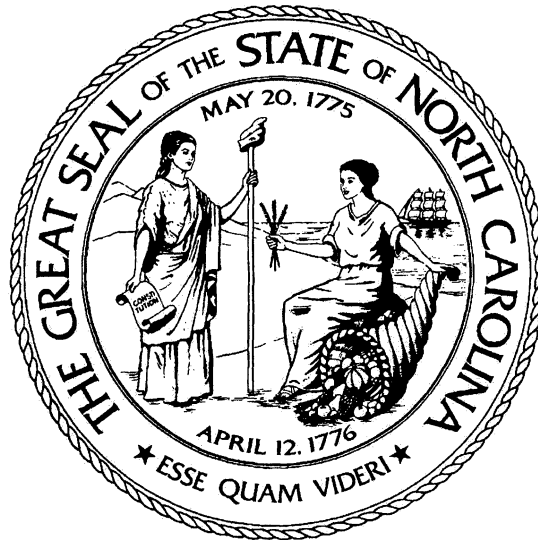


# **Senate Appropriations Committee on Education / Higher Education**

## **Proposed Special Provisions for H.B. 97, 2015 Appropriations Act**



**June 15, 2015**



24  
25 **PART VIII. PUBLIC SCHOOLS**  
26

27 **FUNDS FOR CHILDREN WITH DISABILITIES**

28 **SECTION 8.1.** The State Board of Education shall allocate additional funds for  
29 children with disabilities on the basis of three thousand nine hundred twenty-six dollars and  
30 ninety-seven cents (\$3,926.97) per child. Each local school administrative unit shall receive  
31 funds for the lesser of (i) all children who are identified as children with disabilities or (ii)  
32 twelve and one-half percent (12.5%) of its 2015-2016 allocated average daily membership in  
33 the local school administrative unit. The dollar amounts allocated under this section for  
34 children with disabilities shall also be adjusted in accordance with legislative salary increments,  
35 retirement rate adjustments, and health benefit adjustments for personnel who serve children  
36 with disabilities.  
37

38 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

39 **SECTION 8.2.** The State Board of Education shall allocate additional funds for  
40 academically or intellectually gifted children on the basis of one thousand two hundred eighty  
41 dollars and seventy cents (\$1,280.70) per child for fiscal years 2015-2016 and 2016-2017. A  
42 local school administrative unit shall receive funds for a maximum of four percent (4%) of its  
43 2015-2016 allocated average daily membership, regardless of the number of children identified  
44 as academically or intellectually gifted in the unit. The dollar amounts allocated under this  
45 section for academically or intellectually gifted children shall also be adjusted in accordance  
46 with legislative salary increments, retirement rate adjustments, and health benefit adjustments  
47 for personnel who serve academically or intellectually gifted children.  
48

49 **USE OF SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES**

50 **SECTION 8.3.(a)** Use of Funds for Supplemental Funding. – All funds received  
51 pursuant to this section shall be used only (i) to provide instructional positions, instructional

support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development, and textbooks and digital resources and (ii) for salary supplements for instructional personnel and instructional support personnel. Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades three through eight.

**SECTION 8.3.(b)** Definitions. – As used in this section, the following definitions apply:

- (1) "Anticipated county property tax revenue availability" means the county-adjusted property tax base multiplied by the effective State average tax rate.
- (2) "Anticipated total county revenue availability" means the sum of the following:
  - a. Anticipated county property tax revenue availability.
  - b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes.
  - c. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.
- (3) "Anticipated total county revenue availability per student" means the anticipated total county revenue availability for the county divided by the average daily membership of the county.
- (4) "Anticipated State average revenue availability per student" means the sum of all anticipated total county revenue availability divided by the average daily membership for the State.
- (5) "Average daily membership" means average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.
- (6) "County-adjusted property tax base" shall be computed as follows:
  - a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county.
  - b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies.
  - c. Add to the resulting amount the following:
    1. Present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2.
    2. Value of property of public service companies, determined in accordance with Article 23 of Chapter 105 of the General Statutes.
    3. Personal property value for the county.
- (7) "County-adjusted property tax base per square mile" means the county-adjusted property tax base divided by the number of square miles of land area in the county.
- (8) "County wealth as a percentage of State average wealth" shall be computed as follows:

- a. Compute the percentage that the county per capita income is of the State per capita income and weight the resulting percentage by a factor of five-tenths.
  - b. Compute the percentage that the anticipated total county revenue availability per student is of the anticipated State average revenue availability per student and weight the resulting percentage by a factor of four-tenths.
  - c. Compute the percentage that the county-adjusted property tax base per square mile is of the State-adjusted property tax base per square mile and weight the resulting percentage by a factor of one-tenth.
  - d. Add the three weighted percentages to derive the county wealth as a percentage of the State average wealth.
- (9) "Effective county tax rate" means the actual county tax rate multiplied by a weighted average of the three most recent annual sales assessment ratio studies.
- (10) "Effective State average tax rate" means the average of effective county tax rates for all counties.
- (11) "Local current expense funds" means the most recent county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.
- (12) "Per capita income" means the average for the most recent three years for which data are available of the per capita income according to the most recent report of the United States Department of Commerce, Bureau of Economic Analysis, including any reported modifications for prior years as outlined in the most recent report.
- (13) "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).
- (14) "State average current expense appropriations per student" means the most recent State total of county current expense appropriations to public schools, as reported by local boards of education in the audit report filed with the Secretary of the Local Government Commission pursuant to G.S. 115C-447.
- (15) "State average adjusted property tax base per square mile" means the sum of the county-adjusted property tax bases for all counties divided by the number of square miles of land area in the State.
- (16) "Supplant" means to decrease local per student current expense appropriations from one fiscal year to the next fiscal year.
- (17) "Weighted average of the three most recent annual sales assessment ratio studies" means the weighted average of the three most recent annual sales assessment ratio studies in the most recent years for which county current expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

**SECTION 8.3.(c) Eligibility for Funds.** – Except as provided in subsection (g) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

**SECTION 8.3.(d)** Allocation of Funds. – Except as provided in subsection (f) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. (To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county's wealth as a percentage of State average wealth by the State average current expense appropriations per student.) The funds for the local school administrative units located in whole or in part in the county shall be allocated to each local school administrative unit located in whole or in part in the county based on the average daily membership of the county's students in the school units. If the funds appropriated for supplemental funding are not adequate to fund the formula fully, each local school administrative unit shall receive a pro rata share of the funds appropriated for supplemental funding.

**SECTION 8.3.(e)** Formula for Distribution of Supplemental Funding Pursuant to This Section Only. – The formula in this section is solely a basis for distribution of supplemental funding for low-wealth counties and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties.

**SECTION 8.3.(f)** Minimum Effort Required. – A county that (i) maintains an effective county tax rate that is at least one hundred percent (100%) of the effective State average tax rate in the most recent year for which data are available or (ii) maintains a county appropriation per student to the school local current expense fund of at least one hundred percent (100%) of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools shall receive full funding under this section. A county that maintains a county appropriation per student to the school local current expense fund of less than one hundred percent (100%) of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools shall receive funding under this section at the same percentage that the county's appropriation per student to the school local current expense fund is of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools.

**SECTION 8.3.(g)** Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2015-2017 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if all of the following criteria apply:

- (1) The current expense appropriations per student of the county for the current year is less than ninety-five percent (95%) of the average of local current expense appropriations per student for the three prior fiscal years.
- (2) The county cannot show (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement the requirements of this subsection.

**SECTION 8.3.(h)** Counties Containing a Base of the Armed Forces. – Notwithstanding any other provision of this section, for the 2015-2017 fiscal biennium, counties containing a base of the Armed Forces of the United States that have an average daily membership of more than 23,000 students shall receive the same amount of supplemental funding for low-wealth counties as received in the 2012-2013 fiscal year.

**SECTION 8.3.(i)** Funds for EVAAS Data. – Notwithstanding the requirements of subsection (a) of this section, local school administrative units may utilize funds allocated under this section to purchase services that allow for extraction of data from the Education Value-Added Assessment System (EVAAS).

**SECTION 8.3.(j)** Reports. – For the 2015-2017 fiscal biennium, the State Board of Education shall report to the Fiscal Research Division prior to May 15 of each year if it determines that counties have supplanted funds.

**SECTION 8.3.(k)** Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.

#### **SMALL SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

**SECTION 8.4.(a)** Allotment Schedule for the 2015-2017 Fiscal Biennium. – Except as otherwise provided in subsection (d) of this section, each eligible county school administrative unit shall receive a dollar allotment according to the following schedule:

Allotted ADM	Small County Allotment
0-600	\$1,710,000
601-1,300	\$1,820,000
1,301-1,700	\$1,548,700
1,701-2,000	\$1,600,000
2,001-2,300	\$1,560,000
2,301-2,600	\$1,470,000
2,601-2,800	\$1,498,000
2,801-3,200	\$1,548,000

**SECTION 8.4.(b)** Phase-Out Provision for the 2015-2016 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section in the 2015-2016 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local administrative units shall be reduced in equal increments in each of the five years after the local administrative unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the local administrative unit becomes ineligible.

Allotments for eligible local school administrative units under this subsection shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2014-2015 in any fiscal year.

**SECTION 8.4.(c)** Phase-Out Provision for the 2016-2017 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section in the 2016-2017 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local administrative units shall be reduced in equal increments in each of the five years after the local administrative unit becomes ineligible.

Funding shall be eliminated in the fifth fiscal year after the local administrative unit becomes ineligible.

Allotments for eligible local school administrative units under this subsection shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2015-2016 in any fiscal year.

**SECTION 8.4.(d)** Nonsupplant Requirement for the 2015-2017 Fiscal Biennium. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2015-2017 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant local current expense funds in the prior year, or the year for which the most recent data are available, if all of the following criteria apply:

- (1) The current expense appropriation per student of the county for the current year is less than ninety-five percent (95%) of the average of local current expense appropriation per student for the three prior fiscal years.
- (2) The county cannot show (i) that it has remedied the deficiency in funding or (ii) that extraordinary circumstances caused the county to supplant local current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement the requirements of this subsection.

**SECTION 8.4.(e)** Reports. – For the 2015-2017 fiscal biennium, the State Board of Education shall report to the Fiscal Research Division prior to May 15 of each fiscal year if it determines that counties have supplanted funds.

**SECTION 8.4.(f)** Use of Funds. – Local boards of education are encouraged to use at least twenty percent (20%) of the funds they receive pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades three through eight.

Local school administrative units may also utilize funds allocated under this section to purchase services that allow for extraction of data from the Education Value-Added Assessment System (EVAAS).

#### **DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)**

**SECTION 8.5.(a)** Funds appropriated for disadvantaged student supplemental funding shall be used, consistent with the policies and procedures adopted by the State Board of Education, only to do the following:

- (1) Provide instructional positions or instructional support positions and/or professional development.
- (2) Provide intensive in-school and/or after-school remediation.
- (3) Purchase diagnostic software and progress-monitoring tools.
- (4) Provide funds for teacher bonuses and supplements. The State Board of Education shall set a maximum percentage of the funds that may be used for this purpose.

The State Board of Education may require local school administrative units receiving funding under the Disadvantaged Student Supplemental Fund to purchase the Education Value-Added Assessment System (EVAAS) in order to provide in-depth analysis of student performance and help identify strategies for improving student achievement. This data shall be used exclusively for instructional and curriculum decisions made in the best interest of children and for professional development for their teachers and administrators.

**SECTION 8.5.(b)** Disadvantaged student supplemental funding (DSSF) shall be allotted to a local school administrative unit based on (i) the unit's eligible DSSF population



and (ii) the difference between a teacher-to-student ratio of 1:21 and the following teacher-to-student ratios:

- (1) For counties with wealth greater than ninety percent (90%) of the statewide average, a ratio of 1:19.9.
- (2) For counties with wealth not less than eighty percent (80%) and not greater than ninety percent (90%) of the statewide average, a ratio of 1:19.4.
- (3) For counties with wealth less than eighty percent (80%) of the statewide average, a ratio of 1:19.1.
- (4) For local school administrative units receiving DSSF funds in fiscal year 2005-2006, a ratio of 1:16. These local school administrative units shall receive no less than the DSSF amount allotted in fiscal year 2006-2007.

For the purpose of this subsection, wealth shall be calculated under the low-wealth supplemental formula as provided for in this act.

**SECTION 8.5.(c)** If a local school administrative unit's wealth increases to a level that adversely affects the unit's disadvantaged student supplemental funding (DSSF) allotment ratio, the DSSF allotment for that unit shall be maintained at the prior year level for one additional fiscal year.

#### UNIFORM EDUCATION REPORTING SYSTEM (UERS) FUNDS

**SECTION 8.7.** Funds appropriated for the Uniform Education Reporting System (UERS) for the 2015-2017 fiscal biennium shall not revert at the end of each fiscal year but shall remain available until expended.

#### COOPERATIVE INNOVATIVE HIGH SCHOOLS

**SECTION 8.8.** G.S. 115C-238.54 is amended by adding a new subsection to read:

"(j) Any State funds appropriated for cooperative innovative high schools shall not be adjusted to reflect legislative salary increments, retirement rate adjustments, and health benefit adjustments for school personnel, unless specifically provided for by the General Assembly."

#### STUDY NCVPS ALTERNATIVE FUNDING FORMULA

**SECTION 8.11.(a)** The State Board of Education shall study implementation of an alternative funding formula for the North Carolina Virtual Public School (NCVPS) in lieu of the funding formula adopted by the State Board pursuant to Section 7.22(d) of S.L. 2011-145, as amended by Section 8.9 of S.L. 2013-360. The study shall include consideration of the potential costs and benefits of (i) offering an alternative funding formula option for local boards of education to select and (ii) replacing the current NCVPS formula with a new formula applicable to all local boards of education participating in NCVPS.

**SECTION 8.11.(b)** The State Board of Education shall report the results of the study under subsection (a) of this section and any legislative recommendations to the Joint Legislative Education Oversight Committee by January 15, 2016.

#### REVISE THE DESIGNATION OF THE TEXTBOOK FUNDING ALLOTMENT

**SECTION 8.18.(a)** Effective July 1, 2015, the existing Textbooks funding allotment in the State Public School Fund shall be designated as the Textbooks and Digital Resources funding allotment in the State Public School Fund.

**SECTION 8.18.(b)** The State Board of Education shall establish the purposes for which the funds within the new Textbooks and Digital Resources funding allotment may be used for as follows: (i) to acquire textbooks as defined in G.S. 115C-85, which includes technology-based programs, and (ii) only for allowable expenditures as were permitted under the Textbooks funding allotment as of June 30, 2015.

**REPEAL UNNECESSARY STATE BOARD OF EDUCATION REPORTS**

**SECTION 8.25.(a)** Report on Paperwork Reduction. – G.S. 115C-12(19) reads as rewritten:

"(19) Duty to Identify Required Reports and to Eliminate Unnecessary Reports and Paperwork. – Prior to the beginning of each school year, the State Board of Education shall identify all reports that are required at the State level for the school year.

The State Board of Education shall adopt policies to ensure that local school administrative units are not required by the State Board of Education, the State Superintendent, or the Department of Public Instruction staff to (i) provide information that is already available on the student information management system or housed within the Department of Public Instruction; (ii) provide the same written information more than once during a school year unless the information has changed during the ensuing period; (iii) complete forms, for children with disabilities, that are not necessary to ensure compliance with the federal Individuals with Disabilities Education Act (IDEA); or (iv) provide information that is unnecessary to comply with State or federal law and not relevant to student outcomes and the efficient operation of the public schools. Notwithstanding the foregoing, the State Board may require information available on its student information management system or require the same information twice if the State Board can demonstrate a compelling need and can demonstrate there is not a more expeditious manner of getting the information.

The State Board shall permit schools and local school administrative units to submit all reports to the Department of Public Instruction electronically.

The State Board of Education, in collaboration with the education roundtables within the Department of Public Instruction, shall consolidate all plans that affect the school community, including school improvement plans. The consolidated plan shall be posted on each school's Web site for easy access by the public and by school personnel.

~~The State Board shall report to the Joint Legislative Education Oversight Committee by November 15 of each year on the reports identified that are required at the State level, the evaluation and determination for continuing individual reports, including the consideration of whether those reports exceed what is required by State and federal law, and any reports that it has consolidated or eliminated for the upcoming school year."~~

**SECTION 8.25.(b)** Report on the ABCs. – G.S. 115C-12(25) reads as rewritten:

"(25) Duty to Report to Joint Legislative Education Oversight Committee. – Upon the request of the Joint Legislative Education Oversight Committee, the State Board shall examine and evaluate issues, programs, policies, and fiscal information, and shall make reports to that Committee. Furthermore, beginning ~~October 15, 1997,~~ October 15, 2015, and annually thereafter, the State Board shall submit reports to that Committee regarding ~~the continued implementation of Chapter 716 of the 1995 Session Laws, 1996 Regular Session. Each report shall include information regarding the composition and activity of assistance teams, schools that received incentive awards,~~ schools identified as low-performing, school improvement plans found to significantly improve student performance, personnel actions taken in low-performing schools, and recommendations for additional legislation to improve student performance and increase local flexibility."

1           **SECTION 8.25.(c)** Report on State School Technology Plan. –  
2 G.S. 115C-102.6B(b) reads as rewritten:

3           "(b) The Board shall submit the plan to the State Chief Information Officer for approval  
4 of the technical components of the plan set out in G.S. 115C-102.6A(1) through (4). At least  
5 one-fourth of the members of any technical committee that reviews the plan for the State Chief  
6 Information Officer shall be people actively involved in primary or secondary education.

7           ~~The Board shall report annually by February 15 of each year to the Joint Legislative~~  
8 ~~Education Oversight Committee on the status of the State School Technology Plan."~~

9           **SECTION 8.25.(d)** Reports by Local School Administrative Units and Charter  
10 Schools on Students With Diabetes. – G.S. 115C-375.3 reads as rewritten:

11 **"§ 115C-375.3. Guidelines to support and assist students with diabetes.**

12           Local boards of education and boards of directors of charter schools shall ensure that the  
13 guidelines adopted by the State Board of Education under G.S. 115C-12(31) are implemented  
14 in schools in which students with diabetes are enrolled. In particular, the boards shall require  
15 the implementation of the procedures set forth in those guidelines for the development and  
16 implementation of individual diabetes care plans. The boards also shall make available  
17 necessary information and staff development to teachers and school personnel in order to  
18 appropriately support and assist students with diabetes in accordance with their individual  
19 diabetes care plans. ~~Local boards of education and boards of directors of charter schools shall~~  
20 ~~report to the State Board of Education annually, on or before August 15, whether they have~~  
21 ~~students with diabetes enrolled and provide information showing compliance with the~~  
22 ~~guidelines adopted by the State Board of Education under G.S. 115C-12(31). These reports~~  
23 ~~shall be in compliance with the federal Family Educational Rights and Privacy Act, 20 U.S.C. §~~  
24 ~~1232g."~~

## 25 26 **INVESTING IN INNOVATION GRANT**

27           **SECTION 8.27.(a)** Section 8.25 of S.L. 2013-360, as amended by Section 8.27 of  
28 S.L. 2014-100, is repealed.

29           **SECTION 8.27.(b)** The federal Investing in Innovation Fund Grant: Validating  
30 Early College Strategies for Traditional Comprehensive High Schools awarded to the North  
31 Carolina New Schools Project for 2012-2020 requires students to enroll in a community college  
32 course in the tenth grade. Notwithstanding any other provision of law, specified local school  
33 administrative units may offer one community college course to participating sophomore (tenth  
34 grade) students. Participating local school administrative units are Alleghany, Beaufort, Bladen,  
35 Duplin, Hertford, Harnett, Jones, Madison, Martin, Richmond, Rutherford, Scotland, Surry,  
36 Warren, and Yancey County Schools.

37           **SECTION 8.27.(c)** Grant funds shall be used to pay for all costs incurred by the  
38 local school administrative units and the community college partners to implement the grant,  
39 including community college FTE. Community colleges shall not earn budget FTE for student  
40 course enrollments supported with this grant.

41           **SECTION 8.27.(d)** Research conducted as part of the federal grant program under  
42 subsection (a) of this section shall address the effects of early college strategies in preparing  
43 students for college completion. The North Carolina New Schools Project shall report on the  
44 implementation of the grant to the State Board of Education, State Board of Community  
45 Colleges, Office of the Governor, and the Joint Legislative Education Oversight Committee no  
46 later than March 15, 2016, and annually thereafter until the end of the grant period.

## 47 48 **STUDY ON CHARTER SCHOOL CLOSURE FUNDS**

49           **SECTION 8.28.(a)** The State Board of Education shall study and develop a  
50 proposed policy regarding circumstances in which a charter school, approved by the State  
51 Board pursuant to G.S. 115C-218.5, shall not be subject to the minimum value requirement of

fifty thousand dollars (\$50,000) as required by G.S. 115C-218.100 for the purposes of ensuring payment of expenses related to closure proceedings. The State Board shall consider providing certain charter schools with a total or partial waiver of the requirement. In doing so, the State Board shall examine criteria for potentially eligible charter schools, such as the years of operation of the charter school, proven compliance with finance, governance, academic requirements of its charter, State law, and State Board policy requirements, as well as appropriate documentation to show the charter school's financial health and sustainability.

**SECTION 8.28.(b)** By February 15, 2016, the State Board of Education shall report to the Joint Legislative Education Oversight Committee on the results of the study and a proposed policy as required by subsection (a) of this section, including any legislative recommendations.

## **TEXTBOOKS AND DIGITAL RESOURCES ALLOTMENT/USE OF FUNDS**

**SECTION 8.33.** G.S. 115C-105.25(c) reads as rewritten:

"(c) To ensure that parents, educators, and the general public are informed on how State funds have been used to address local educational priorities, each local school administrative unit shall publish the following information on its Web site by October 15 of each year:

- (1) A description of each program report code, written in plain English, and a summary of the prior fiscal year's expenditure of State funds within each program report code.
- (2) A description of each object code within a program report code, written in plain English, and a summary of the prior fiscal year's expenditure of State funds for each object code.
- (3) A description of each allotment transfer that increased or decreased the initial allotment amount by more than five percent (5%) and the educational priorities that necessitated the transfer.
- (4) A description of any transfer of funds from the textbooks and digital resources allotment into another allotment category with an explanation of why the transfer from the textbooks and digital resources allotment was made to a different allotment category.
- (5) A chart that clearly reflects how the local school administrative unit spent State funds."

## **STUDY ON JUVENILE LITERACY PROGRAM**

**SECTION 8.34.(a)** The Joint Legislative Education Oversight Committee shall study the results of the Juvenile Literacy Center program established in Wake County. In conducting the study, the Committee shall do at least the following:

- (1) Examine the impact of the program on (i) improving basic literacy skills, (ii) reintegrating juveniles into schools, (iii) preventing criminal behavior and recidivism, (iv) developing overall academic skills, and (v) addressing problem behaviors in school.
- (2) Evaluate the existing program for potential expansion into other counties, including projected costs, feasibility of implementation, and recommendations for locations for additional programs.

**SECTION 8.34.(b)** The Committee shall report the results of its study and any recommendations on the expansion of the program, including proposed legislation, to the 2015 General Assembly upon the convening of the 2016 Regular Session.

## **BUDGET REDUCTIONS/DEPARTMENT OF PUBLIC INSTRUCTION**

**SECTION 8.37.(a)** Notwithstanding G.S. 143C-6-4, the State Board of Education may, after consultation with the Office of State Budget and Management and the Fiscal

Research Division, reorganize the Department of Public Instruction, if necessary, to implement the budget reductions for the 2015-2017 fiscal biennium. Consultation shall occur prior to requesting budgetary and personnel changes through the budget revision process. The State Board shall provide a current organization chart for the Department of Public Instruction in the consultation process and shall report to the Joint Legislative Commission on Governmental Operations on any reorganization.

**SECTION 8.37.(b)** In implementing budget reductions for the 2015-2017 fiscal biennium, the State Board of Education shall make no reduction to funding or positions for (i) the North Carolina Center for Advancement of Teaching and (ii) the Eastern North Carolina School for the Deaf, the North Carolina School for the Deaf, and the Governor Morehead School, except that the State Board may, in its discretion, reduce positions at these institutions that have been vacant for more than 16 months. The State Board shall also make no reduction in funding to any of the following entities:

- (1) Communities in Schools of North Carolina, Inc.
- (2) Teach For America, Inc.
- (3) Beginnings for Parents of Children who are Deaf or Hard of Hearing, Inc.

#### **LOCAL BOARDS OF EDUCATION/PERFORMANCE-BASED RIFS**

**SECTION 8.38.(a)** G.S. 115C-325.4 is amended by adding a new subsection to read:

"(c) Local boards of education shall adopt a policy for implementing a reduction in force pursuant to subdivision (a)(15) of this section that includes the following criteria:

- (1) In determining which positions shall be subject to a reduction, a local school administrative unit shall consider the following:
  - a. Structural considerations, such as identifying positions, departments, courses, programs, operations, and other areas where there are (i) less essential, duplicative, or excess personnel; (ii) job responsibility and position inefficiencies; (iii) opportunities for combined work functions; and (iv) decreased student or other demands for curriculum, programs, operations, or other services.
  - b. Organizational considerations, such as anticipated organizational needs of the school system and program or school enrollment.
- (2) In identifying which teachers in similar positions shall be subject to a dismissal, demotion, or reduction to employment on a part-time basis under the policy, a local school administrative unit shall consider work performance and teacher evaluations."

**SECTION 8.38.(b)** G.S. 115C-325(e)(2) reads as rewritten:

"(2) Reduction in Force. –

- a. A local board of education shall adopt a policy for implementing a reduction in force pursuant to sub-subdivision (e)(1)l. of this section that includes the following criteria:
  1. In determining which positions shall be subject to a reduction, a local school administrative unit shall consider the following:
    - I. Structural considerations, such as identifying positions, departments, courses, programs, operations, and other areas where there are (i) less essential, duplicative, or excess personnel; (ii) job responsibility and position inefficiencies; (iii) opportunities for combined work functions; and (iv) decreased student

or other demands for curriculum, programs, operations, or other services.

II. Organizational considerations, such as anticipated organizational needs of the school system and program or school enrollment.

2. In identifying which teachers in similar positions shall be subject to a dismissal, demotion, or reduction to employment on a part-time basis under the policy, a local school administrative unit shall consider work performance and teacher evaluations.

- b. Before recommending to a board the dismissal or demotion of the career employee pursuant to G.S. 115C-325(e)(1)l., the superintendent shall give written notice to the career employee by certified mail or personal delivery of his intention to make such recommendation and shall set forth as part of his or her recommendation the grounds upon which he or she believes such dismissal or demotion is justified. The notice shall include a statement to the effect that if the career employee within 15 days after receipt of the notice requests a review, he or she shall be entitled to have the proposed recommendations of the superintendent reviewed by the board. Within the 15-day period after receipt of the notice, the career employee may file with the superintendent a written request for a hearing before the board within 10 days. If the career employee requests a hearing before the board, the hearing procedures provided in G.S. 115C-325(j3) shall be followed. If no request is made within the 15-day period, the superintendent may file his or her recommendation with the board. If, after considering the recommendation of the superintendent and the evidence adduced at the hearing if there is one, the board concludes that the grounds for the recommendation are true and substantiated by a preponderance of the evidence, the board, if it sees fit, may by resolution order such dismissal. Provisions of this section which permit a hearing by a hearing officer shall not apply to a dismissal or demotion recommended pursuant to G.S. 115C-325(e)(1)l.

When a career employee is dismissed pursuant to G.S. 115C-325(e)(1)l., above, his or her name shall be placed on a list of available career employees to be maintained by the board."

**SECTION 8.38.(c)** Effective June 30, 2018, G.S. 115C-325(e)(2), as amended by this section, is repealed.

## **DRIVER EDUCATION TRAINING**

**SECTION 8.39.(a)** G.S. 115C-216 reads as rewritten:

**"§ 115C-216. Boards of education required to provide courses in operation of motor vehicles.**

(a) Course of Training and Instruction Required in Public High Schools. – Local boards of education shall offer noncredit driver education courses in high schools using the standardized curriculum provided by the Department of Public Instruction.

(b) Inclusion of Expense in Budget. – The local boards of education shall include as an item of instructional service and as a part of the current expense fund of the budget of the high schools under their supervision, the expense necessary to offer the driver education course.

(c) through (f) Repealed by Session Laws 1991, c. 689, s. 32(c).

(g) Fee for Instruction. – The local boards of education shall fund driver education courses from funds available to them and may charge each student participating in a driver education course a fee of ~~up to sixty-five dollars (\$65.00) to offset in an amount not to exceed~~ the actual costs of providing the ~~training and instruction course.~~"

**SECTION 8.39.(b)** Article 14 of Chapter 115C of the General Statutes is repealed.

**SECTION 8.39.(c)** G.S. 20-7(m)(1) reads as rewritten:

"(1) An applicant who is less than 18 years old and is enrolled in a drivers education program that is ~~approved by the State Superintendent of Public Instruction~~ meets the requirements set forth in G.S. 115D-76.5 and is offered ~~at a public high school, by a community college or at a nonpublic secondary school, school~~ or a licensed ~~drivers~~commercial driver training school."

**SECTION 8.39.(d)** G.S. 20-11(b) reads as rewritten:

"(b) Level 1. — A person who is at least 15 years old but less than 18 years old may obtain a limited learner's permit if the person meets all of the following requirements:

- (1) Passes a course of driver education prescribed in ~~G.S. 115C-215~~G.S. 115D-76.5 or a course of driver instruction at a nonpublic secondary school or licensed commercial driver training school.
- (2) Passes a written test administered by the Division.
- (3) Has a driving eligibility certificate or a high school diploma or its equivalent."

**SECTION 8.39.(e)** G.S. 20-81.12(b86) reads as rewritten:

"(b86) Concerned Bikers Association/ABATE of North Carolina. – The Division must receive 300 or more applications for the "Concerned Bikers Association/ABATE of North Carolina" plate before the plate may be developed. The Division shall transfer quarterly the money in the Collegiate and Cultural Attraction Plate Account derived from the sale of the "Concerned Bikers Association/ABATE of North Carolina" plates to the ~~Department of Public Instruction~~Community Colleges System Office to support the driver training and safety education program established pursuant to ~~G.S. 115C-215~~G.S. 115D-76.5 and to support motorcycle safety and awareness training as part of the driver training program."

**SECTION 8.39.(f)** G.S. 20-88.1(d) reads as rewritten:

"(d) The Division shall prepare a driver license handbook that explains the traffic laws of the State and shall periodically revise the handbook to reflect changes in these laws. At the request of the ~~Department of Public Instruction~~Community Colleges System Office, the Division shall provide free copies of the handbook to ~~that Department~~the System Office for use in the program of driver education offered ~~at public high schools~~by community colleges."

**SECTION 8.39.(g)** G.S. 20-129(a)(4) reads as rewritten:

"(4) At any other time when windshield wipers are in use as a result of smoke, fog, rain, sleet, or snow, or when inclement weather or environmental factors severely reduce the ability to clearly discern persons and vehicles on the street and highway at a distance of 500 feet ahead, provided, however, the provisions of this subdivision shall not apply to instances when windshield wipers are used intermittently in misting rain, sleet, or snow. Any person violating this subdivision during the period from October 1, 1990, through December 31, 1991, shall be given a warning of the violation only. Thereafter, any person violating this subdivision shall have committed an infraction and shall pay a fine of five dollars (\$5.00) and shall not be assessed court costs. No drivers license points, insurance points or premium surcharge shall be assessed on account of violation of this subdivision and no negligence or liability shall be assessed on or imputed to any party on account of a violation of this subdivision. The Commissioner of Motor Vehicles and the ~~Superintendent of Public Instruction~~State Board of

1 Community Colleges shall incorporate into driver education programs and  
2 driver licensing programs instruction designed to encourage compliance with  
3 this subdivision as an important means of reducing accidents by making  
4 vehicles more discernible during periods of limited visibility."

5 **SECTION 8.39.(h)** G.S. 20-135.2A(g) reads as rewritten:

6 "(g) The Commissioner of Motor Vehicles and the ~~Department of Public Instruction~~  
7 State Board of Community Colleges shall incorporate in driver education programs and driver  
8 licensing programs instructions designed to encourage compliance with this section as an  
9 important means of reducing the severity of injury to the users of restraint devices and on the  
10 requirements and penalties specified in this law."

11 **SECTION 8.39.(i)** G.S. 20-322(b) reads as rewritten:

12 "(b) Regulations adopted by the Commissioner shall state the requirements for a school  
13 license, including requirements concerning location, equipment, courses of instruction,  
14 instructors, financial statements, schedule of fees and charges, character and reputation of the  
15 operators, insurance, bond or other security in such sum and with such provisions as the  
16 Commissioner deems necessary to protect adequately the interests of the public, and such other  
17 matters as the Commissioner may prescribe. A driver education course offered to prepare an  
18 individual for a limited learner's permit or another provisional license must meet the  
19 requirements set in ~~G.S. 115C-215~~ G.S. 115D-76.5 for the program of driver education offered  
20 ~~in the public schools by community colleges.~~"

21 **SECTION 8.39.(j)** G.S. 105-187.6(a)(8) reads as rewritten:

22 "(8) To a ~~local board of education~~ board of trustees of a community college for  
23 use in the driver education program ~~of a public school of the community~~  
24 college when the motor vehicle is transferred:

- 25 a. By a retailer and is to be transferred back to the retailer within 300  
26 days after the transfer to the ~~local board~~ board of trustees of the  
27 community college.  
28 b. By a ~~local board of education~~ board of trustees of the community  
29 college."

30 **SECTION 8.39.(k)** G.S. 115C-12(28) reads as rewritten:

31 "(28) Duty to Develop Rules for Issuance of Driving Eligibility Certificates. – The  
32 State Board of Education shall adopt the following rules to assist schools in  
33 their administration of procedures necessary to implement G.S. 20-11 and  
34 G.S. 20-13.2:

- 35 a. To define what is equivalent to a high school diploma for the  
36 purposes of G.S. 20-11 and G.S. 20-13.2. These rules shall apply to  
37 all educational programs offered in the State by public schools,  
38 charter schools, nonpublic schools, or community colleges.  
39 b. To establish the procedures a person who is or was enrolled in a  
40 public school or in a charter school must follow and the requirements  
41 that person shall meet to obtain a driving eligibility certificate.  
42 c. To require the person who is required under G.S. 20-11(n) to sign the  
43 driving eligibility certificate to provide the certificate if he or she  
44 determines that one of the following requirements is met:  
45 1. The person seeking the certificate is eligible for the certificate  
46 under G.S. 20-11(n)(1) and is not subject to G.S. 20-11(n1).  
47 2. The person seeking the certificate is eligible for the certificate  
48 under G.S. 20-11(n)(1) and G.S. 20-11(n1).

49 These rules shall apply to public schools and charter schools.



- 1 d. To provide for an appeal to an appropriate education authority by a  
2 person who is denied a driving eligibility certificate. These rules  
3 shall apply to public schools and charter schools.  
4 e. To define exemplary student behavior and to define what constitutes  
5 the successful completion of a drug or alcohol treatment counseling  
6 program. These rules shall apply to public schools and charter  
7 schools.

8 The State Board also shall develop policies as to when it is appropriate to  
9 notify the Division of Motor Vehicles that a person who is or was enrolled in  
10 a public school or in a charter school no longer meets the requirements for a  
11 driving eligibility certificate.

12 The State Board shall develop a form for parents, guardians, or  
13 emancipated juveniles, as appropriate, to provide their written, irrevocable  
14 consent for a school to disclose to the Division of Motor Vehicles that the  
15 student no longer meets the conditions for a driving eligibility certificate  
16 under G.S. 20-11(n)(1) or G.S. 20-11(n1), if applicable, in the event that this  
17 disclosure is necessary to comply with G.S. 20-11 or G.S. 20-13.2. Other  
18 than identifying under which statutory subsection the student is no longer  
19 eligible, no other details or information concerning the student's school  
20 record shall be released pursuant to this consent. This form shall be used for  
21 students enrolled in public schools or charter schools.

22 ~~The State Board of Education may use funds appropriated for drivers~~  
23 ~~education to cover the costs of driving eligibility certificates."~~

24 **SECTION 8.39.(l)** Subsection (a) of this section applies for the 2015-2016 school  
25 year only. Subsections (b) through (k) of this section become effective July 1, 2016.  
26

## 27 **OFFICE OF EDUCATOR LICENSURE/TRANSFER FROM LICENSURE SECTION**

28 **SECTION 8.40.(a)** Article 20 of Chapter 115C of the General Statutes is amended  
29 by adding a new section to read:

### 30 **"§ 115C-295.5. Office of Educator Licensure.**

31 (a) There is created the Office of Educator Licensure (OEL), which shall be under the  
32 control of the State Board of Education. The OEL shall consist of an executive director  
33 appointed by the State Board of Education and such other professional, administrative,  
34 technical, and clerical personnel as may be necessary to assist the OEL in carrying out its  
35 powers and duties within the funds available for this purpose. The State Board may direct the  
36 Department of Public Instruction to provide technical and administrative support to the OEL.

37 (b) The OEL shall execute the rules and regulations established by the State Board of  
38 Education for renewal and extension of all licenses.

39 (c) The OEL shall ensure that initial licenses and license renewals are processed and  
40 issued in a timely and accurate manner as follows:

41 (1) The OEL shall work cooperatively with local school administrative units,  
42 charter schools, regional schools, schools of education, individuals seeking  
43 licensure, the Department of Public Instruction, and educator licensing  
44 entities in other states.

45 (2) The OEL shall use electronic means of processing applications, to the extent  
46 practicable, to process all applications and concerns and shall ensure that  
47 applicants can ascertain progress and communicate with the OEL on  
48 processing of applications electronically.

49 (d) The OEL shall maintain information on a publicly accessible Web site about the  
50 following:

- (1) The process for licensure for educators in the State, including initial licensure, renewal of licensure, licensure reciprocity with other states, and lateral entry licensure.
- (2) Licensure fee schedules.
- (3) Licensure policies related to experience and degree credit for salary purposes.
- (4) Licensure suspension and revocation.
- (5) The current status of licensed educators in the State in a searchable format.
- (e) The OEL shall maintain and make available statistical information about licensure in the State on a publicly accessible Web site, including the following:
- (1) Updated at least weekly:
- a. Number of applications received and transactions completed.
- b. Number of newly licensed educators.
- c. Number of licensure renewals.
- (2) Updated at least annually:
- a. Demographic information regarding currently licensed educators.
- b. Number of licenses issued by area of licensure and type of license.
- c. Number of initial licenses for the following:
1. Graduates of educator preparation programs.
2. Lateral entry.
3. International educators.
4. Out-of-State educators seeking reciprocity.
- (f) The OEL shall be supported by fees as provided in G.S. 115C-296(a2)."

**SECTION 8.40.(b)** Within 60 days of the date this act becomes law, the State Board of Education shall appoint an executive director of the Office of Educator Licensure (OEL) in accordance with G.S. 115C-295.5, as enacted by subsection (a) of this section. Notwithstanding G.S. 115C-295.5, the OEL shall not be subject to carrying out the duties and responsibilities required by G.S. 115C-295.5 until January 1, 2016. The position of the executive director of the OEL shall be supported by fees as provided in G.S. 115C-296(a2).

**SECTION 8.40.(c)** Effective January 1, 2016, the Licensure Section within the Department of Public Instruction is dissolved and the duties and functions of that section are transferred to the OEL, established under G.S. 115C-295.5, as enacted by subsection (a) of this section. This transfer shall have all of the elements of a Type I transfer, as defined in G.S. 143A-6. Prior to the transfer on January 1, 2016, the executive director of the OEL shall, in consultation with the Licensure Section within the Department of Public Instruction, develop and implement a transition plan that addresses the transfer of duties and functions of the Licensure Section to the OEL to minimize disruption in the provision of services for educator licensure and renewals.

## **MODIFY EDUCATOR PREPARATION PROGRAM APPROVAL PROCESS**

**SECTION 8.41.(a)** Article 20 of Chapter 115C of the General Statutes is amended by adding new sections to read:

### **"§ 115C-296.8. Educator preparation program approval process.**

(a) The State Board of Education, as lead agency, in coordination and cooperation with the Board of Governors of The University of North Carolina, the State Board of Community Colleges, the North Carolina Independent Colleges and Universities, Inc., and such other public and private agencies as are necessary, shall establish standards for approval of educator preparation programs. Graduates of educator preparation programs operating in this State that have either (i) not been approved by the State Board or (ii) are not nationally accredited shall be ineligible for an initial license as a new, in-State approved program graduate.

(b) The standards for approval of educator preparation programs shall require that educator preparation program providers be either State-approved or nationally accredited. North Carolina program approval site visitors shall coordinate with educator preparation programs seeking national accreditation. State educator preparation program approval shall include the following components:

- (1) Adoption of rules for granting State approval to educator preparation programs and units. These rules shall mirror national accreditation in efforts to maintain the same level of quality preparation across programs. The rules shall include all content, pedagogy, and clinical requirements required by State law.
- (2) A State peer review process that includes highly qualified and trained members to adequately review programs within the State.
- (3) Technical assistance to educator preparation programs in efforts to do the following:
  - a. Improve education quality and educator preparation program performance.
  - b. Inform programs about the program approval process as part of educator preparation program performance based on outcome data.
  - c. Assist with State and federal reporting process.
  - d. Help build and maintain partnerships between elementary and secondary schools and educator preparation programs.

(c) The State Board of Education may place an approved educator preparation program provider on probationary status and require a plan for improvement on any of the unmet standards for the program, or revoke educator preparation program approval, for any of the following reasons:

- (1) Failing to report required information to the State Board of Education as part of the reporting requirement.
- (2) Offering misleading or false information about approved programs.
- (3) Accepting students into any part of an educator preparation program that is not approved by the State Board of Education.
- (4) Failing to comply with the educator preparation program review process.
- (5) Failing to meet standards for approval set forth by the State Board of Education.

**"§ 115C-296.9. Minimum admissions requirements for educator preparation programs.**

(a) Testing. – An undergraduate student seeking a degree in education shall attain passing scores on a preprofessional skills test prior to admission to an approved program in the State. The State Board of Education shall permit students to fulfill this requirement by achieving the prescribed minimum scores set by the State Board of Education for the Praxis Core tests or by achieving the appropriate required scores, as determined by the State Board of Education, on the verbal and mathematics portions of the SAT or ACT. The minimum combined verbal and mathematics score set by the State Board for the SAT shall be 1,100 or greater. The minimum composite score set by the State Board for the ACT shall be 24 or greater.

(b) Grade Point Average. – An approved educator preparation program in the State shall not admit an undergraduate student into an educator preparation program unless that student has earned a minimum cumulative grade point average of at least a 2.7. An approved educator preparation program shall ensure that the minimum cohort grade point average for each entering cohort to an educator preparation program is at least a 3.0.

**"§ 115C-296.10. Content and pedagogy requirements.**

(a) Content and Pedagogy Requirements for Educator Preparation Programs. – To ensure that educator preparation programs remain current and reflect a rigorous course of study

that is aligned to State and national standards, the State Board of Education, in consultation with the Board of Governors of The University of North Carolina and the North Carolina Independent Colleges and Universities, Inc., shall require that the rules for approval of educator preparation programs include the following requirements with demonstrated competencies:

- (1) All educator preparation programs shall include the following:
  - a. The identification and education of children with disabilities.
  - b. Positive management of student behavior and effective communication techniques for defusing and deescalating disruptive or dangerous behavior.
  - c. Demonstration of competencies in using digital and other instructional technologies to provide high-quality, integrated digital teaching and learning to all students.

- (2) Elementary education teacher education preparation programs shall include the following:

- a. Adequate coursework in the teaching of reading, writing, and mathematics.
- b. Assessment prior to licensure to determine if a student possesses the requisite knowledge in scientifically based reading, writing, and mathematics instruction that is aligned with the State Board's expectations.
- c. Instruction in application of formative and summative assessments within the school and classroom setting through technology-based assessment systems available in North Carolina schools that measure and predict expected student improvement.
- d. Instruction in integration of arts education across the curriculum.

- (3) Elementary and special education general curriculum teacher education preparation programs shall ensure that students receive instruction in early literacy intervention strategies and practices that are aligned with State and national reading standards and shall include the following:

- a. Instruction in the teaching of reading, including a substantive understanding of reading as a process involving oral language, phonological and phonemic awareness, phonics, fluency, vocabulary, and comprehension. Instruction shall include appropriate application of instructional supports and services and reading interventions to ensure reading proficiency for all students.
- b. Instruction in evidence-based assessment and diagnosis of specific areas of difficulty with reading development and of reading deficiencies.
- c. Instruction in appropriate application of instructional supports and services and reading interventions to ensure reading proficiency for all students.

- (4) Middle and high school science teacher education preparation programs shall include adequate preparation in issues related to science laboratory safety.

(b) School Administrator Preparation Programs. – Rules for approval of school administrator preparation programs shall incorporate the criteria developed in accordance with G.S. 116-74.21 for assessing proposals under the School Administrator Training Program.

**"§ 115C-296.11. Clinical partnerships and practice in educator preparation programs.**

- (a) As used in this section, the following definitions shall apply:

- (1) Clinical educator. – An individual employed by an elementary or secondary school, including a classroom teacher, who assesses, supports, and develops

1 a student's knowledge, skills, and professional disposition during the clinical  
2 experience.

3 (2) Internship. – Part of a formal program to provide practical experience and  
4 training for beginners in the education profession.

5 (3) Residency. – A specified period of time in which a person is employed by a  
6 local school administrative unit to gain practical experience and training in  
7 educator preparation.

8 (b) The State Board of Education, in consultation with the Board of Governors of The  
9 University of North Carolina and the North Carolina Independent Colleges and Universities,  
10 Inc., shall adopt and establish rules for educator preparation that require at least the following:

11 (1) Educator preparation programs shall establish and maintain collaborative,  
12 formalized partnerships with elementary and secondary schools that are  
13 focused on student achievement, continuous school improvement, and the  
14 professional development of elementary and secondary educators, as well as  
15 those preparing educators.

16 (2) Educator preparation programs shall work collaboratively with elementary  
17 and secondary schools and enter into a memorandum of understanding with  
18 local school administrative units where students are placed. In the  
19 memorandum, the educator preparation program and the local school  
20 administrative unit shall:

21 a. Define the collaborative relationship between the educator  
22 preparation program and the local school administrative unit and how  
23 this partnership will be focused on continuous school improvement  
24 and student achievement.

25 b. Adopt a plan for collaborative teacher selection, orientation, and  
26 student placement.

27 c. Determine how information will be shared and verified between the  
28 educator preparation program and local school administrative unit.

29 (3) Educator preparation programs shall ensure clinical educators who supervise  
30 students in residencies or internships meet the following requirements:

31 a. Be professionally licensed in the field of licensure sought by the  
32 student.

33 b. Have a minimum of three years of experience in a teaching role.

34 c. Have been rated, through formal evaluations, at least at the  
35 "accomplished" level as part of the North Carolina Teacher  
36 Evaluation System and have met expectations as part of student  
37 growth in the field of licensure sought by the student.

38 (4) Educator preparation programs shall require, in all programs leading to  
39 initial licensure, field experiences that include organized and sequenced  
40 engagement of students in settings that provide them with opportunities to  
41 observe, practice, and demonstrate knowledge and skills. The experiences  
42 shall be systematically designed and sequenced to increase the complexity  
43 and levels of engagement with which students apply, reflect upon, and  
44 expand their knowledge and skills.

45 (5) Educator preparation programs shall require clinical practice in the form of  
46 residencies or internships in those fields for which they are approved by the  
47 State Board of Education. Residencies or internships shall be a minimum of  
48 16 weeks. Residencies and internships may be over the course of two  
49 semesters and shall, to the extent practicable, provide student experiences at  
50 both the beginning and ending of the school year.

- (6) Educator preparation programs with a clinical practice component shall require, in addition to a content assessment, a nationally normed and valid pedagogy assessment to determine clinical practice performance. Passing scores and mastery criteria will be determined by the State Board of Education.

**"§ 115C-296.12. Lateral entry teacher education preparation programs.**

(a) It is the policy of the State of North Carolina to encourage lateral entry into the profession of teaching by skilled individuals from the private sector. Skilled individuals who choose to enter the profession of teaching laterally may be granted an initial teaching license for no more than three years and shall be required to obtain licensure required for those who have taught more than three years before contracting for a fourth year of service with any local school administrative unit in this State. The criteria and procedures for lateral entry shall include preservice training in all of the following areas:

- (1) The identification and education of children with disabilities.
- (2) Positive management of student behavior.
- (3) Effective communication for defusing and deescalating disruptive or dangerous behavior.
- (4) Safe and appropriate use of seclusion and restraint.

(b) The State Board of Education, in consultation with the State Board of Community Colleges and North Carolina Independent Colleges and Universities, Inc., may provide a competency-based program of study for lateral entry teachers to complete the coursework necessary to earn a teaching license. To this end, the State Board of Education, in consultation with the State Board of Community Colleges and North Carolina Independent Colleges and Universities, Inc., shall establish a competency-based program of study for lateral entry teachers to be implemented within the Community College System and at approved educator preparation programs at private, nonprofit two-year colleges. These programs shall meet standards set by the State Board of Education. To ensure that programs of study for lateral entry remain current and reflect a rigorous course of study that is aligned to State and national standards, the State Board of Education shall do all of the following to ensure that lateral entry personnel are prepared to teach:

- (1) Provide adequate coursework in the teaching of reading and mathematics for lateral entry teachers seeking certification in elementary education.
- (2) Assess lateral entry teachers prior to licensure to determine that they possess the requisite knowledge in scientifically based reading and mathematics instruction that is aligned with the State Board's expectations.
- (3) Prepare all lateral entry teachers to apply formative and summative assessments within the school and classroom setting through technology-based assessment systems available in North Carolina schools that measure and predict expected student improvement.
- (4) Require that lateral entry teachers demonstrate competencies in using digital and other instructional technologies to provide high-quality, integrated digital teaching and learning to all students.

(c) The State Board of Community Colleges and the State Board of Education shall jointly identify the community college courses and the educator preparation program courses that are necessary and appropriate for inclusion in the community college program of study for lateral entry teachers. To the extent possible, any courses that must be completed through an approved educator preparation program shall be taught on a community college campus or shall be available through distance learning. The State Board of Education shall identify the appropriate courses for a private, nonprofit two-year college to include in the program of study for lateral entry teachers.

(d) In order to participate in the community college or private, nonprofit two-year college program of study for lateral entry teachers, an individual must hold at least a bachelor's degree from a regionally accredited institution of higher education.

(e) An individual who successfully completes the lateral entry program of study and meets all other requirements of licensure set by the State Board of Education shall be recommended for a North Carolina teaching license.

(f) It is further the policy of the State of North Carolina to ensure that local boards of education can provide the strongest possible leadership for schools based upon the identified and changing needs of individual schools. The State Board of Education shall carefully consider a lateral entry program for school administrators to ensure that local boards of education will have sufficient flexibility to attract able candidates.

**"§ 115C-296.13. Educator preparation program reporting.**

(a) Annual Performance Reports. – The State Board of Education shall require all approved educator preparation programs, including master's degree programs in teacher preparation and master's degree programs in school administration, to submit annual performance reports. The performance reports shall provide the State Board of Education with a focused review of the programs and the current process of accrediting these programs in order to ensure that the programs produce graduates that are well prepared to teach.

(b) Required Elements. – The performance report for each educator preparation program in North Carolina shall follow a common format and include at least the following elements:

- (1) Quality of students entering the educator preparation program, including the average grade point average and average score on preprofessional skills tests that assess reading, writing, mathematics, and other competencies.
- (2) Graduation rates.
- (3) Time-to-graduation rates.
- (4) Average scores of graduates on professional and content area examination for the purpose of licensure.
- (5) Percentage of graduates receiving initial licenses.
- (6) Percentage of graduates hired as teachers.
- (7) Percentage of graduates remaining in teaching for four years.
- (8) Graduate satisfaction based on a common survey.
- (9) Employer satisfaction based on a common survey.
- (10) Effectiveness of teacher preparation program graduates.

(c) Submission of Annual Performance Reports. – Performance reports shall be provided annually to the Board of Governors of The University of North Carolina, the State Board of Education, and the boards of trustees of nonpublic postsecondary colleges. The State Board of Education shall review the educator preparation program performance reports each year the performance reports are submitted.

(d) Educator Preparation Program Report Card. – The State Board shall create a higher education educator preparation program report card reflecting the information collected in the annual performance reports for each North Carolina institution offering educator preparation programs. The report cards shall, at a minimum, summarize information reported on all of the performance indicators for the performance reports required by subsection (b) of this section.

(e) Annual State Board of Education Report. – The educator preparation program report cards shall be submitted to the Joint Legislative Education Oversight Committee on an annual basis by November 15.

(f) State Board of Education Action Based on Performance. – Based upon the performance reports and other criteria established by the State Board, the State Board may reward an educator preparation program, impose probationary status and plans of improvement on an educator preparation program, or revoke approval of an educator preparation program."

1           **SECTION 8.41.(b)** G.S. 115C-296(b) reads as rewritten:

2           "(b) ~~It is the policy of the State of North Carolina to maintain the highest quality teacher~~  
3 ~~education programs and school administrator programs in order to enhance the competence of~~  
4 ~~professional personnel licensed in North Carolina. To the end that teacher preparation programs~~  
5 ~~are upgraded to reflect a more rigorous course of study, the~~The State Board of Education, as  
6 lead agency in coordination and cooperation with the University Board of Governors, the State  
7 Board of Community Colleges and such other public and private agencies as are necessary,  
8 shall continue to refine the several licensure requirements, ~~standards for approval of institutions~~  
9 ~~of teacher education, standards for institution based innovative and experimental programs,~~  
10 ~~standards for implementing consortium based teacher education, and standards for improved~~  
11 ~~efficiencies in the administration of the approved programs [ , as follows]:~~as follows:

12           ...."

13           **SECTION 8.41.(c)** G.S. 115C-296(b)(2) is repealed.

14           **SECTION 8.41.(d)** G.S. 115C-296(b1) is repealed.

15           **SECTION 8.41.(e)** G.S. 115C-296(b2) is repealed.

16           **SECTION 8.41.(f)** G.S. 115C-296(c) is repealed.

17           **SECTION 8.41.(g)** G.S. 115C-296(c1) is repealed.

18           **SECTION 8.41.(h)** G.S. 115C-296(c2) is repealed.

19           **SECTION 8.41.(i)** G.S. 115C-296.7(g) reads as rewritten:

20           "(g) NC Teaching Corps members shall be granted lateral entry teaching licenses  
21 pursuant to ~~G.S. 115C-296(e)~~G.S. 115C-296.12(a)."

22           **SECTION 8.41.(j)** G.S. 115D-5(p) reads as rewritten:

23           "(p) The North Carolina Community College System may offer courses, in accordance  
24 with the lateral entry program of study established under ~~G.S. 115C-296(e1),~~  
25 G.S. 115C-296.12, to individuals who choose to enter the teaching profession by lateral entry."

26           **SECTION 8.41.(k)** Educator preparation programs approved by the State Board of  
27 Education as of July 1, 2015, shall meet the requirements of subsection (a) of this section no  
28 later than July 1, 2017. Educator preparation programs seeking approval by the State Board of  
29 Education on or after July 1, 2015, shall meet the requirements of subsection (a) of this section  
30 at the time approval is sought from the State Board of Education. The State Board of Education  
31 shall not require students enrolled in educator preparation programs that require a nationally  
32 normed and valid pedagogy assessment to determine clinical practice performance to provide  
33 scores for a pedagogy assessment based on multiple choice or constructed responses.

34

## 35       **ACCESS FOR TEACHERS TO EVAAS DATA**

36           **SECTION 8.42.(a)** Article 22 of Chapter 115C of the General Statutes is amended  
37 by adding a new section to read:

38       **"§ 115C-333.2. Teacher evaluation reports.**

39       Each local school administrative unit shall ensure that individual teachers are provided  
40 access to school-level value-added data, the teacher's own value-added data, when applicable,  
41 and the teacher's evaluation dashboard through the Education Value-Added Assessment System  
42 (EVAAS). The principal of each school shall notify teachers at least annually when EVAAS  
43 data has been updated to reflect teacher performance from the previous school year."

44           **SECTION 8.42.(b)** This section applies beginning with the 2015-2016 school year.

45

## 46       **CERTAIN CIHS OPERATING WITHOUT ADDITIONAL FUNDS**

47           **SECTION 8.43.** Notwithstanding G.S. 115C-238.51A(c) and G.S. 115C-238.54,  
48 the Academy at High Point Central, the Academy at Ben L. Smith High School, STEM Early  
49 College at NC A&T State University, Middle College at the University of North Carolina at  
50 Greensboro, Vernon Malone College and Career Academy, and the Northeast Regional School  
51 of Biotechnology and Agriscience shall be permitted to operate in accordance with



G.S. 115C-238.53 and G.S. 115C-238.54 as cooperative innovative high schools approved under G.S. 115C-238.51A(c) and shall be subject to the evaluation requirements of G.S. 115C-238.55.

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

**LEGISLATIVE FINDINGS**

**SECTION 8A.1.(a)** The General Assembly finds that some local boards of education are not in compliance with the requirements of the judiciary's decisions in *Leandro* to provide all public school students the opportunity to receive a sound basic education. Notwithstanding a history of adequate State and local funding and legislatively-granted flexibility in administration, management, and employment at the local level to provide tools to facilitate compliance with *Leandro*, some local boards of education have failed to take actions sufficient to:

- (1) Prevent education bureaucracies from interfering with and overriding accountability measures and education reforms required by State law.
- (2) Properly administer the public schools.
- (3) Provide high-quality principals in every school and high-quality teachers in every classroom.

**SECTION 8A.1.(b)** It is the intent of the General Assembly in this act to provide the following additional direction, authority, and resources to local boards of education and to the State Board of Education to enable them to correct these deficiencies:

- (1) Clarify the role of local boards of education to ensure that their main focus is to provide each public school student with the opportunity to receive a sound basic education, and that all policy decisions should be made with that objective in mind, including employment decisions, budget development, and other administrative actions.
- (2) Direct the State Board of Education not to allow waivers of State laws and rules that permit local boards to avoid accountability measures and education reforms required by the State.
- (3) Provide additional teacher positions to transition to lower class size in kindergarten through third grade and require local boards of education to use those positions to maintain class sizes that, according to research, are optimal for learning at this critical time.
- (4) Facilitate the identification of low-performing schools and low-performing local school administrative units.
- (5) Provide the State Board of Education with authority to consolidate local school administrative units in contiguous counties as necessary to ensure that all school systems have the size, expertise, and other resources necessary to provide their students with the opportunity to receive a sound basic education.
- (6) Provide one hundred fifty-seven million ninety-six thousand four hundred thirty-seven dollars (\$157,096,437) in additional funds to increase the base teacher salary paid by the State and provide additional funds for the salaries of principals and assistant principals.

**DUTY OF LOCAL BOARDS OF EDUCATION TO PROVIDE STUDENTS WITH THE  
OPPORTUNITY TO RECEIVE A SOUND BASIC EDUCATION**

**SECTION 8A.2.** G.S. 115C-47(1) reads as rewritten:

"(1) ~~To Provide an Adequate School System the Opportunity to Receive a Sound Basic Education.~~ It shall be the duty of local boards of education to provide ~~adequate school systems~~ students with the opportunity to receive a sound basic education and to make all policy decisions with that objective in mind, including employment decisions, budget development, and other administrative actions, within their respective local school administrative units, as directed by law."

## CLASS SIZE IN KINDERGARTEN THROUGH THIRD GRADE

SECTION 8A.3.(a) G.S. 115C-301 reads as rewritten:

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

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

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

(c) Maximum Class Size for Kindergarten Through Third Grade. – The average class size for kindergarten through third grade in a local school administrative unit shall at no time exceed the funded allotment ratio of teachers to students in kindergarten through third grade. At the end of the second school month and for the remainder of the school year, the size of an individual class in kindergarten through third grade shall not exceed the allotment ratio by more than three students. In grades four through 12, local school administrative units shall have the maximum flexibility to use allotted teacher positions to maximize student achievement.

(d), (e) Repealed by Session Laws 2013-363, s. 3.3(a), effective July 1, 2013.

(f) Second Month Reports. – At the end of the second month of each school year, each local board of education, through the superintendent, shall file a report for each school within the school unit with the State Board of Education. The report shall be filed in a format prescribed by the State Board of Education and shall include the organization for each school, the duties of each teacher, the size of each class, and such other information as the State Board may require. As of February 1 each year, local boards of education, through the superintendent, shall report all exceptions to individual class size maximums in kindergarten through third grade that occur at that time.

(g) Waivers and Allotment Adjustments. – Local boards of education shall report exceptions to the class size requirements set out for kindergarten through third grade and significant increases in class size at other grade levels to the State Board and shall request allotment adjustments at any grade level, waivers from the requirements for kindergarten through third grade, or both. Within 45 days of receipt of reports, the State Board of Education, within funds available, may allot additional positions at any grade level. The State Board shall not grant waivers for the excess class size in kindergarten through third grade-grade, except under the following circumstances: (i) emergencies or acts of God that impact the availability of classroom space or facilities; (ii) an unanticipated increase in student population of an individual school in excess of two percent (2%) of the average daily membership of that school; (iii) organizational problems in geographically isolated local school administrative units in which the average daily membership is less than one and one-half per square mile; (iv) classes organized for a solitary curricular area; or (v) a charter school closure.

(h) State Board Rules. – The State Board of Education shall adopt rules necessary for the implementation of this section.

(i) Repealed by Session Laws 2013-363, s. 3.3(a), effective July 1, 2013.

(j) Penalty for Noncompliance. – If the State Board of Education determines that a local superintendent has willfully failed to comply with the requirements of this section, no

State funds shall be allocated to pay the superintendent's salary for the period of time the superintendent is in noncompliance. The local board of education shall continue to be responsible for complying with the terms of the superintendent's employment contract."

**SECTION 8A.3.(b)** Notwithstanding G.S. 115C-301, as amended by this section, for the 2015-2016 school year only, the funded class size allotment ratio, the maximum average class size for all classes within a local school administrative unit, and the maximum individual class size for kindergarten through third grade are as follows:

Grade Level	Funded Class Size	Maximum Average Class Size	Maximum Individual Class Size
-------------	-------------------	----------------------------	-------------------------------

Kindergarten	18	21	24
1-3	16	19	22.

**SECTION 8A.3.(c)** For the 2016-2017 school year, the funded class size allotment ratio, the maximum average class size for all classes within a local school administrative unit, and the maximum individual class size for kindergarten through third grade are as follows:

Grade Level	Funded Class Size	Maximum Average Class Size	Maximum Individual Class Size
-------------	-------------------	----------------------------	-------------------------------

Kindergarten	17	17	20
1-3	15	15	18.

## IDENTIFICATION OF LOW-PERFORMING SCHOOLS AND UNITS

**SECTION 8A.4.(a)** G.S. 115C-105.35(c) is repealed.

**SECTION 8A.4.(b)** G.S. 115C-105.36 is repealed.

**SECTION 8A.4.(c)** G.S. 115C-105.37 reads as rewritten:

### "§ 115C-105.37. Identification of low-performing schools.

(a) Identification of Low-Performing Schools. – The State Board of Education shall ~~design and implement a procedure to identify~~ low-performing schools on an annual basis. Low-performing schools are those that receive a school performance grade of D or F and a school growth score of "met expected growth" or "not met expected growth" as defined by G.S. 115C-83.15. ~~Low-performing schools are those in which there is a failure to meet the minimum growth standards, as defined by the State Board, and a majority of students are performing below grade level.~~

(a1) Plan for Improvement of Low-Performing Schools. – ~~By July 10 of each year, each local school administrative unit shall do a preliminary analysis of test results to determine which of its schools the State Board may identify as low-performing under this section. If a school has been identified as low-performing as provided in this section and the school is not located in a local school administrative unit identified as low-performing under G.S. 115C-105.39A, the following actions shall be taken:~~

(1) The superintendent ~~then~~ shall proceed under G.S. 115C-105.39.

(2) ~~In addition, within~~ Within 30 days of the initial identification of a school as low-performing by the State Board, ~~the local school administrative unit or the State Board, whichever occurs first,~~ the superintendent shall submit to the local board of education a preliminary plan for ~~addressing the needs of that school, improving both the school performance grade and school growth score,~~ including how the superintendent and other central office administrators will work with the school and monitor the school's progress.

(3) Within 30 days of its receipt of ~~this the~~ the preliminary plan, the local board shall vote to approve, modify, or reject this plan. Before the local board makes this vote, votes on the preliminary plan, it shall make the plan available to the public, including the personnel assigned to that school and

1 the parents and guardians of the students who are assigned to the school, and  
2 shall allow for written comments.

3 (4) The local board shall submit the a final plan to the State Board within five  
4 days of the local board's vote approval of the plan. The State Board shall  
5 review the plan expeditiously and, -- if appropriate, may offer  
6 recommendations to modify the plan. The local board shall consider any  
7 recommendations made by the State ~~Board~~ Board and, if necessary, amend  
8 the plan and vote on approval of any changes to the final plan.

9 (5) The local board of education shall provide access to the final plan on the  
10 local school administrative unit's Web site. The State Board of Education  
11 shall also provide access to each low-performing school plan on the  
12 Department of Public Instruction's Web site.

13 (b) Parental Notice of Low-Performing School Status. – Each school that the State  
14 Board identifies as low-performing shall provide written notification to the parents and  
15 guardians of students attending that school-school within 30 days of the identification that  
16 includes the following information:

17 (1) ~~The written notification shall include aA~~ statement that the State Board of  
18 Education has found that the school has "failed to meet the minimum growth  
19 standards, as defined by the State Board, and a majority of students in the  
20 school are performing below grade level." "received a school performance  
21 grade of D or F and a school growth score of "met expected growth" or "not  
22 met expected growth" and has been identified as a low-performing school as  
23 defined by G.S. 115C-105.37." The statement shall include an explanation of  
24 the school performance grades and growth scores.

25 (2) ~~This notification also shall include~~ The school performance grade and growth  
26 score received.

27 (3) ~~information~~ Information about the preliminary plan developed under  
28 subsection (a1) of this ~~section~~ section and the availability of the final plan on  
29 the local school administrative unit's Web site.

30 (4) The meeting date for when the preliminary plan will be considered by the  
31 local board of education.

32 (5) ~~and aA~~ description of any additional steps the school is taking to improve  
33 student performance."

34 **SECTION 8A.4.(d)** Article 8B of Chapter 115C of the General Statutes is  
35 amended by adding a new section to read:

36 **"§ 115C-105.39A. Identification of low-performing local school administrative units.**

37 (a) Identification of Low-Performing Local School Administrative Units. – The State  
38 Board of Education shall identify low-performing local school administrative units on an  
39 annual basis. A low-performing local school administrative unit is a unit in which the majority  
40 of the schools in that unit that received a school performance grade and growth score as  
41 provided in G.S. 115C-83.15 have been identified as a low-performing school, as provided in  
42 G.S. 115C-105.37.

43 (b) Plan for Improvement of Low-Performing Local School Administrative Units. –  
44 Once a local school administrative unit has been identified as low-performing under this  
45 section, the following actions shall be taken:

46 (1) The superintendent shall proceed under G.S. 115C-105.39.

47 (2) Within 30 days of the identification of a local school administrative unit as  
48 low-performing by the State Board, the superintendent shall submit to the  
49 local board of education a preliminary plan for improving both the school  
50 performance grade and school growth score of each low-performing school  
51 in the unit, including how the superintendent and other central office

1 administrators will work with each low-performing school and monitor the  
2 low-performing school's progress, and how current local school  
3 administrative unit policy should be changed to improve student  
4 achievement throughout the local school administrative unit.

5 (3) Within 30 days of its receipt of the preliminary plan, the local board shall  
6 vote to approve, modify, or reject this plan. Before the local board votes on  
7 the plan, it shall make the plan available to the public, including the  
8 personnel assigned to each low-performing school and the parents and  
9 guardians of the students who are assigned to each low-performing school,  
10 and shall allow for written comments.

11 (4) The local board shall submit a final plan to the State Board within five days  
12 of the local board's approval of the plan. The State Board shall review the  
13 plan expeditiously and, if appropriate, may offer recommendations to  
14 modify the plan. The local board shall consider any recommendations made  
15 by the State Board and, if necessary, amend the plan and vote on approval of  
16 any changes to the final plan.

17 (5) The local board of education shall provide access to the final plan on the  
18 local school administrative unit's Web site. The State Board of Education  
19 shall also provide access to each low-performing local school administrative  
20 unit plan on the Department of Public Instruction's Web site.

21 (c) Parental Notice of Low-Performing Local School Administrative Unit Status. –  
22 Each local school administrative unit that the State Board identifies as low-performing shall  
23 provide written notification to the parents and guardians of all students attending any school in  
24 the local school administrative unit within 30 days of the identification that includes the  
25 following information:

26 (1) A statement that the State Board of Education has found that a majority of  
27 the schools in the local school administrative unit have "received a school  
28 performance grade of D or F and a school growth score of "met expected  
29 growth" or "not met expected growth" and have been identified as  
30 low-performing schools as defined by G.S. 115C-105.37." The statement  
31 shall also include an explanation of the school performance grades and  
32 growth scores.

33 (2) The percentage of schools identified as low-performing.

34 (3) Information about the preliminary plan developed under subsection (b) of  
35 this section and the availability of the final plan on the local school  
36 administrative unit's Web site.

37 (4) The meeting date for when the preliminary plan will be considered by the  
38 local board of education.

39 (5) A description of any additional steps the local school administrative unit and  
40 schools are taking to improve student performance.

41 (6) For notifications sent to parents and guardians of students attending a school  
42 that is identified as low-performing under G.S. 115C-105.37, a statement  
43 that the State Board of Education has found that the school has "received a  
44 school performance grade of D or F and a school growth score of "met  
45 expected growth" or "not met expected growth" and has been identified as a  
46 low-performing school as defined by G.S. 115C-105.37." This notification  
47 also shall include the school performance grade and school growth score the  
48 school received and an explanation of the school performance grades and  
49 growth scores."  
50

1 **STATE BOARD AUTHORITY TO CONSOLIDATE CONTIGUOUS COUNTY**  
2 **SCHOOL ADMINISTRATIVE UNITS**

3 **SECTION 8A.5.** Article 7 of Chapter 115C of the General Statutes is amended by  
4 adding a new section to read:

5 **"§ 115C-66.5. Merger of county school administrative units by the State Board of**  
6 **Education.**

7 The State Board of Education shall have the authority to consolidate and merge contiguous  
8 county school administrative units or a group of county school administrative units in which  
9 each county unit is contiguous with at least one other county unit in the group. The State Board  
10 shall adopt a written plan setting forth the conditions of the merger. A merger of county units  
11 and reorganization of those units under this section shall not have the effect of abolishing any  
12 special taxes that may have been voted in any such units."

13  
14 **LIMIT LOCAL BOARD OF EDUCATION WAIVERS**

15 **SECTION 8A.6.(a)** G.S. 115C-105.26 reads as rewritten:

16 **"§ 115C-105.26. Waivers of State laws, rules, or policies.laws or rules.**

17 (a) ~~When included as part of a school improvement plan accepted under~~  
18 ~~G.S. 115C-105.27, local boards of education shall submit requests for waivers of State laws,~~  
19 ~~rules, or policies to the State Board of Education. A~~Except as otherwise provided for in this  
20 section, the State Board of Education shall not grant waivers of State laws or rules to local  
21 boards of education. If permitted under this section, a request for a waiver by a local board of  
22 education shall (i) identify the school or schools making the request, (ii) identify the State laws,  
23 rules, or policies that inhibit the school's ability to improve student performance,law or rule  
24 requesting to be waived, (iii) set out with specificity the circumstances under which the waiver  
25 may be used, and (iv) explain how the requested waiver will permit the school to improve  
26 student performance.

27 ~~Except as provided in subsection (c) of this section, the State Board shall grant waivers only~~  
28 ~~for the specific schools for which they are requested and shall be used only under the specific~~  
29 ~~circumstances for which they are requested.~~

30 (b) ~~When requested as part of a school improvement plan, the~~The State Board of  
31 Education may grant waivers of: to local boards of education of State laws and rules pertaining  
32 to the following:

33 (1) ~~State laws pertaining to class~~Class size and teacher certification; and  
34 requirements only as provided in G.S. 115C-301(g).

35 (2) ~~State rules and policies, except those pertaining to public school State salary~~  
36 ~~schedules and employee benefits for school employees, the instructional~~  
37 ~~program that must be offered under the Basic Education Program, the system~~  
38 ~~of employment for public school teachers and administrators set out in~~  
39 ~~G.S. 115C-287.1 and in Part 3 of Article 22 of this Chapter, health and~~  
40 ~~safety codes, compulsory attendance, the minimum lengths of the school day~~  
41 ~~and year, and the Uniform Education Reporting System.~~

42 (3) School calendar requirements in order to provide sufficient days to  
43 accommodate anticipated makeup days due to school closings only as  
44 provided in G.S. 115C-84.2(d).

45 (c) ~~The State Board also may grant requests received from local boards for waivers of~~  
46 ~~State laws, rules, or policies that affect the organization, duties, and assignment of central~~  
47 ~~office staff only. However, none of the duties to be performed under G.S. 115C-436 may be~~  
48 ~~waived.~~

49 (c1) ~~The State Board also may grant requests received from local boards for waivers of~~  
50 ~~State laws, rules, or policies that require that each local school administrative unit provide at~~  
51 ~~least one alternative school or at least one alternative learning program.~~

1 (d) ~~Notwithstanding subsections (b) and (c) of this section, the State Board shall not~~  
2 ~~grant waivers of G.S. 115C-12(16)b. regarding the placement of State allotted office support~~  
3 ~~personnel, teacher assistants, and custodial personnel on the salary schedule adopted by the~~  
4 ~~State Board.~~

5 (e) ~~Notwithstanding subsection (b) of this section, the State Board may grant requests~~  
6 ~~received from local boards for waivers of State laws, rules, or policies pertaining to the~~  
7 ~~placement of principals on the State salary schedule for public school administrators in order to~~  
8 ~~provide financial incentives to encourage principals to accept employment in a school that has~~  
9 ~~been identified as low performing under G.S. 115C-105.37. The State Board shall act on~~  
10 ~~requests under this subsection at the first Board meeting following receipt of each request.~~

11 (f) ~~Except as provided in subsection (e) of this section, the~~ The State Board shall act  
12 within 60 days of receipt of all requests for waivers under this section.

13 (g) The State Board shall, on a regular basis, review all waivers it has granted to  
14 determine whether any rules should be repealed or modified or whether the Board should  
15 recommend to the General Assembly the repeal or modification of any laws.

16 (h) By September 15 of each year, the State Board shall report to the Joint Legislative  
17 Education Oversight Committee with a list of the specific waivers granted to each local board  
18 of education under this section. The State Board may include any legislative recommendations  
19 identified under subsection (g) of this section in its report."

20 **SECTION 8A.6.(b)** This section applies beginning with the 2015-2016 school  
21 year.  
22

20  
21 **PART X. COMMUNITY COLLEGES**

22  
23 **REORGANIZATION OF THE COMMUNITY COLLEGES SYSTEM OFFICE**

24 **SECTION 10.1.(a)** Notwithstanding any other provision of law, and consistent  
25 with the authority established in G.S. 115D-3, the President of the North Carolina Community  
26 College System may reorganize the System Office in accordance with recommendations and  
27 plans submitted to and approved by the State Board of Community Colleges.

28 **SECTION 10.1.(b)** This section expires June 30, 2017.  
29

30 **BASIC SKILLS PLUS**

31 **SECTION 10.2.(a)** G.S. 115D-5(b) is amended by adding a new subdivision to  
32 read:

33 "(b) In order to make instruction as accessible as possible to all citizens, the teaching of  
34 curricular courses and of noncurricular extension courses at convenient locations away from  
35 institution campuses as well as on campuses is authorized and shall be encouraged. A pro rata  
36 portion of the established regular tuition rate charged a full-time student shall be charged a  
37 part-time student taking any curriculum course. In lieu of any tuition charge, the State Board of  
38 Community Colleges shall establish a uniform registration fee, or a schedule of uniform  
39 registration fees, to be charged students enrolling in extension courses for which instruction is  
40 financed primarily from State funds. The State Board of Community Colleges may provide by  
41 general and uniform regulations for waiver of tuition and registration fees for the following:

42 ...  
43 (15) Courses providing employability skills, job-specific occupational or  
44 technical skills, or developmental education instruction to certain students  
45 who are concurrently enrolled in an eligible community college literacy  
46 course, in accordance with rules adopted by the State Board of Community  
47 Colleges.

48 ...  
49 The State Board of Community Colleges shall not waive tuition and registration fees for  
50 other individuals."

51 **SECTION 10.2.(b)** G.S. 115D-31(b1) reads as rewritten:



"(b1) A local community college may use all State funds allocated to it, except for Literacy funds and Customized Training funds, for any authorized purpose that is consistent with the college's Institutional Effectiveness Plan. The State Board of Community Colleges may authorize a local community college to use up to twenty percent (20%) of the State Literacy funds allocated to it to provide employability skills, job-specific occupational and technical skills, and developmental education instruction to students concurrently enrolled in an eligible community college literacy course.

Each local community college shall include in its Institutional Effectiveness Plan a section on how funding flexibility allows the college to meet the demands of the local community and to maintain a presence in all previously funded categorical programs."

## EQUIPMENT FUNDING

**SECTION 10.3.** For the 2015-2017 fiscal biennium, community colleges may expend regular equipment allocations on equipment and on repairs, renovations, and new construction, necessary to accommodate equipment. Colleges must match funds expended on new construction on an equal matching-fund basis in accordance with G.S. 115D-31. Notwithstanding any other provision of law, community colleges are not required to match funds expended on repairs and renovations of existing facilities.

Colleges must have capital improvement projects approved by the State Board of Community Colleges and any required matching funds identified by June 30, 2017.

## COLLEGES EARN BUDGET FTE FOR CERTAIN COURSES TAUGHT DURING THE SUMMER TERM

**SECTION 10.5.(a)** G.S. 115D-5(v) reads as rewritten:

"(v) Community colleges may teach technical education, health care, developmental education, ~~and STEM-related courses~~ courses, and the Universal General Education Transfer Courses contained in the Comprehensive Articulation Agreement entered into between The University of North Carolina and the North Carolina Community College System at any time during the year, including the summer term. Student membership hours from these courses shall be counted when computing full-time equivalent students (FTE) for use in budget funding formulas at the State level."

**SECTION 10.5.(b)** The State Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee by October 1, 2015, on FTE for the summer 2015 term.

**SECTION 10.5.(c)** This section applies beginning with the summer 2015 term.

## COMMUNITY COLLEGES PROGRAM COMPLIANCE REVIEW FUNCTION

**SECTION 10.6.(a)** Section 10.15(a) of S.L. 2013-360 is repealed.

**SECTION 10.6.(b)** G.S. 115D-5(m) reads as rewritten:

"(m) The State Board of Community Colleges shall maintain an ~~education program auditing-accountability~~ function that conducts ~~an annual audit~~ periodic reviews of each community college operating under the provisions of this Chapter. The purpose of the ~~annual audit-compliance review~~ shall be to ensure that ~~college programs and related fiscal operations~~ comply with State law, State regulations, State Board policies, and System Office guidance. (i) data used to allocate State funds among community colleges is reported accurately to the System Office and (ii) community colleges are charging and waiving tuition and registration fees consistent with law. The State Board of Community Colleges shall require ~~auditors of community college programs to the use of~~ a statistically valid sample size in performing ~~program audits-compliance reviews~~ of community colleges. All ~~education program audit compliance review findings that are determined to be material~~ shall be forwarded to the college president, local college board of trustees, the State Board of Community Colleges, and the State

Auditor. The State Board of Community Colleges shall adopt rules governing the frequency, scope, and standard of materiality for compliance reviews."

**SECTION 10.6.(c)** Subsection (b) of this section applies to compliance reviews beginning with the 2015-2016 academic year.

## **CAREER AND COLLEGE READY GRADUATES**

**SECTION 10.13.(a)** The State Board of Community Colleges, in consultation with the State Board of Education, shall develop a program for implementation in the 2016-2017 school year that introduces the college developmental mathematics and developmental reading and English curriculums in the high school senior year and provide opportunities for college remediation for students prior to high school graduation through cooperation with community college partners. Students who are enrolled in the Occupational Course of Study to receive their high school diplomas shall not be required to participate in the program or be required to take mandatory remedial courses as provided for in this section, unless a parent specifically requests through the individualized education program (IEP) process that the student participates. The program shall require the following:

- (1) Establishment by the State Board of Community Colleges of measures for determining student readiness and preparation for college coursework by using ACT scores, student grade point averages, or other measures currently used by the State Board of Community Colleges to determine college readiness for entering students.
- (2) Changes in curriculum, policy, and rules as needed by the State Board of Community Colleges and State Board of Education to make remedial courses mandatory for students who do not meet readiness indicators by their junior year to ensure college readiness prior to high school graduation. These changes shall include the flexibility for students to fulfill senior mathematics and English graduation requirements through enrollment in mandatory remedial courses or to enroll in those courses as electives.
- (3) Revisions to current direct instruction remediation modules used by the North Carolina community colleges by the State Board of Community Colleges, in cooperation with the State Board of Education, to provide remedial education to high school students.
- (4) Determinations by the State Board of Community Colleges on the following:
  - a. Appropriate measures of successful completion of the remedial courses to ensure students are prepared for coursework at a North Carolina community college without need for further remediation in mathematics or reading and English.
  - b. The length of time following high school graduation in which a student who successfully completed high school remedial courses will not be required to enroll in developmental courses at a North Carolina community college.
- (5) Policies established by the State Board of Community Colleges and State Board of Education for delivery of college remediation instruction in high schools. The policies shall include the following requirements:
  - a. Faculty from the partner community college will provide training and oversight for high school faculty who will serve as facilitators for high school students enrolled in the remedial courses.
  - b. Faculty from the partner community college will make regular site visits to provide assistance to students and high school faculty with the remedial courses.

c. Partner high schools shall identify and assign appropriate faculty to the remedial course. Assigned faculty shall be trained by partner community college faculty prior to the start of the school year or semester in which the faculty will facilitate the remedial course.

d. Partner high schools shall provide appropriate technology resources for delivery of the remedial course modules.

**SECTION 10.13.(b)** The State Board of Community Colleges and the State Board of Education shall report on progress of implementation of the program statewide, including the requirements in subsection (a) of this section, to the Joint Legislative Education Oversight Committee no later than January 15, 2016.

## NC WORKS CAREER COACHES

**SECTION 10.14.(a)** Article 2 of Chapter 115D of the General Statutes is amended by adding a new section to read:

### **"§ 115D-21.5. NC Works Career Coach Program.**

(a) Purpose. – There is established the NC Works Career Coach Program to place community college career coaches in high schools to assist students with determining career goals and identifying community college programs that would enable students to achieve these goals.

(b) Memorandum of Understanding. – The board of trustees of a community college and a local board of education of a local school administrative unit within the service area of the community college shall enter into a memorandum of understanding for the placement of career coaches employed by the board of trustees of the community college in schools within the local school administrative unit. At a minimum, the memorandum of understanding shall include the following:

(1) Requirement that the community college provides the following:

a. Hiring, training, and supervision of career coaches. The board of trustees may include a local board of education liaison on the hiring committee and to participate in the decision making regarding hiring for the coach positions.

b. Salary, benefits, and all other expenses related to the employment of the career coach. The coach will be an employee of the board of trustees and will not be an agent or employee of the local board of education.

c. Development of pedagogical materials and technologies needed to enhance the advising process.

d. Criminal background checks required by the local school administrative unit for employees working directly with students.

e. Agreement that, while on any school campus, the career coach will obey all local board of education rules and will be subject to the authority of the school building administration.

(2) Requirement that the local school administrative unit provides the following to career coaches:

a. Access to student records, as needed to carry out the coach's job responsibilities.

b. Office space on site appropriate for student advising.

c. Information technology resources, including, but not limited to, Internet access, telephone, and copying.

d. Initial school orientation and ongoing integration into the faculty and staff community.

e. Promotion of school-wide awareness of coach duties.

f. Facilitation of coach's access to individual classes and larger assemblies for the purposes of awareness-building.

(c) Application for NC Works Career Coach Program Funding. – The board of trustees of a community college and a local board of education of a local school administrative unit within the service area of the community college jointly may apply for available funds for NC Works Career Coach Program funding from the State Board of Community Colleges. The State Board of Community Colleges shall establish a process for award of funds as follows:

(1) Advisory committee. – Establishment of an advisory committee, which shall include representatives from the NC Community College System, the Department of Public Instruction, the NC Works initiative located in the Department of Commerce, and at least three representatives of the business community, to review applications and make recommendations for funding awards to the State Board.

(2) Application submission requirements. – The State Board shall require at least the following:

a. Evidence of a signed memorandum of understanding that meets, at a minimum, the requirements of this section.

b. Evidence that the funding request will be matched dollar-for-dollar with local funds. Matching funds may come from public or private sources.

(3) Awards criteria. – The State Board shall develop criteria for consideration in determining the award of funds that shall include the following:

a. Consideration of the workforce needs of business and industry in the region.

b. Targeting of resources to enhance ongoing economic activity within the community college service area and surrounding counties.

c. Geographic diversity of awards.

(d) Annual Report. –

(1) The board of trustees of a community college that employs one or more career coaches shall report annually to the State Board of Community Colleges on implementation and outcomes of the program, including the following information:

a. Number of career coaches employed.

b. Number of local school administrative units served and names of schools in which career coaches are placed.

c. Number of students annually counselled by career coaches.

d. Impact of career coaches on student choices, as determined by a valid measure selected by the State Board of Community Colleges.

(2) The State Board of Community Colleges shall report annually no later than October 1 to the Joint Legislative Education Oversight Committee on the following:

a. A compilation of the information reported by the board of trustees of community colleges, as provided in subdivision (1) of this subsection.

b. Number and names of partnership applicants for NC Works Career Coach Program funding.

c. Number, names, and amounts of those awarded NC Works Career Coach Program funding."

**SECTION 10.14.(b)** The State Board of Community Colleges shall begin accepting applications for available funds for NC Works Career Coach Program funding no

later than December 1, 2015, and shall select the initial recipients for the award of funds no later than February 1, 2016.

**SECTION 10.14.(c)** The funds appropriated under this act to the Community Colleges System Office for the 2015-2017 fiscal biennium to match non-State funds to implement the NC Works Career Coach Program shall only be used for salary and benefits for NC Works Career Coaches.

## **DRIVER EDUCATION AND SAFETY INSTRUCTION PROGRAM**

**SECTION 10.15.(a)** The North Carolina Community Colleges System Office shall conduct a feasibility study on the establishment of a statewide, tuition-based drivers education program delivered through the Community Colleges System Office for all students older than 14 years and six months who (i) are enrolled in a public high school, a private high school, or a home school within the State and (ii) have not previously enrolled in a program delivered through the public schools or the Community Colleges System Office. In the course of the study, the System Office shall consider the cost of the program and options for funding it, including fees, State funds, or a combination of fees and State funds.

The System Office shall report to the Joint Legislative Education Oversight Committee prior to March 15, 2016, on the results of the study.

**SECTION 10.15.(b)** G.S. 115D-20(4)c. reads as rewritten:

"c. ~~High school students may be permitted to take noncredit courses in safe driving on a self-supporting basis during the academic year or the summer.~~ Students older than 14 years and six months who (i) are enrolled in a public high school, a private high school, or a home school within the State and (ii) have not previously enrolled in a program delivered through the public schools or the Community Colleges System Office may take driver education and safety instruction in accordance with the Driver Education Safety Instruction Program, as established under G.S. 115D-76.5. The program may be funded with State funds, on a self-supporting basis, or a combination of both and may be offered during the academic year or the summer."

**SECTION 10.15.(c)** Chapter 115D of the General Statutes is amended by adding a new article to read:

"Article 6B.

"Driver Education and Safety Instruction.

**"§ 115D-76.5. Driver Education and Safety Instruction Program.**

(a) There is created a Driver Education and Safety Instruction Program for the purpose of establishing statewide driver education and safety instruction to be delivered through the Community Colleges System Office for all students older than 14 years and six months who (i) are enrolled in a public high school, a private high school, or a home school within the State and (ii) have not previously enrolled in a program delivered through the public schools or the Community Colleges System Office. The Program may be administered by a driver education and safety coordinator who shall be responsible for the planning, curriculum, and completion requirements of the Program. The State Board of Community Colleges may elect a driver education and safety coordinator upon nomination by the President of the Community College System, and the compensation of the driver education and safety coordinator shall be fixed by the State Board upon recommendation of the President of the Community College System pursuant to G.S. 115D-3. The State Board of Community Colleges may contract with an appropriate public or private agency or person to carry out the duties of the driver education and safety coordinator.

(b) The Driver Education and Safety Instruction Program shall be implemented through the Community Colleges System Office. The driver education and safety coordinator shall select and facilitate the training and certification of instructors who will implement the Program.

(c) The State Board of Community Colleges shall adopt a curriculum, standards, and other policies and procedures for the program."

**SECTION 10.15.(d)** Effective July 1, 2016, the Community Colleges System Office shall provide driver education and safety instruction in accordance with G.S. 115D-76.5, as enacted in subsection (b) of this section.

**SECTION 10.15.(e)** Notwithstanding G.S. 20-87(6), of the revenue collected on or after the date this act becomes law for the Motorcycle Safety Instruction Program, the Community Colleges System Office may use up to two hundred thousand dollars (\$200,000) for the 2015-2016 fiscal year to conduct the study required by subsection (a) of this section.

**SECTION 10.15.(f)** Subsection (b) of this section is effective July 1, 2016.

## PART XI. UNIVERSITIES

### USE OF ESCHEAT FUNDS FOR STUDENT FINANCIAL AID PROGRAMS/TECHNICAL CORRECTIONS

**SECTION 11.1.(a)** The funds appropriated by this act from the Escheat Fund for the 2015-2017 fiscal biennium for student financial aid shall be allocated in accordance with G.S. 116B-7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if the interest income generated from the Escheat Fund is less than the amounts referenced in this act, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this act; however, under no circumstances shall the Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f). If any funds appropriated from the Escheat Fund by this act for student financial aid remain uncommitted aid as of the end of a fiscal year, the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount of the Escheat Fund income for that fiscal year.

**SECTION 11.1.(b)** The State Education Assistance Authority (SEAA) shall conduct periodic evaluations of expenditures of the student financial aid programs administered by SEAA to determine if allocations are utilized to ensure access to institutions of higher learning and to meet the goals of the respective programs. The SEAA may make recommendations for redistribution of funds to The University of North Carolina, and the President of the Community College System regarding their respective student financial aid programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.

**SECTION 11.1(c)** G.S. 116B-7(b) reads as rewritten:

"(b) An amount specified in the Current Operations Appropriations Act shall be transferred annually from the Escheat Fund to the Department of ~~Administration-Military and Veterans Affairs~~ to partially fund the program of Scholarships for Children of War Veterans established by Article 4 of Chapter 165 of the General Statutes. Those funds may be used only for residents of this State who (i) are worthy and needy as determined by the Department of ~~Administration-Military and Veterans Affairs~~ and (ii) are enrolled in public institutions of higher education of this State."

**SECTION 11.1(d)** G.S. 116B-6 reads as rewritten:

**"§ 116B-6. Administration of Escheat Fund; Escheat Account.**

...

(g) Additional Funds for Refunds. – If at any time the amount of the refund reserve shall be insufficient to make refunds required to be made, the Treasurer, in addition, may use all current receipts derived from escheated or abandoned property, exclusive of earnings and profits on investments of the Escheat Fund and the Escheat Account, for the purpose of making

1 such refunds; and if all such funds shall be inadequate for such refunds, the Treasurer may  
2 apply to the Council of State, pursuant to the ~~Executive State~~ Budget Act, to the limit of funds  
3 available from the Contingency and Emergency Fund, for a loan, without interest, to supply  
4 any deficiencies, in whole or in part. No receipts derived from escheated or abandoned  
5 property, other than earnings or profits on investments, shall be paid to the Authority until: (i)  
6 all valid claims for refund have been paid; (ii) the reserve for refund shall equal five million  
7 dollars (\$5,000,000); and (iii) the amount loaned from the Contingency and Emergency Fund  
8 shall have been repaid by the Escheat Fund.

9 (h) Expenditures. – The Treasurer may expend the funds in the Escheat Fund, other  
10 than funds in the Escheat Account, for the payment of claims for refunds to owners, holders  
11 and claimants under G.S. 116B-4; for the payment of costs of maintenance and upkeep of  
12 abandoned or escheated property; costs of preparing lists of names of owners of abandoned  
13 property to be furnished to clerks of superior court; costs of notice and publication; costs of  
14 appraisals; fees of persons employed pursuant to G.S. 116B-8 costs involved in determining  
15 whether a decedent died without heirs; fees of persons employed pursuant to G.S. 116B-8 to  
16 conduct audits; costs of a title search of real property that has escheated; and costs of auction or  
17 sale under this Chapter. All other costs, including salaries of personnel, necessary to carry out  
18 the duties of the Treasurer under this Chapter, shall be appropriated from the funds of the  
19 Escheat Fund pursuant to the provisions of ~~Article 1, Chapter 143~~ Chapter 143C of the General  
20 Statutes.

21 ...."

22  
23 **AMEND REGULATION OF UNC INSTITUTIONAL TRUST FUNDS AND FUNDS OF**  
24 **UNC HEALTH CARE SYSTEM**

25 **SECTION 11.2.(a)** G.S. 116-36.1(h) reads as rewritten:

26 "(h) The Board may authorize, through the President, that the chancellors may deposit or  
27 invest each institution's available trust fund cash balances in interest-bearing accounts and other  
28 investments as may be authorized by the Board in the exercise of its sound discretion, without  
29 regard to any statute or rule of law relating to the investment of funds by ~~fiduciaries~~ fiduciaries;  
30 provided however, funds deposited and invested under this section are subject to  
31 G.S. 116-36.1A."

32 **SECTION 11.2.(b)** Article 1 of Chapter 116 of the General Statutes is amended by  
33 adding a new section to read:

34 **"§116-36.1A. Institutional trust fund deposits to be secured; reports of depositories.**

35 (a) The amount of funds deposited pursuant to G.S. 116-36.1 in an official depository  
36 shall be adequately secured by deposit insurance, surety bonds, or investment securities of such  
37 nature in such amounts and in such manner as may be prescribed by policy of the Board of  
38 Governors. No security is required for the protection of funds remitted to and received by a  
39 bank or trust company designated by the Board of Governors under Chapter 116D or Part 4 of  
40 Article 1 of Chapter 116 of the General Statutes and acting as paying agent for the payment of  
41 the principal of or interest on bonds or notes of the State.

42 (b) Each official depository having deposits required to be secured by subsection (a) of  
43 this section may be required to report to the Board of Governors on January 1 and July 1 of  
44 each year (or such other dates as the Board of Governors may prescribe) a list of all surety  
45 bonds or investment securities securing such deposits. If the Board of Governors finds at any  
46 time that any funds of the State are not properly secured, the Board of Governors shall so notify  
47 the depository. Upon such notification, the depository shall comply with the applicable law or  
48 regulations forthwith.

49 (c) Violation of the provisions of this section shall be a Class 1 misdemeanor."

50

IN-STATE TUITION FOR CERTAIN VETERANS AND OTHER INDIVIDUALS  
ENTITLED TO FEDERAL EDUCATIONAL BENEFITS

SECTION 11.3.(a) Article 14 of Chapter 116 of the General Statutes is amended  
by adding a new section to read:

**"§ 116-143.3A. Waiver of 12-month residency requirement for certain veterans and other  
individuals entitled to federal education benefits under 38 U.S.C. Chapter 30 or  
38 U.S.C. Chapter 33.**

(a) Definitions. – The following definitions apply in this section:

- (1) Abode. – Has the same meaning as G.S. 116-143.3(a)(1).
- (2) Armed Forces. – Has the same meaning as G.S. 116-143.3(a)(2).
- (3) Veteran. – A person who served active duty for not less than 90 days in the  
Armed Forces, the Commissioned Corps of the U.S. Public Health Service,  
or the National Oceanic and Atmospheric Administration and who was  
discharged or released from such service under conditions other than  
dishonorable.

(b) Waiver of 12-Month Residency Requirement for Veteran. – Any veteran who  
qualifies for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3)  
is eligible to be charged the in-State tuition rate and applicable mandatory fees for enrollment  
without satisfying the 12-month residency requirement under G.S. 116-143.1, provided the  
veteran meets all of the following criteria:

- (1) The veteran applies for admission to the institution of higher education and  
enrolls within three years of the veteran's discharge or release from the  
Armed Forces, the Commissioned Corps of the U.S. Public Health Service,  
or the National Oceanic and Atmospheric Administration.
- (2) The veteran qualifies for and uses educational benefits pursuant to 38 U.S.C.  
Chapter 30 (Montgomery G.I. Bill Active Duty Education Assistance  
Program) or 38 U.S.C. Chapter 33 (Post-9/11 Educational Assistance), as  
administered by the U.S. Department of Veterans Affairs.
- (3) The veteran's abode is North Carolina.
- (4) The veteran provides the institution of higher education at which the veteran  
intends to enroll a letter of intent to establish residence in North Carolina.

(c) Eligibility of Other Individuals Entitled to Federal Educational Benefits Under 38  
U.S.C. Chapter 30 or 38 U.S.C. Chapter 33. – Any person who is entitled to federal educational  
benefits under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33 is also eligible to be charged the  
in-State tuition rate and applicable mandatory fees for enrollment without satisfying the  
12-month residency requirement under G.S. 116-143.1 if the person meets all of the following  
criteria:

- (1) The person qualifies for admission to the institution of higher education as  
defined in G.S. 116-143.1(a)(3) and enrolls in the institution of higher  
education within three years of the veteran's discharge or release from the  
Armed Forces, the Commissioned Corps of the U.S. Public Health Service,  
or the National Oceanic and Atmospheric Administration.
- (2) The person is the recipient of federal educational benefits pursuant to 38  
U.S.C. Chapter 30 (Montgomery G.I. Bill Active Duty Education Assistance  
Program) or 38 U.S.C. Chapter 33 (Post-9/11 Educational Assistance), as  
administered by the U.S. Department of Veterans Affairs.
- (3) The person's abode is North Carolina.
- (4) The person provides the institution of higher education at which the person  
intends to enroll a letter of intent to establish residence in North Carolina.

(d) After the expiration of the three-year period following discharge or death as  
described in 38 U.S.C. § 3679(c), any enrolled veteran entitled to federal educational benefits



under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33 and any other enrolled individual entitled to federal educational benefits under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33 who is eligible for in-State tuition under this section shall continue to be eligible for the in-State tuition rate so long as the covered individual remains continuously enrolled (other than during regularly scheduled breaks between courses, quarters, terms, or semesters) at that institution of higher education."

**SECTION 11.3.(b)** G.S. 116-143.8 is repealed.

**SECTION 11.3.(c)** This section applies to qualifying veterans and other individuals entitled to federal educational benefits under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33 who are enrolled or who enroll in institutions of higher education for any academic quarter, term, or semester that begins on or after the effective date of this act.

#### **UNC MANAGEMENT FLEXIBILITY REDUCTION**

**SECTION 11.4.(a)** The management flexibility reduction for The University of North Carolina shall not be allocated by the Board of Governors to the constituent institutions and affiliated entities using an across-the-board method but shall be done in a manner that recognizes the importance of the academic missions and differences among The University of North Carolina entities.

Before taking reductions in instructional budgets, the Board of Governors and the campuses of the constituent institutions shall consider all of the following:

- (1) Reducing State funding for centers and institutes, speaker series, and other nonacademic activities.
- (2) Faculty workload adjustments.
- (3) Restructuring of research activities.
- (4) Implementing cost-saving span of control measures.
- (5) Reducing the number of senior and middle management positions.
- (6) Eliminating low-performing, redundant, or low-enrollment programs.
- (7) Using alternative funding sources.
- (8) Protecting direct classroom services.

The Board of Governors and the campuses of the constituent institutions also shall review the institutional trust funds and the special funds held by or on behalf of The University of North Carolina and its constituent institutions to determine whether there are monies available in those funds that can be used to assist with operating costs. In addition, the campuses of the constituent institutions also shall require their faculty to have a teaching workload equal to the national average in their Carnegie classification.

**SECTION 11.4.(b)** In allocating the management flexibility reduction, no reduction in State funds shall be allocated in either fiscal year of the 2015-2017 biennium to any of the following:

- (1) UNC Need-Based Financial Aid.
- (2) NC School of Science and Mathematics.
- (3) University of North Carolina at Asheville.
- (4) University of North Carolina School of the Arts.

**SECTION 11.4.(c)** The University of North Carolina shall report on the implementation of the management flexibility reduction in subsection (a) of this section to the Office of State Budget and Management and the Fiscal Research Division no later than April 1, 2016. This report shall identify both of the following by campus:

- (1) The total number of positions eliminated by type (faculty/nonfaculty).
- (2) The low-performing, redundant, and low-enrollment programs that were eliminated.

#### **UNC TO FUND NORTH CAROLINA RESEARCH CAMPUS**

**SECTION 11.5.** Of the funds appropriated in this act to the Board of Governors of The University of North Carolina, the Board of Governors shall use twenty-nine million dollars (\$29,000,000) for the 2015-2016 fiscal year and twenty-nine million dollars (\$29,000,000) for the 2016-2017 fiscal year to support UNC-related activities at the North Carolina Research Campus at Kannapolis.

## **SPECIAL EDUCATION SCHOLARSHIP CHANGES AND REEVALUATION FUNDS**

**SECTION 11.11.(a)** G.S. 115C-112.6 reads as rewritten:

### **"§ 115C-112.6. Scholarships.**

(a) **Scholarship Applications.** – The Authority shall make available no later than May 1 annually applications to eligible students for the award of scholarships. Information about scholarships and the application process shall be made available on the Authority's Web site. The Authority shall give priority in awarding scholarships to eligible students who received a scholarship during the previous semester. Except as otherwise provided by the Authority for prior scholarship recipients, scholarships shall be awarded to eligible students in the order in which the applications are received.

(a1) **Web Site Availability.** – Information about scholarships and the application process shall be made available on the Authority's Web site. The Authority shall also include information on the Web site notifying parents that federal regulations adopted under IDEA provide that no parentally placed private school child with a disability has an individual right to receive some or all of the special education and related services that the child would receive if enrolled in a public school.

(b) **Scholarship Awards.** – Scholarships awarded to eligible students shall be for amounts of not more than ~~three~~four thousand dollars (~~\$3,000~~)(~~\$4,000~~) per semester per eligible student. Eligible students awarded scholarships may not be enrolled in a public school to which that student has been assigned as provided in G.S. 115C-366. Scholarships shall be awarded only for tuition and for the reimbursement of tuition, special education, related services, and educational technology, as provided in subsection (b1) of this section. The Authority shall notify parents in writing of their eligibility to receive scholarships for costs that will be incurred during the spring semester of the following year by December 1 and for costs incurred during the fall semester of that year by July 1.

(b1) **Disbursement of Scholarship Funds.** – The Authority shall disburse scholarship funds for tuition and for the reimbursement of costs incurred by the parent of an eligible student as follows:

- (1) Scholarship endorsement for tuition. – The Authority shall remit, at least two times each school year, scholarship funds awarded to eligible students for endorsement by at least one of the student's parents or guardians for tuition to attend (i) a North Carolina public school other than the public school to which that student has been assigned as provided in G.S. 115C-366 or (ii) a nonpublic school that meets the requirements of Part 1 or Part 2 of Article 39 of this Chapter as identified by the Department of Administration, Division of Nonpublic Education. Scholarship funds shall not be provided for tuition for home schooled students. If the student is attending a nonpublic school, the school must be deemed eligible by the Division of Nonpublic Education, pursuant to G.S. 115C-562.4, and the school shall be subject to the requirements of G.S. 115C-562.5. The parent or guardian shall restrictively endorse the scholarship funds awarded to the eligible student to the school for deposit into the account of the school. The parent or guardian shall not designate any entity or individual associated with the school as the parent's attorney-in-fact to endorse the scholarship funds but shall endorse the scholarship funds in person at the site of the school. A parent's or guardian's

failure to comply with this section shall result in forfeiture of the scholarship funds. A scholarship forfeited for failure to comply with this section shall be returned to the Authority to be awarded to another student.

(2) Scholarship Reimbursements.—reimbursements for costs. – Scholarship reimbursement for costs incurred shall be provided as follows:

(1)a. Preapproval process. – Prior to the start of each school semester, the parent of an eligible student may submit documentation of the ~~tuition~~, special education, related services, or educational technology the parent anticipates incurring costs on in that semester for preapproval by the Authority.

(2)b. Reimbursement submissions. – Following the conclusion of each school semester, the parent of an eligible student shall submit to the Authority any receipts or other documentation approved by the Authority to demonstrate the costs incurred during the semester. In addition, parents shall provide documentation of the following to seek reimbursement:

~~a.~~ Tuition reimbursement. — Parents may only receive reimbursement for tuition if the parent provides documentation that the student was enrolled in nonpublic school or public school for which payment of tuition is required for no less than 75 days of the semester for which the parent seeks reimbursement. Tuition reimbursement shall not be provided for home schooled students.

~~b.1.~~ Special education reimbursement. – Parents may only receive reimbursement for special education if the parent provides documentation that the student received special education for no less than 75 days of the semester for which the parent seeks reimbursement. Special education reimbursement shall not be provided for special education instruction provided to a home schooled student by a member of the household of a home school, as defined in G.S. 115C-563(a).

~~c.2.~~ Related services reimbursement. – Parents may only receive reimbursement for related services if the parent provides documentation that the student also received special education for no less than 75 days of the semester for which the parent seeks reimbursement for the related services. Related services reimbursement shall not be provided for related services provided to a home schooled student by a member of the household of a home school, as defined in G.S. 115C-563(a).

~~d.3.~~ Educational technology reimbursement. – Parents may only receive reimbursement for educational technology if the parent provides documentation that the student used the educational technology for no less than 75 days of the semester for which the parent seeks reimbursement.

(3)c. Scholarship award. – The Authority shall award a scholarship in the amount of costs demonstrated by the parent up to the maximum amount. If the costs incurred by the parent do not meet the maximum amount, the Authority shall use the remainder of those funds for the award of scholarships to eligible students for the following semester.

The Authority shall award scholarships to the parents of eligible students at least semiannually.

(c) Student Reevaluation. – After an eligible student's initial receipt of a scholarship, the Authority shall ensure that the student is reevaluated at least every three years by the local educational agency in order to verify that the student continues to be a child with a disability.

(d) Rule Making. – The Authority shall establish rules and regulations for the administration and awarding of scholarships. The Authority shall adopt rules providing for pro rata return of funds if a student withdraws prior to the end of the semester from a school to which scholarship funds have been remitted. The Authority shall annually develop a list of educational technology for which scholarships may be used and shall provide scholarship recipients with information about the list.

(e) Public Records Exception. – Scholarship applications and personally identifiable information related to eligible students receiving scholarships shall not be a public record under Chapter 132 of the General Statutes. For the purposes of this section, personally identifiable information means any information directly related to a student or members of a student's household, including the name, birthdate, address, Social Security number, telephone number, e-mail address, financial information, or any other information or identification number that would provide information about a specific student or members of a specific student's household."

**SECTION 11.11.(b)** G.S. 115C-112.9 reads as rewritten:

**"§ 115C-112.9. Duties of State Board of Education agencies.**

(a) The State Board, as part of its duty to monitor all local educational agencies to determine compliance with this Article and IDEA as provided in G.S. 115C-107.4, shall ensure that local educational agencies do the following:

- (1) Conduct evaluations requested by a child's parent or guardian of suspected children with disabilities, as defined in G.S. 115C-107.3, in a timely manner as required by IDEA.
- (2) Provide reevaluations to identified children with disabilities receiving scholarships as provided in Part 1H of this Article at the request of the parent or guardian to ensure compliance with G.S. 115C-112.6(c).

(b) The Authority shall analyze, in conjunction with the Department of Public Instruction, past trends in scholarship data on an annual basis to ensure that the amount of funds transferred each fiscal year by the Authority to the Department for reevaluations by local school administrative units of eligible students under G.S. 115C-112.6(c) are sufficient and based on actual annual cost requirements."

**SECTION 11.11.(c)** The Authority shall adopt rules within 60 days of the date this act becomes law providing for pro rata return of funds if a student withdraws prior to the end of the semester from a school to which scholarship funds have been remitted.

**SECTION 11.11.(d)** This section applies to scholarships awarded for the 2015-2016 school year and each subsequent school year.

## **INTERNSHIPS AND CAREER-BASED OPPORTUNITIES FOR STUDENTS ATTENDING HISTORICALLY BLACK COLLEGES AND UNIVERSITIES (HBCU)**

**SECTION 11.12.(a)** The internship program created pursuant to S.L. 2014-100 to provide internships and career-based opportunities for students attending Historically Black Colleges and Universities may be offered to four or more HBCUs in the discretion of the Board of Governors of The University of North Carolina. Further, there is no requirement that Elizabeth City State University be a permanent participant in the internship program. The internship program shall be administered as provided by subsection (b) of this section.

**SECTION 11.12.(b)** The Board of Governors shall conduct a competitive process to select institutions of higher education that are Historically Black Colleges and Universities to participate in the internship program which links 60 students attending Historically Black Colleges and Universities with North Carolina-based companies. The Board of Governors shall determine the number of institutions that may participate in the program; however, at least two of the institutions shall be private institutions. Funds appropriated by this act for this internship program shall be allocated only to constituent institutions of The University of North Carolina that are designated as an HBCU and private colleges and universities located in North Carolina that are designated as an HBCU.

**SECTION 11.12.(c)** Of the funds appropriated by this act for the support of the internship program, The University of North Carolina may use up to five percent (5%) for costs associated with administering this program.

**SECTION 11.12.(d)** This section applies to the 2015-2016 fiscal year and each subsequent fiscal year.

#### **ELIZABETH CITY STATE UNIVERSITY BUDGET STABILIZATION FUNDS REPORT**

**SECTION 11.13.** The President of The University of North Carolina shall report each quarter of the 2015-2016 fiscal year to the Office of State Budget and Management and the Fiscal Research Division of the General Assembly on the status of budget stabilization funds appropriated to Elizabeth City State University by this act for the purpose of enhancing technology related to enrollment and recruitment of students, campus access and safety, and human resources management. The reports shall provide detailed descriptions of the scope of work that has been completed to date, anticipated activities for the next quarter, and a plan with time line to complete the full scope of work. The reports shall also include evidence of improved services and outcomes achieved from improvements implemented using these funds. The first quarterly report required by this section shall be made no later than October 1, 2015.

#### **UNC ENROLLMENT GROWTH REPORT**

**SECTION 11.14.** G.S. 116-30.7 reads as rewritten:

**"§ 116-30.7. Biennial projection of enrollment growth for The University of North Carolina.**

By ~~October~~ December 15 of each even-numbered year, the General Administration of The University of North Carolina shall provide to the Joint Education Legislative Oversight Committee and to the Office of State Budget and Management a projection of the total student enrollment in The University of North Carolina that is anticipated for the next biennium. The enrollment projection shall be divided into the following categories and shall include the projected growth for each year of the biennium in each category at each of the constituent institutions: undergraduate students, graduate students (students earning master's and doctoral degrees), first professional students, and any other categories deemed appropriate by General Administration. The projection shall also distinguish between on-campus and distance education students. The projections shall be considered by the Director of the Budget when determining the amount the Director proposes to appropriate to The University of North Carolina in the Recommended State Budget submitted pursuant to G.S. 143C-3-5(b)."

#### **EARLY COLLEGE GRADUATES/UNC ADMISSION POLICY**

**SECTION 11.16.(a)** The Board of Governors of The University of North Carolina shall adopt a policy to require each constituent institution to offer to any student who graduated from a cooperative innovative high school program with an associate degree and who applies for admission to the constituent institution the option of being considered for admission as a freshman or as a transfer student. The constituent institution shall also provide written

1 information to the student regarding the consequences that accompany each option and any  
2 other relevant information that may be helpful to the student when considering which option to  
3 select.

4 **SECTION 11.16.(b)** Beginning November 1, 2016, the Board of Governors shall  
5 report annually to the Joint Legislative Education Oversight Committee regarding the number  
6 of students who graduated from a cooperative innovative high school program with an  
7 associate degree and which option was chosen by those students when applying for admission  
8 to a constituent institution.

9 **SECTION 11.16.(c)** This section applies to the 2016-2017 academic year and each  
10 subsequent academic year.

11  
12 **SEAA FUNDS FOR ADMINISTRATION OF SPECIAL EDUCATION SCHOLARSHIP**  
13 **GRANT PROGRAM**

14 **SECTION 11.18.** Section 5(b) of S.L. 2013-364, as amended by Section 3.2 of  
15 S.L. 2013-363, reads as rewritten:

16 "SECTION 5.(b) Of the funds allocated to NCSEAA to be used for the award of  
17 scholarship grants to eligible students under subsection (a) of this section, for fiscal year  
18 2013-2014, NCSEAA may retain up to two hundred thousand dollars (\$200,000) for  
19 administrative costs associated with the scholarship grant program. For fiscal year 2014-2015  
20 2015-2016 and subsequent years, NCSEAA may retain up to ~~two percent (2%)~~ four percent  
21 (4%) annually for administrative costs associated with the scholarship grant program."

22  
23 **WESTERN GOVERNORS UNIVERSITY CHALLENGE GRANT**

24 **SECTION 11.20.** Of the funds appropriated in this act to the Board of Governors  
25 of The University of North Carolina, the sum of two million dollars (\$2,000,000) in  
26 nonrecurring funds for the 2015-2016 fiscal year shall be used as a challenge grant to Western  
27 Governors University to raise the sum of five million dollars (\$5,000,000) in private funds for  
28 the 2015-2016 fiscal year to establish a North Carolina campus. The allocation of two million  
29 dollars (\$2,000,000) under this section is contingent upon receipt by Western Governors  
30 University of five million dollars (\$5,000,000) in private funds for the purpose of establishing a  
31 North Carolina campus.

32  
33 **HUNT INSTITUTE/NO GENERAL FUNDS**

34 **SECTION 11.21.** Notwithstanding any other provision of law, no monies from the  
35 General Fund shall be used for the support of The Hunt Institute which is an affiliate of the  
36 University of North Carolina at Chapel Hill.