional Educators' Investment Plan.

G.S. 135-96(a).

Section 4. Changes the membership of the Board of Trustees of the Teachers' and State Employees' Retirement System by decreasing the number of members from 14 to 13, reducing the number of gubernatorial appointees from ten to nine, removing the requirement that one member be an employee of the Board of Transportation, reducing from three to two the number of members who are not members of the teaching profession or state employees, and adds that one member must be an active or retired member of the NC National Guard to be appointed by the Governor.

G.S. 135-6(b).

Section 5. Immunizes members of the Supplemental Retirement Board of Trustees from civil liability for monetary damages except in specific enumerated circumstances.

G.S. 135-97.

HB 358: Retirement Technical Corrections-AB (S.L. 2013-288) makes numerous technical, conforming, and organizational changes to State Retirement Plan statutes.

Section 2. Changes requirements for attaining military service credit. Previous law established as one of the qualifying conditions for gaining military service credit that the member return to service, with the employer by whom the member was employed when the member entered military service, within a period of two years after the member was first eligible to be separated or released from such military service under other than dishonorable conditions. This qualifying condition is replaced with a four-part qualifying condition as follows:

1. The member did not, prior to leaving for military service, provide clear written notice of an intent not to return to work after military service.
2. The member was discharged from uniformed service and returned from the leave of absence for uniformed service to membership service in this system within the time limit mandated by federal law for reporting back to work.
3. The period of uniformed service, for which additional service credit is sought, has been verified by suitable documentation and is not eligible for receipt of benefits under any other retirement system or pension plan.
4. All service credit forfeited by a refund has been purchased.

Limits the allowable uniformed service credit to a maximum of five years unless specifically exempted by federal law. Establishes requirements for determining salary base for calculating benefits.

Section 4. Clarifies that the definition of "retirement" aligns with the commencement of monthly retirement benefits.

Section 5. Permits the Optional Retirement Program to file individual election forms with the Retirement System using electronic transmission.

Section 6. Clarifies that employers are to receive reimbursement from the Retirement Plan for State Health Insurance premiums (in addition to short-term benefits) paid on behalf of short-term disability beneficiaries upon completion of the short-term disability period or cessation of benefits. The employer must so notify the Plan of such amounts paid.

Clarifies that an early-service retirement allowances in lieu of long-term disability benefits are effective with the first day of the month following the end of the short-term period.
All Provisions Above Effective July 1, 2013.

G.S. 120-4.34; 128-21(14) and (19), -26(a) and (x), -38.5; 135-1(14) and (20), -5.1(b), -18.11, -53(16), -75.2, -105(d), -106(d), -111, -111.1; 143-166.2(d), -166.30(d), -166.50(e).

HB 359: Retirement Administrative Changes Act of 2013 (S.L. 2013-405)

Section 1. Allows a member of the Teachers' and State Employees' Retirement System (TSERS) who became a member of the Supplemental Retirement Income Plan (SRIP) before retiring and who remains a member to make a one-time election to transfer eligible balances, not including any Roth after-tax contributions and earnings, from specified plans to the SRIP, subject to applicable SRIP requirements, and then through SRIP to TSERS. Specifies the plans eligible.

Provides for taxation rules of a transferred plan. Prohibits an eligible plan from assessing a fee specifically related to a transfer of accumulated contributions. Requires each plan, contract, account, or annuity to fully disclose to any member participating in a transfer any surrender charges or other fees contemporaneously with the initiation of the transfer by the member.

Effective July 1, 2013.

G.S. 135-5(m2).

Section 2. Amends GS 135-106(b), making clarifying changes to long-term disability provisions by providing that the amounts payable are to be reduced by Social Security disability benefits to which the beneficiary may be entitled, effective the first of the month following the month of initial entitlement.

Effective July 1, 2013.

G.S. 135-106(b).

Section 3. Establishes a Qualified Excess Benefit Arrangement (QEBA) for retired members or survivor beneficiaries of members or retired members who receive monthly retirement benefit payments from a Retirement System (payees). Effective as of January 1, 2014, a payee shall participate in the QEBA for any calendar year, or portion of the calendar year, during which he/she receives a retirement allowance or benefit payment on and after January 1, 2014, from TSERS that is reduced due to the application of section 415(b) of the IRC, which limits the amount of annual retirement benefits an individual can receive from a tax-qualified defined benefit pension plan. Provides that payees are to receive a monthly supplemental benefit equal to the difference between the amount of the payee's monthly TSERS retirement benefit on and after January 1, 2014, and the amount that would have been payable to that payee from TSERS in that month if not for the 415(b) reduction. Tasks the TSERS Board of Trustees, upon the recommendation of the actuary engaged by the Board, with determining the employer contributions required to pay the benefits due under the QEBA for each fiscal year. Directs that required contributions shall be paid by *all participating employers*. Reserves the General Assembly's right at any time and, from time to time, to modify or amend, in whole or in

part, any or all QEBA provisions. Provides that payees do not acquire vested rights to QEBRA payments. Provides that *no new* QEBA beneficiaries are to be accepted after January 1, 2015.

Effective January 1, 2014.

G.S. 135-150, -151.

Section 5. Effective January 1, 2012, provides that a TSERS beneficiary who retired on an early or service retirement allowance and then returns to service as a teacher or employee for at least 3 years membership service must have creditable service earned while receiving disability benefits counted as membership service for purposes of computing the member's retirement allowance.

G.S. 135-3(8)d.

Section 6. Provides that a TSERS member reinstated to service retroactively to the date of prior involuntary termination, with back pay, may be allowed membership service after submitting clear and convincing proof of the reinstatement, payment of the back pay, and restoration of associated benefits. Provides criteria for when the reinstatement is by court order and criteria when reinstatement is by settlement agreement.

G.S. 135-4(ff).

HB 402: TRICARE Supplement for Flex Accounts (S.L. 2013-292) requires SBE and other State entities to offer a TRICARE supplement plan if a flexible compensation plan is offered.

Requires State entities to use a competitive bid process to award contracts to third-party providers for TRICARE supplement options.

G.S. 115C-341.1; 115D-25.2; 116-17.2; 126-95(b).

HB 743: U/I Laws Administrative Changes (S.L. 2013-224)

Section 3. Directs that penalties assessed for overdue employer unemployment insurance taxes are to be credited to the Civil Fines and Forfeiture Fund.

G.S. 96-5.1(a).

Section 6. Changes the taxable wages base upon which the 1% account balance is to be calculated in the reconciliation process from the preceding calendar year's taxable wages to the most recent fiscal year (immediate four quarters preceding July 1). Clarifies that if an account has a balance in excess of the required 1%, the credit balance will be retained in the account and no refunds issued.

G.S. 96-9.6(e).

SB 43: Study Savings for the Administration of Claims (S.L. 2013-336) directs the Office of State Personnel, in conjunction with DPI and the Office of State Budget and Management, to study expenses related to the management of workers' compensation claims submitted by State and local government employees, and submit recommendations no later than October 1, 2013, as to how efficiency can be improved and expenses can be reduced.

LOCAL LEGISLATION

House Bills

HB 37: Cleveland Co. Property Transfer (S.L. 2013-7) authorizes the Cleveland County Board of Commissioners to convey all right, title, and interest in a described tract of real property to

Pinnacle Classical Academy for the purpose of operating a public school, including a charter school. Specifies allowable types of property transfer actions. Authorizes inclusion of reversionary clause in conveyance instrument to be triggered when property ceases to be used for public school purposes.

HB 196: WS/FC School Board Vacancies (S.L. 2013-249) provides that vacancies on the Winston-Salem/Forsyth Board of Education occurring during a term of office will be filled by appointment by the remaining members of the school board instead of the Forsyth County Board of Commissioners.

HB 334: Buncombe Cty Lottery Fund Use Expansion (S.L. 2013-251) allows Buncombe County to redirect school construction lottery proceeds that have been received but not designated for specific projects. Authorizes the County to use such funds for digital learning needs such as school connectivity, digital textbooks, and instructional resources, digital devices, and associated ongoing professional development for teachers.

Applies only to unencumbered funds received by Buncombe County prior to July 9, 2013.
G.S. 115C-546.2(d)(5).

HB 409: Shelby Deannexation (S.L. 2013-218) removes certain described tracts of real property from the corporate limits of the City of Shelby. Reinstates the property effective July 1, 2016, if the property is not developed by June 30, 2016, for the purpose of operating a public school including a charter school, Pinnacle Classical Academy.

HB 490: Lee County Elections (S.L. 2013-220) changes method and timing of Lee County Board of Education elections. Switches election method from nonpartisan to partisan. Moves election timing from May primaries to November general. Changes from July to December the month after election that begins a member's term in office. Retains quadrennial elections on even-numbered years. Adds Lee County to school boards authorized to fill vacancies on a partisan basis.

G.S. 115C-37.1.

HB 491: School Resource Officers/Lee County (S.L. 2013-350) decertifies the Lee County Board of Education as a company police agency under Chapter 74E of the General Statutes and blocks future recertification. Prohibits the school board from employing or contracting with a certified company police agency.

Vests the Lee County Sheriff with responsibility for providing school resource officers to the Lee County Schools and requires the school board to enter into a memorandum of understanding with the sheriff for these services. Requires funds to come from county commission appropriations for school resource officers.

Effective August 1, 2013.

HB 512: Central Carolina Comm. Coll. Trustee Elections (S.L. 2013-263) expires the terms of individuals appointed solely by the Lee County Board of Education to the Central Carolina Community College Board of Trustees (CCCC BoT) on August 1, 2013. Changes the four appointments to the CCC BoT made by the Lee County Board of Education to joint appointments by the Lee County, Chatham County, and Harnett County Boards of Education

with each board having one vote in the election of each trustee. Requires new appointments to be made no later than August 1, 2013.

Prohibits a board of education from: (1) electing a member of the school board or any person employed by the school board; and (2) reelecting an individual elected solely by the Lee County Board of Education whose term expires August 1, 2013.

Provides for staggered four-year terms of each newly elected trustee.

**Note that a preliminary injunction has been issued by a judge that blocks enforcement of this law until a full trial over the law's constitutionality.*

HB 523: Pitt. Co. Bd. of Education (S.L. 2013-318)

Repeals law enacted in 2011 that changed the Pitt County Board of Education structure. The law had been nullified due to being denied preclearance from the US Department of Justice.

Effective for 2014 election, reduces the Pitt school board from 12 to 9 members, reduces member term length from 6 to 4 years, and moves election schedule from May to November (same time as the regular election of county officers). Provides that in the 2014 election, the individual elected to fill the vacant seat for District 1, Seat A, for the remainder of the term shall serve a term of 2 years and that 3 individuals shall be elected at-large to serve 2-year terms.*

**Changed by HB 92, above.*

Effective for 2016 election, sets election for all 9 members, each of whom is to be elected from a single-member district (was, 6 districts with 2 elected per district). Draws boundaries for each district. Establishes 4 and 2 year terms for 2016 election winners dependent upon vote totals garnered and then staggers the seats thereafter.

HB 537: Edenton-Chowan Sch. Bd. Terms (S.L. 2013-271) reduces term lengths for members of the Edenton-Chowan Board of Education from 6 years to 4 years beginning 2014. Provides that in the 2014 election, one member is to be elected to fill seat 1 of District 2 on the Edenton-Chowan Board of Education to serve for two years; in 2016 the term length for this seat expands to four years.

HB 546: Roanoke Rapids Graded School District (S.L. 2013-257) provides that the trustees of the Roanoke Rapids Graded School District are to elect a chairperson at the first meeting in December after each election to serve for the two following years *until the successor is elected* (was, unless the present chairman's term has not expired).

HB 870: Duplin County Boards of Comms. And Educ. (S.L. 2013-320)

Repeals law enacted in 2011 that changed structure of the Duplin County Board of Education. The law had been nullified due to being denied preclearance from the US Department of Justice.

Effective for 2014 election, reduces the Duplin school board from 6 to 5 members. Redraws boundaries for remaining 5 districts. Confirms that redistricting requirements following each federal census apply to the board. Establishes staggered terms for 5 members beginning with 2014 election.

Senate Bills

SB 317: Guilford and Stanly Election Systems (S.L. 2013-361)

Sections 1-2. Provides that members elected to the Guilford County Board of Education in the 2014 election are to serve 2-year terms. Effective for the 2016 election, changes the Guilford school board's composition and election schedule. Reduces the number of board members from 11 to 9 (8 members from single member districts and 1 member at-large). Redraws all district lines. Switches school board election method from nonpartisan to partisan. Retains biennial election cycle. Provides for election to all 9 board seats in the 2016 election and staggers the terms of board members thereby. Adds Guilford County to school boards authorized to fill vacancies on a partisan basis.

Sections 5-7. Effective for the 2014 election, restructures the Stanly County Board of Education to reduce the number of members from 9 to 7 (5 members from single-member districts and 2 members at-large). Redraws lines of the 5 school board districts for the 2014 election to align with those of the Stanly County Board of Commissioners. Provides for election schedule of newly constituted board. Empowers the Stanly County Board of Commissioners with authority to revise the school board's election districts following return of the 2020 Census and each Census thereafter but provides that the district lines of the two boards shall remain identical.

SB 325: Wake County School Board Districts (S.L. 2013-110) restructures the composition of the Wake County Board of Education and changes the timing of elections .

Effective for 2016 election, moves timing of elections to the Wake school board from October of odd-numbered years to November of even-numbered years.

Effective for 2016 election, changes electoral method from election and runoff if no majority is attained to plurality (highest number of votes wins).

Effective for 2016 election, restructures school board representation. Creates 7 local districts with a single-member to be elected from each and denoted through numbers (Districts 1 through 7). Creates two regional districts overlapping the local districts with a single member to be elected from each and denoted through letters (District A and District B). Provides for 2016 election of all 9 school board seats and staggers the terms thereafter- elections for regional district seats will be held in 2016, 2018, and quadrennially thereafter; elections for local district seats will be held in 2016 and quadrennially thereafter.

Allows election in 2013 for 4 seats as scheduled under district boundaries established in 2011 but ends terms of members thereby elected on the first Monday in December 2016. Extends terms of five remaining members to the first Monday in December 2016. Cancels election scheduled for 2015.