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SENATE DRS15133-LE-45 (02/26)

Short Title: NC Public Schools Budget Flexibility Act. (Public)

Sponsors: Senators Tillman, Barringer, and Wade (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO ENACT THE NORTH CAROLINA PUBLIC SCHOOLS BUDGET  
3 FLEXIBILITY ACT.

4 The General Assembly of North Carolina enacts:

5  
6 **PART I. TITLE**

7 **SECTION 1.1.** This act shall be known as the "North Carolina Public Schools  
8 Budget Flexibility Act of 2013."

9  
10 **PART II. BUDGET FLEXIBILITY**

11  
12 **ADDITIONAL AUTHORITY TO TRANSFER FUNDS**

13 **SECTION 2.1.** G.S. 115C-105.25 reads as rewritten:

14 **"§ 115C-105.25. Budget flexibility.**

15 (a) Consistent with improving student performance, a local board shall provide  
16 maximum flexibility to schools in the use of funds to enable the schools to accomplish their  
17 goals.

18 (b) Subject to the following limitations, local boards of education may transfer and may  
19 approve transfers of funds between funding allotment categories:

20 (1) ~~In accordance with a school improvement plan accepted under~~  
21 ~~G.S. 115C-105.27, State funds allocated for teacher assistants may be~~  
22 ~~transferred only for personnel (i) to serve students only in kindergarten~~  
23 ~~through third grade, or (ii) to serve students primarily in kindergarten~~  
24 ~~through third grade when the personnel are assigned to an elementary school~~  
25 ~~to serve the whole school. Funds allocated for teacher assistants may be~~  
26 ~~transferred to reduce class size or to reduce the student teacher ratio in~~  
27 ~~kindergarten through third grade so long as the affected teacher assistant~~  
28 ~~positions are not filled when the plan is amended or approved by the~~  
29 ~~building level staff entitled to vote on the plan or the affected teacher~~  
30 ~~assistant positions are not expected to be filled on the date the plan is to be~~  
31 ~~implemented. Any State funds appropriated for teacher assistants that were~~  
32 ~~converted to certificated teachers before July 1, 1995, in accordance with~~  
33 ~~Section 1 of Chapter 986 of the 1991 Session Laws, as rewritten by Chapter~~  
34 ~~103 of the 1993 Session Laws, may continue to be used for certificated~~  
35 ~~teachers.~~



- 1           (1a) Funds for children with disabilities, career and technical education, and other  
2 purposes may be transferred only as permitted by federal law and the  
3 conditions of federal grants.
- 4           (2) ~~In accordance with a school improvement plan accepted under~~  
5 ~~G.S. 115C 105.27, (i) State funds allocated for classroom~~  
6 ~~materials/instructional supplies/equipment may be transferred only for the~~  
7 ~~purchase of textbooks; (ii) State funds allocated for textbooks may be~~  
8 ~~transferred only for the purchase of instructional supplies, instructional~~  
9 ~~equipment, or other classroom materials; and (iii) State funds allocated for~~  
10 ~~noninstructional support personnel may be transferred only for teacher~~  
11 ~~positions.~~
- 12           (2a) ~~Up to three percent (3%) of State funds allocated for noninstructional~~  
13 ~~support personnel may be transferred for staff development.~~
- 14           (3) ~~No funds shall be transferred into the central office administration allotment~~  
15 ~~category.~~
- 16           (4) ~~Funds allocated for children with disabilities, for students with limited~~  
17 ~~English proficiency, and for driver's education shall not be transferred.~~
- 18           (5) ~~Funds allocated for classroom teachers may be transferred only for teachers~~  
19 ~~of exceptional children, for teachers of at risk students, and for authorized~~  
20 ~~purposes under the textbooks allotment category and the classroom~~  
21 ~~materials/instructional supplies/equipment allotment category.~~
- 22           (5a) ~~Positions allocated for classroom teachers may be converted to dollar~~  
23 ~~equivalents to contract for visiting international exchange teachers. These~~  
24 ~~positions shall be converted at the statewide average salary for classroom~~  
25 ~~teachers, including benefits. The converted funds shall be used only to cover~~  
26 ~~the costs associated with bringing visiting international exchange teachers to~~  
27 ~~the local school administrative unit through a State approved visiting~~  
28 ~~international exchange teacher program and supporting the visiting exchange~~  
29 ~~teachers.~~
- 30           (6) ~~Funds allocated for vocational education may be transferred only in~~  
31 ~~accordance with any rules that the State Board of Education considers~~  
32 ~~appropriate to ensure compliance with federal regulations.~~
- 33           (7) ~~Funds allocated for career development shall be used in accordance with~~  
34 ~~Section 17.3 of Chapter 324 of the 1995 Session Laws.~~
- 35           (8) ~~Funds allocated for academically or intellectually gifted students may be~~  
36 ~~used only (i) for academically or intellectually gifted students; (ii) to~~  
37 ~~implement the plan developed under G.S. 115C 150.7; or (iii) in accordance~~  
38 ~~with an accepted school improvement plan, for any purpose so long as that~~  
39 ~~school demonstrates it is providing appropriate services to academically or~~  
40 ~~intellectually gifted students assigned to that school in accordance with the~~  
41 ~~local plan developed under G.S. 115C 150.7.~~
- 42           (9) ~~Funds allocated in the Alternative Schools/At Risk Student allotment shall~~  
43 ~~be spent only for alternative learning programs, at risk students, and school~~  
44 ~~safety programs.~~
- 45           (10) Funds to carry out the elements of the Excellent Public Schools Act, which  
46 are contained in Sections 7A.1 and 7A.6 of S.L. 2012-145, shall not be  
47 transferred."

## 49 LOCAL FLEXIBILITY REGARDING CLASS SIZE

50 SECTION 2.2.(a) G.S. 115C-301 reads as rewritten:

51 "§ 115C-301. Allocation of teachers; class size.

1 (a) Request for Funds. – The State Board of Education, based upon the reports of local  
2 boards of education and such other information as the State Board may require from local  
3 boards, shall determine for each local school administrative unit the number of teachers and  
4 other instructional personnel to be included in the State budget request.

5 (b) Allocation of Positions. – The State Board of Education is authorized to adopt rules  
6 to allot instructional personnel and teachers, within funds appropriated.

7 (c) ~~Maximum Class Size. – Local school administrative units shall have the maximum~~  
8 ~~flexibility to use allotted teacher positions to maximize student achievement. The average class~~  
9 ~~size for each grade span in a local school administrative unit shall at no time exceed the funded~~  
10 ~~allotment ratio of teachers to students. At the end of the second school month and for the~~  
11 ~~remainder of the school year, the size of an individual class shall not exceed the allotment ratio~~  
12 ~~by more than three students. At no time may the General Assembly appropriate funds for~~  
13 ~~higher unit wide class averages than those for which State funds were provided during the~~  
14 ~~1984-85 school year.~~

15 (d) ~~Maximum Teaching Load. – Students shall be assigned to classes so that from the~~  
16 ~~15th day of the school year through the end of the school year the number of students for whom~~  
17 ~~teachers in grades 7 through 12 are assigned teaching responsibilities during the course of the~~  
18 ~~day is no more than 150 students, except as provided in subsection (g) of this section.~~

19 (e) ~~Alternative Maximum Class Sizes. – The State Board of Education, in its discretion,~~  
20 ~~may set higher maximum class sizes and daily teaching loads for classes in music, physical~~  
21 ~~education, and other similar subjects, so long as the effectiveness of the instructional programs~~  
22 ~~in those areas is not thereby impaired.~~

23 (f) Second Month Reports. – At the end of the second month of each school year, each  
24 local board of education, through the superintendent, shall file a report for each school within  
25 the school unit with the State Board of Education. The report shall be filed in a format  
26 prescribed by the State Board of Education and shall include the organization for each school,  
27 the duties of each teacher, the size of each class, the teaching load of each teacher, and such  
28 other information as the State Board may require. As of February 1 each year, local boards of  
29 education, through the superintendent, shall report all ~~exceptions to individual class size and~~  
30 ~~daily teaching load maximums significant increases in class size that occur at that time.~~

31 (g) ~~Waivers and Allotment Adjustments. – Local boards of education shall report~~  
32 ~~exceptions to the State Board of Education as provided in G.S. 115C-47(10), and shall request~~  
33 ~~may request allotment adjustments or waivers from the standards set out above. for significant~~  
34 ~~increases in class size. Within 45 days of receipt of reports, requests, the State Board of~~  
35 ~~Education, within funds available, may allot additional positions or grant waivers for the excess~~  
36 ~~class size or daily load if a significant increase in class size resulted from exceptional~~  
37 ~~circumstances, emergencies, acts of God, large changes in student population, organizational~~  
38 ~~problems caused by remote geographic location, or classes organized for a solitary curricular~~  
39 ~~area, and the local board cannot organizationally correct the exception.~~

40 (1) ~~If the exception resulted from (i) exceptional circumstances, emergencies, or~~  
41 ~~acts of God, (ii) large changes in student population, (iii) organizational~~  
42 ~~problems caused by remote geographic location, or (iv) classes organized for~~  
43 ~~a solitary curricular area, and~~

44 (2) ~~If the local board cannot organizationally correct the exception.~~

45 (h) State Board Rules. – The State Board of Education shall adopt rules necessary for  
46 the implementation of ~~class size and teaching load provisions this section.~~

47 (i) ~~Penalty for Noncompliance. – If the State Board of Education determines that a~~  
48 ~~local superintendent has willfully failed to comply with the requirements of this section, no~~  
49 ~~State funds shall be allocated to pay the superintendent's salary for the period of time the~~  
50 ~~superintendent is in noncompliance."~~

51 **SECTION 2.2.(b)** G.S. 115C-47(10) reads as rewritten:

1 **"§ 115C-47. Powers and duties generally.**

2 In addition to the powers and duties designated in G.S. 115C-36, local boards of education  
3 shall have the power or duty:

4 ...

5 (10) To Assure Appropriate Class Size. – It shall be the responsibility of local  
6 boards of education to assure that the teacher positions allotted by the State  
7 are used to maximize student achievement.~~class size and teaching load~~  
8 ~~requirements set forth in G.S. 115C-301 are met. Any teacher who believes~~  
9 ~~that the requirements of G.S. 115C-301 have not been met shall make a~~  
10 ~~report to the principal and superintendent, and the superintendent shall~~  
11 ~~immediately determine whether the requirements have in fact not been met.~~  
12 ~~If the superintendent determines the requirements have not been met, he~~  
13 ~~shall make a report to the next local board of education meeting. The local~~  
14 ~~board of education shall take action to meet the requirements of the statute.~~  
15 ~~If the local board cannot organizationally correct the exception and if any of~~  
16 ~~the conditions set out in G.S. 115C-301(g)(1) exist, it shall immediately~~  
17 ~~apply to the State Board of Education for additional personnel or a waiver of~~  
18 ~~the class size requirements, as provided in G.S. 115C-301(g).~~

19 ~~Upon notification from the State Board of Education that the reported~~  
20 ~~exception does not qualify for an allotment adjustment or a waiver under~~  
21 ~~provisions of G.S. 115C-301, the local board, within 30 days, shall take~~  
22 ~~action necessary to correct the exception.~~

23 ~~At the end of the second month of each school year, the local board of~~  
24 ~~education, through the superintendent, shall file a report with the State Board~~  
25 ~~of Education, in a format prescribed by the State Board of Education,~~  
26 ~~describing the organization of each school, the duties of each teacher, the~~  
27 ~~size of each class, and the teaching load of each teacher. As of February 1~~  
28 ~~each year, local boards of education, through the superintendent, shall report~~  
29 ~~all exceptions to individual class size and daily teaching load maximums that~~  
30 ~~exist at that time.~~

31 ~~In addition to assuring that the requirements of G.S. 115C-301 are met,~~  
32 ~~addition, each local board of education shall also have the duty to provide an~~  
33 ~~adequate number of classrooms to meet the requirements of that~~  
34 ~~statute.~~classrooms."

35 **SECTION 2.2.(c)** G.S. 115C-276(k) reads as rewritten:

36 "(k) To Submit Organization Reports and Other Information to the State Board. – Each  
37 year the superintendent of each local school administrative unit shall submit to the State Board  
38 of Education statistical reports, certified by the chairman of the board of education, showing the  
39 organization of the schools in his unit and any additional information the State Board may  
40 require. At the end of the second month of school each year, local boards of education, through  
41 the superintendent, shall report school organization, employees' duties, class sizes, and teaching  
42 loads to the State Board of Education ~~as provided in G.S. 115C-47(10).~~ Education. As of  
43 February 1 each year, local boards of education, through the superintendent, shall report all  
44 ~~exceptions to individual class size and daily teaching load maximums~~ significant increases in  
45 class size that occur at that time."  
46

47 **PART III. TRANSPARENCY OF REPORTING ON EXPENDITURES**

48 **SECTION 3.1.** G.S. 115C-105.25 is amended by adding a new subsection to read:

49 "(c) To ensure that parents, educators, and the general public are informed on how State  
50 funds have been used to address local educational priorities, each local school administrative  
51 unit shall publish the following information on its Web site by August 1 of each year:

- 1           (1)    A description of each program report code, written in plain English, and a  
2                   summary of the prior fiscal year's expenditure of State funds within each  
3                   program report code.  
4           (2)    A description of each object code within a program report code, written in  
5                   plain English, and a summary of the prior fiscal year's expenditure of State  
6                   funds for each object code.  
7           (3)    A description of each allotment transfer that increased or decreased the  
8                   initial allotment amount by more than five percent (5%) and the educational  
9                   priorities that necessitated the transfer."

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**PART IV. EFFECTIVE DATE**

**SECTION 4.1.** This act becomes effective July 1, 2013.