



JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE
February 4, 2014
Room 643 of the Legislative Office Building

The Joint Legislative Education Oversight Committee met on Tuesday, February 4, 2014 at 10:00 AM. The meeting was held in Room 643 of the Legislative Office Building. Members present were: Representative Bryan Holloway (Co-Chair), Representative Linda Johnson (Co-Chair), Senator Jerry Tillman (Co-Chair), Representative Hugh Blackwell, Representative Marcus Brandon, Representative Tricia Ann Cotham, Representative Marvin Lucas, Representative Chuck McGrady, Senator Tom Apodaca, Senator Chad Barefoot, Senator Bill Cook, Senator David Curtis, Senator Louis Pate, Senator Dan Soucek, Senator Trudy Wade, Representative Brian Brown (Advisory), Representative Debra Conrad (Advisory), Representative Jeffrey Elmore (Advisory), Representative Chris Malone (Advisory), Representative Bob Steinburg (Advisory), Senator Josh Stein (Advisory).

Senator Jerry Tillman presided. Senator Tillman called the meeting to order and recognized the Sergeant-at-Arms.

Senator Tillman recognized Steve Brooks, Executive Director, State Education Assistance Authority. Mr. Brooks provided an overview of the current residency classification process used under the State Residence Classification Manual. His overview addressed the multiple pathways to admission, the 2013 legislative mandate, and the phases for implementing recommendations for developing a coordinated and centralized residency process made by the working group which included the University of North Carolina campus representatives and General Administration. Mr. Brooks also provided the results of the proposed recommendations to the committee. A copy of Mr. Brook's presentation is included as Attachment 4, and is made part of the minutes.

Following Mr. Brooks presentation, Chairman Tillman recognized members for questions.

Representative Blackwell was recognized and asked Mr. Brooks will the university disregard the question that is on the common application that is not on CFNC and if not, why is this not introducing additional issues to create inconsistencies.

Mr. Brooks indicated that the common application has a standard core set of questions that makes it common so that lots of schools use it. They also have a supplemental set of questions. This will mandate that our schools that use common applications must include the same 12 questions on the supplement that CFNC uses. They also must use the same calculation algorithm



to come up with the answer just as if the student had filled out CFNC. The only difference is if the student gives different answers to an identical question.

Representative Blackwell asked if this means that the university looking at the common application will disregard the answers to questions that are not among the 12 and are not included in the algorithm that CFNC has developed.

Mr. Brooks responded that the only questions pertaining to residency are those that are in the supplement. They would not have the CFNC information in hand if they were not using the CFNC application.

Representative Blackwell asked in reference to incorporation of graduate students, is residency determined any differently for a person who is a graduate versus an undergraduate student and why is there a delay to the graduate piece of this.

Mr. Brooks responded the answer does not lie with the residency process but with the application for admissions process which graduate students do not apply through CFNC. There is not a standardized electronic application that our graduate students use.

Representative Blackwell asked if you are developing a standardized process then why not the same algorithm that determines residency be adopted by the university for all of their graduate programs.

Mr. Brooks replied that he thought it could be perfected.

Representative Conrad was recognized and asked if the 110 separate entities would still make the determination separately or will there be a central office, is the intent as things become more efficient and centralized that there is actually a cost savings, and is this a one time upfront software expenditure and would there be a recoup in savings when determining residency one time for five different schools instead of it being repeated on each campus with different determinations.

Mr. Brooks replied that there would be a centralized determination and would be conveyed to the campuses that were using the CFNC application. If a campus was using a common application, it would be using the same questions and same algorithm but making its own decision. Considerably less than 110 but it may be 10-15 different campuses making determinations but would be using a common electronic process. In terms of efficiencies, Mr. Brooks' views the main gain is the streamlining from a student perspective. The cost involved in Phase 3 & 4 is a one time software cost.

Senator Curtis was recognized and asked about out-of-state students getting residency in their last three years and paying in-state tuition and having no intentions of staying in North Carolina.



Mr. Brooks responded that we are stymied by federal court decisions in terms of a 12 month residency period. If a student indicates no residency intent, then that student is not eligible.

Sen. Tillman asked the committee members for a motion for approval of the January meeting committee minutes. Senator Pate made a motion for approval. The motion passed.

Chairman Tillman recognized Rebecca Troutman, Intergovernmental Relations Director, North Carolina Association of County Commissioners. Ms. Troutman provided an overview of NC County Funding of Public Schools. Ms. Troutman's presentation included how NC education funding structure compares nationally and how NC funding structure focuses on counties. A copy Ms. Troutman's presentation is included as Attachment 5, and is made a part of the minutes.

Ms. Troutman emphasized that NC state support of education is 58.2% of total; NC ranks 8th nationally. National average is 44.1%.

Chairman Tillman requested that Ms. Troutman get the members of the committee the 100 county's fund balance as well as the 115 LEA's fund balance as of May 1st.

Ms. Troutman asked if that meant the end of the fiscal year for 2012-2013 because that is all the data that is available at this time. They have to close the books to recognize the fund balance.

Chairman Tillman replied he would take what is available.

Representative Johnson requested the counties' rankings with their ability to pay for schools. Chairman Tillman indicated that this information is available because he had seen it recently.

Representative Holloway thanked Ms. Troutman for sharing the information with the committee.

Senator Apodaca was recognized and stated that NCAE came in the room late and he wanted to make sure they received a complete listing of the facts because they have a problem in getting them out to their membership about being 8th in the country. Chairman Tillman indicated he was sure they heard we were 8th nationally in state funding.

Senator Apodaca asked if Ms. Troutman could drill down a little more on the moneys that the counties spend in the classroom.

Ms. Troutman replied that the funding made in 2012-2013 was \$2.6 billion dollars and unless you allocate by purpose and function in which only 17 of the counties do, you provide to the schools a lump sum appropriations. They get 1/12 of the \$2.6 billion every month. They can use those dollars for anything allowable under law. DPI provides school personnel so we can see where county dollars are used for school personnel, but only for the lump sum appropriation you



can look at personnel and school salary supplements because they are county dollars not state dollars.

Senator Apodaca asked if the committee would be getting the supplement numbers that the counties are paying the teachers as well.

Ms. Troutman responded that DPI provides that statistic and they are only publishing for teachers and principals. She indicated she could only provide outdated data from 2011.

Senator Apodaca asked if the counties can publish the numbers because he would have more faith in what they supply.

Chairman Tillman responded that the request to the counties has been made.

Senator Stein was recognized and stated that Ms. Troutman indicated that NC is 8th in the nation, is that the state's percentage share of spending or is it the state's absolute dollar value contribution to public education.

Ms. Troutman responded that it is looking at total revenue sources. A source that the General Assembly staff suggested she use when reporting national figures. It's the proportion of revenues going into the public school system. It is 58% of the revenues for the state, all public schools added together.

Senator Stein asked where does NC rank on absolute per student basis in terms of the state's contribution.

Ms. Troutman responded that she could come up with a per pupil allocation from each of the states and the sources of revenue.

Chairman Tillman responded that of all school funding from all sources, NC ranks number 8. That is a percentage of all school funding across all the states looking at all the sources. If you want to put it on a per pupil basis, you would come out with virtually the same, 8th in the nation.

Senator Stein asked to see data for the amount of disparity between the highest and lowest when you add the county with the state. He stated an advantage of our system is that we don't have the gross disparity that states like New Jersey and Connecticut where there is small itemized school systems.

Representative Lucas was recognized and asks if in the May report the number of counties that are unable to collect certain taxes due to large number of federal buildings such as Onslow, Cumberland, and Craven County would be available.

Ms. Troutman will find the information and explained that the federal government helps oversee the cost for military children. This is a big issue in Cumberland, but the federal formula



disadvantages North Carolina and we do get the full impact that those federal dollars should be delivering.

Representative Conrad was recognized and asked for an electronic version of Ms. Troutman's presentation.

Senator Tillman responded that the presentation is already available on-line.

Senator Pate was recognized and asked about the state-wide bond issue that went towards school construction.

Ms. Troutman responded that she thought it was in 2001 or 1996, but can get the exact date. The state issued a large bond referendum allocated to high growth areas, poor ones, and all others on an ADM basis. All of those bonds have been let and most have been repaid.

Senator Pate asked how that squared with what the constitution said.

Ms. Troutman responded in terms of the counties facilities, it seems difficult that we come and ask for lottery funds, and you can point to it statutorily and constitutionally that you are to provide those dollars. We are spending almost all our funding, 2.6 billion dollars, for operations of the classrooms. The lottery dollars are the only state money coming to counties for any major service.

Senator Wade was recognized and asked since county commissioners can't appropriate by line item, how are you going to be able to tell how the school board is appropriating money and how private funds are been used for supplements like teacher salaries.

Ms. Troutman replied that the supplement data is published by DPI. That data is self-reported by the LEA's. Ms. Troutman will look into how to determine what is coming from the county dollars versus private sources.

Representative Brandon was recognized and asked if there is any precedence for states to have mandates for what the counties should be supplementing.

Ms. Troutman replied that as you look at national practices in other states, it is the school boards that have the local taxing authority. There are states that have mandated formulas with their local boards of education about what the contributions should be.

Chairman Tillman asked how much money is put into capital building needs for charter public schools.

Ms. Troutman responded that statutorily they are not allowed to provide capital funding for charter schools.



Chairman Tillman asked since they are public schools what would it do to the counties.

Ms. Troutman responded that there would be an increase in property taxes.

Senator Tillman responded that you would only collect on those that reside and attend in the counties; you would not collect on the few that come from County A to County B.

Chairman Tillman recognized Bill Hussey, Director, Exceptional Children, Department of Public Instruction. Mr. Hussey provided a report of the current status, pertaining to information needed through HB 868, of the NC School for the Deaf, Eastern NC School for the Deaf, Governor Morehead School for the Blind. The three residential schools are public separate programs and every child in the schools is an exceptional child. Mr. Hussey's division has been put in charge of overseeing the transition from DHHS to DPI. Mr. Hussey's presentation is included as Attachment 6, and is made a part of the minutes.

Mr. Hussey emphasized to the committee that there are on-going positive things happening in each of the three schools. At the Eastern School for the Deaf, a robotics course will be held. In addition, they are looking to create a program that is comprehensive for all deaf and hard of hearing children in the eastern part of the state. At the School for the Blind there is on-going work with youth women's leadership academy and a combined jazz assemble. Each of these schools is doing a great job in providing a community for the students. At the NC School for the Deaf, there are on-going opportunities for students to participate in community projects, plays, and sports tournaments.

Chairman Tillman relinquished his chairing duties temporarily to Co-Chair, Representative Holloway.

Representative Blackwell was recognized and asked, as outlined in House Bill 317, who is responsible for developing assessment procedures and protocols and ensuring of the availability of highly qualified personnel for deaf students who are not in the residential schools but in the LEA's.

Mr. Hussey responded that this responsibility is in his division and the assessments are a part of the literacy section in conjunction with DHHS, other schools, and folks from the residential programs.

Representative Blackwell responded that with HB 317, there is a requirement that DHHS, DPI, and other state agencies, cooperate to develop a new database for students diagnosed as deaf or hard of hearing that is not limited to residential schools. Representative Blackwell asked how it was coming along.

Mr. Hussey replied that the groups have met multiple times and are working through the different protocols that need to be put in place to ensure the integrity of the data as well as the safety.



Representative Blackwell asked for a list of the names of the individuals that are working on this project.

Co-Chairman Holloway recognized Mary Gifford, Senior Vice President for Education Policy and External Relations.

Ms. Gifford provided an overview of on-line education and specially an overview of K12 Inc. Ms. Gifford's presentation is included as Attachment 7, and is made a part of the minutes.

Ms. Gifford indicated that the map illustrating states with multi-district fully online schools is already out of date due to rapid changes in this area. In Virginia, there is already a 400-student district operated state-wide program in addition to what is illustrated on the map.

Senator Tillman reassumed the chair. Chairman Tillman asked the status of the court case that was filed against the NC State Board of Education denying application to come to North Carolina.

Ms. Gifford replied she was not the best person to update on the status.

Representative Blackwell was recognized and asked about page 8 of the presentation addressing the instructional model for lower elementary. The amount of time students are spending online is approximately 50%, what are the students doing the other 50% of the time and with whom.

Ms. Gifford responded that the students would be in their homes with a learning coach which is a loving adult usually a parent keeping the student on task. The amount of time the learning coach spends with the student may vary depending on if the student is already a reader. The student may be doing math workbook pages, hands-on laboratory experiments, or art off-line supervised by a learning coach.

Representative Blackwell asked what happens if a parent does not want to be the learning coach or feels non-qualified. Are there arrangements made to provide a learning coach that is paid by somebody. How do you make up for the volunteer in the home?

Ms. Gifford replied that typically there is no make up for the absence of a loving adult in the home, particularly in the lower grade levels. Parents are told that this is a choice and that it does require involvement from a parent.

Chairman Tillman recognized Harry Kaplan, contract lobbyist representing K12, Inc. Mr. Kaplan explained that NC Learns, non-profit board, not his client K12, had gone to an administrative law judge which ruled that the schools should be allowed to open. The State appealed to a superior court judge who ruled in favor of the State. The Court of Appeals upheld the Superior Court judge's decision recently. Now the decision is whether that should be appealed by NC Learns to the State's Supreme Court. The General Assembly asked the State



Board of Education to look at virtual online schools which is going on right now, and the State Board may recommend something for the General Assembly to consider.

Representative Blackwell was recognized and asked if training was provided to the learning coach.

Ms. Gifford responded that training is provided to learning coaches not just before the school year starts but as the school year goes on. Additional training is provided in October leading up to state assessments. A parent boot camp is provided in the summer.

Representative Brandon was recognized and asked where the online learner stands with their testing of Common Core.

Ms. Gifford replied that the curriculum is aligned with Common Core. Students do fairly well on academic growth models. We still struggle right below state averages on proficiency because of the way students are coming in.

Representative Elmore was recognized and asked about the map on page 2 of the presentation. He asked about the differences between South Carolina, fully online schools and Tennessee, fully online schools with restrictions.

Ms. Gifford replied that Tennessee does not permit charter schools to be fully virtual. South Carolina has fully virtual charter schools that are statewide.

Representative Cotham was recognized and asked about funding.

Ms. Gifford replied that the partner schools in every state are public schools. In most states, about 60% are charter schools and the other 40% are programs of districts depending on the law. Charters are funded entirely at state-level in some states and sometimes there is a local component as well where a partnering with districts and a mixture of local and state funding. In some states there is state-funding with district programs and the student does not reside within that local district's boundaries and the local funding does not follow. It varies from state to state and follows more closely the school finance model in each state.

There were no additional questions from members of the committee.

The meeting adjourned at 12:06 PM.

Senator Jerry Tillman
Presiding



Suzanne Castleberry, Committee Clerk

Attachments:

1. Committee Notice
2. Agenda
3. Visitor's Registration
4. Centralizing Residency Determination Presentation
5. Local Funding for North Carolina School Systems Presentation
6. Draft Rules for Residential Schools Presentation
7. K-12, Inc. Presentation