

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

## **Proposed Special Provisions for H.B. 966, 2019 Appropriations Act**



**May 28, 2019**

8 PART VI. COMMUNITY COLLEGE SYSTEM

9  
10 CODIFY REORGANIZATION AUTHORITY OF CC SYSTEM OFFICE

11 SECTION 6.1. G.S. 115D-3 reads as rewritten:

12 "**§ 115D-3. Community Colleges System Office; staff,staff; reorganization authority.**

13 (a) The Community Colleges System Office shall be a principal administrative  
14 department of State government under the direction of the State Board of Community Colleges,  
15 and shall be separate from the free public school system of the State, the State Board of  
16 Education, and the Department of Public Instruction. The State Board has authority to adopt and  
17 administer all policies, regulations, and standards which it deems necessary for the operation of  
18 the System Office.

19 The State Board shall elect a President of the North Carolina System of Community Colleges  
20 who shall serve as chief administrative officer of the Community Colleges System Office. The  
21 compensation of this position shall be fixed by the State Board from funds provided by the  
22 General Assembly in the Current Operations Appropriations Act.

23 The President shall be assisted by such professional staff members as may be deemed  
24 necessary to carry out the provisions of this Chapter, who shall be elected by the State Board on  
25 nomination of the President. The compensation of the staff members elected by the Board shall  
26 be fixed by the State Board of Community Colleges, upon recommendation of the President of  
27 the Community College System, from funds provided in the Current Operations Appropriations  
28 Act. These staff members shall include such officers as may be deemed desirable by the President  
29 and State Board. Provision shall be made for persons of high competence and strong professional  
30 experience in such areas as academic affairs, public service programs, business and financial  
31 affairs, institutional studies and long-range planning, student affairs, research, legal affairs,  
32 health affairs and institutional development, and for State and federal programs administered by  
33 the State Board. In addition, the President shall be assisted by such other employees as may be  
34 needed to carry out the provisions of this Chapter, who shall be subject to the provisions of  
35 Chapter 126 of the General Statutes. The staff complement shall be established by the State Board  
36 on recommendation of the President to insure that there are persons on the staff who have the  
37 professional competence and experience to carry out the duties assigned and to insure that there  
38 are persons on the staff who are familiar with the problems and capabilities of all of the principal  
39 types of institutions represented in the system. The State Board of Community Colleges shall  
40 have all other powers, duties, and responsibilities delegated to the State Board of Education  
41 affecting the Community Colleges System Office not otherwise stated in this Chapter.

42 (b) Notwithstanding any other provision of law, the President may reorganize the System  
43 Office in accordance with recommendations and plans submitted to and approved by the State  
44 Board of Community Colleges. If a reorganization is implemented pursuant to this subsection,  
45 including any movement of positions and funds between fund codes on a recurring basis, the  
46 President shall report by June 30 of the fiscal year in which the reorganization occurred to the  
47 Joint Legislative Education Oversight Committee and the Fiscal Research Division of the  
48 General Assembly."

49  
50 NC CAREER COACHES/LOCAL MATCHING FUNDS

51 SECTION 6.3. G.S. 115D-21.5(c) reads as rewritten:

"(c) Application for NC 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 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 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 of Community Colleges 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 in accordance with the following:
    1. Matching funds may come from public or private sources.
    2. The match amount shall be determined based on the location of a community college's main campus as follows:
      - I. If located in a tier-one county as defined in G.S. 143B-437.08, no local match shall be required.
      - II. If located in a tier-two county as defined in G.S. 143B-437.08, one dollar (\$1.00) of local funds for every two dollars (\$2.00) in State funds shall be required.
      - III. If located in a tier-three county as defined in G.S. 143B-437.08, one dollar (\$1.00) of local funds for every one dollar (\$1.00) in State funds shall be required.
- (3) Awards criteria. – The State Board of Community Colleges 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."

#### ALLOW CCS TO EARN FTE FOR INSTRUCTION IN LOCAL JAILS

SECTION 6.4.(a) Section 8.3(b) of S.L. 2010-31 reads as rewritten:

"SECTION 8.3.(b) Courses in federal prisons ~~or local jails~~ shall not earn regular budget full-time equivalents, but may be offered on a self-supporting basis."

SECTION 6.4.(b) G.S. 115D-5 reads as rewritten:

"§ 115D-5. Administration of institutions by State Board of Community Colleges; personnel exempt from North Carolina Human Resources Act; extension courses; tuition waiver; in-plant training; contracting, etc., for establishment and operation of extension units of the community college system; use of existing public school facilities.

...  
(c) No course of instruction shall be offered by any community college at State expense or partial State expense to any captive or co-opted group of students, as defined by the State

Board of Community Colleges, without prior approval of the State Board of Community Colleges. All course offerings approved for State prison inmates or prisoners in local jails must be tied to clearly identified job skills, transition needs, or both. Approval by the State Board of Community Colleges shall be presumed to constitute approval of both the course and the group served by that institution. The State Board of Community Colleges may delegate to the President the power to make an initial approval, with final approval to be made by the State Board of Community Colleges. A course taught without such approval will not yield any full-time equivalent students, as defined by the State Board of Community Colleges.

(c1) Community colleges shall report full-time equivalent (FTE) student hours for correction education programs on the basis of ~~contact hours rather than~~ student membership hours. No community college shall operate a multi-entry/multi-exit class or program in a prison facility, except for a literacy class or program.

The State Board shall work with the Division of Adult Correction and Juvenile Justice of the Department of Public Safety on offering classes and programs that match the average length of stay of an inmate in a prison facility.

...."

**SECTION 6.4.(c)** Beginning with the 2019-2020 academic year, community college courses offered in local jails shall earn regular budget full-time equivalents.

## **WAIVE TUITION/DEPENDENTS OF FALLEN CORRECTIONAL OFFICERS**

**SECTION 6.5.(a)** G.S. 115B-1 reads as rewritten:

### **"§ 115B-1. Definitions.**

The following definitions apply in this Chapter:

(1) Correctional officer. – An employee of an employer who is certified as a State correctional officer under the provisions of Article 1 of Chapter 17C of the General Statutes.

(1a) Employer. – The State of North Carolina and its departments, agencies, and institutions; or a county, city, town, or other political subdivision of the State.

(4) Permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty. – A person: (i) who as a law enforcement officer, correctional officer, firefighter, volunteer firefighter, or rescue squad worker suffered a disabling injury while in active service or training for active service, (ii) who at the time of active service or training was a North Carolina resident, and (iii) who has been determined to be permanently and totally disabled for compensation purposes by the North Carolina Industrial Commission.

(6) Survivor. – Any person whose parent, legal guardian, legal custodian, or spouse: (i) was a law enforcement officer, a correctional officer, a firefighter, a volunteer firefighter, or a rescue squad worker, (ii) was killed while in active service or training for active service or died as a result of a service-connected disability, and (iii) at the time of active service or training was a North Carolina resident. The term does not include the widow or widower of a law enforcement officer, correctional officer, firefighter, volunteer firefighter, or a rescue squad worker if the widow or widower has remarried.

...."

**SECTION 6.5.(b)** G.S. 115B-2(a) reads as rewritten:

"(a) The constituent institutions of The University of North Carolina and the community colleges as defined in G.S. 115D-2(2) shall permit the following persons to attend classes for credit or noncredit purposes without the required payment of tuition:

...

- (2) Any person who is the survivor of a law enforcement officer, correctional officer, firefighter, volunteer firefighter, or rescue squad worker killed as a direct result of a traumatic injury sustained in the line of duty.
- (3) The spouse of a law enforcement officer, correctional officer, firefighter, volunteer firefighter, or rescue squad worker who is permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty.
- (4) Any child, if the child is at least 17 years old but not yet 24 years old, whose parent, legal guardian, or legal custodian is a law enforcement officer, correctional officer, firefighter, volunteer firefighter, or rescue squad worker who is permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty. However, a child's eligibility for a waiver of tuition under this Chapter shall not exceed: (i) 54 months, if the child is seeking a baccalaureate degree, or (ii) if the child is not seeking a baccalaureate degree, the number of months required to complete the educational program to which the child is applying.

...."

**SECTION 6.5.(c)** G.S. 115B-5(b)(3) reads as rewritten:

- "(3) The cause of death of the law enforcement officer, correctional officer, firefighter, volunteer firefighter, or rescue squad worker shall be verified by certification from the records of the Department of State Treasurer, the appropriate city or county law enforcement agency that employed the deceased, the administrative agency for the fire department or fire protection district recognized for funding under the Department of State Auditor, or the administrative agency having jurisdiction over any paid firefighters of all counties and cities."

**SECTION 6.5.(d)** This section applies beginning with the 2019-2020 academic year.

## **AUTHORIZE COMMUNITY COLLEGE USE OF INSURANCE IN LIEU OF A BOND**

**SECTION 6.7.** G.S. 115D-58.10 reads as rewritten:

### **"§ 115D-58.10. Surety ~~bonds~~, bonds and related insurance.**

The State Board of Community Colleges shall determine what State employees and employees of institutions shall give bonds or be insured for the protection of State funds and property and the State Board is authorized to place the ~~bonds~~ bonds, determine adequate insurance coverage, and pay the premiums thereon from State funds.

The board of trustees of each institution shall require all institutional employees authorized to draw or approve checks or vouchers drawn on local funds, and all persons authorized or permitted to receive institutional funds from whatever source, and all persons responsible for or authorized to handle institutional property, to be bonded by a surety company authorized to do business with the State in such amount as the board of trustees deems sufficient for the protection of such property and funds. In lieu of a bond, the board of trustees may obtain and maintain adequate insurance coverage sufficient for the protection of institutional funds and property. The tax-levying authority of each institution shall provide the funds necessary for the payment of the premiums of ~~such bonds, the bonds or for insurance coverage.~~

## **PART VII. PUBLIC INSTRUCTION**

### **FUNDS FOR CHILDREN WITH DISABILITIES**

**SECTION 7.1.** The State Board of Education shall allocate additional funds for children with disabilities on the basis of four thousand four hundred forty-two dollars and thirty-four cents (\$4,442.34) per child for fiscal years 2019-2020 and 2020-2021. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified

as children with disabilities or (ii) twelve and seventy-five hundredths percent (12.75%) of its 2019-2020 allocated average daily membership in the local school administrative unit. The dollar amounts allocated under this section for children with disabilities shall also be adjusted in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities.

## FUNDS FOR ACADEMICALLY GIFTED CHILDREN

**SECTION 7.2.** The State Board of Education shall allocate additional funds for academically or intellectually gifted children on the basis of one thousand three hundred forty dollars and ninety-seven cents (\$1,340.97) per child for fiscal years 2019-2020 and 2020-2021. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2019-2020 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. The dollar amounts allocated under this section for academically or intellectually gifted children shall also be adjusted in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children.

## SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

**SECTION 7.3.(a)** Use of Funds for Supplemental Funding. – All funds received 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 7.3.(b)** Definitions. – As used in this section, the following definitions apply:

- (1) Anticipated county property tax revenue availability. – The county-adjusted property tax base multiplied by the effective State average tax rate.
- (2) Anticipated total county revenue availability. – 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. – 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. – The sum of all anticipated total county revenue availability divided by the average daily membership for the State.
- (5) Average daily membership. – 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. – 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. – 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. – 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. – 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. – The average of effective county tax rates for all counties.
- (11) Local current expense funds. – 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. – 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. – Sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).
- (14) State average adjusted property tax base per square mile. – 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.
- (15) State average current expense appropriations per student. – 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.

(16) Supplant. – 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. – 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 7.3.(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 7.3.(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 7.3.(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 7.3.(f) Minimum Effort Required.** – A county shall receive full funding under this section if the county (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. 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 7.3.(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 2019-2021



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 7.3.(h)** Counties Containing a Base of the Armed Forces. – Notwithstanding any other provision of this section, for the 2019-2021 fiscal biennium, counties containing a base of the Armed Forces of the United States that have an average daily membership of more than 17,000 students shall receive whichever is the higher amount in each fiscal year as follows: either the amount of supplemental funding the county received as a low-wealth county in the 2012-2013 fiscal year or the amount of supplemental funding the county is eligible to receive as a low-wealth county pursuant to the formula for distribution of supplemental funding under the other provisions of this section.

**SECTION 7.3.(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 7.3.(j)** Reports. – For the 2019-2021 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 7.3.(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 COUNTY SCHOOL SYSTEM SUPPLEMENTAL FUNDING**

**SECTION 7.4.(a)** Allotment Schedule for the 2019-2021 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:

| <u>Allotted ADM</u> | <u>Small County Allotment</u> |
|---------------------|-------------------------------|
| 0-1,300             | \$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                   |
| 2,801-3,300         | \$1,548,000.                  |

**SECTION 7.4.(b)** Phase-Out Provision for the 2019-2020 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of

1 this section in the 2019-2020 fiscal year, funding for that unit shall be phased out over a five-year  
2 period. Funding for such local school administrative units shall be reduced in equal increments  
3 in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth  
4 fiscal year after the local school administrative unit becomes ineligible.

5 Allotments for eligible local school administrative units under this subsection shall  
6 not be reduced by more than twenty percent (20%) of the amount received in fiscal year  
7 2018-2019 in any fiscal year. A local school administrative unit shall not become ineligible for  
8 funding if either the highest of the first two months' total projected average daily membership for  
9 the current year or the higher of the first two months' total prior year average daily membership  
10 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this  
11 section.

12 **SECTION 7.4.(c) Phase-Out Provision for the 2020-2021 Fiscal Year.** – If a local  
13 school administrative unit becomes ineligible for funding under the schedule in subsection (a) of  
14 this section in the 2020-2021 fiscal year, funding for that unit shall be phased out over a five-year  
15 period. Funding for such local school administrative units shall be reduced in equal increments  
16 in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth  
17 fiscal year after the local administrative unit becomes ineligible.

18 Allotments for eligible local school administrative units under this subsection shall  
19 not be reduced by more than twenty percent (20%) of the amount received in fiscal year  
20 2019-2020 in any fiscal year. A local school administrative unit shall not become ineligible for  
21 funding if either the highest of the first two months' total projected average daily membership for  
22 the current year or the higher of the first two months' total prior year average daily membership  
23 would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this  
24 section.

25 **SECTION 7.4.(d) Nonsupplant Requirement for the 2019-2021 Fiscal Biennium.** –  
26 A county in which a local school administrative unit receives funds under this section shall use  
27 the funds to supplement local current expense funds and shall not supplant local current expense  
28 funds. For the 2019-2021 fiscal biennium, the State Board of Education shall not allocate funds  
29 under this section to a county found to have used these funds to supplant local per student current  
30 expense funds. The State Board of Education shall make a finding that a county has used these  
31 funds to supplant local current expense funds in the prior year or the year for which the most  
32 recent data are available, if all of the following criteria apply:

33 (1) The current expense appropriation per student of the county for the current  
34 year is less than ninety-five percent (95%) of the average of local current  
35 expense appropriation per student for the three prior fiscal years.

36 (2) The county cannot show (i) that it has remedied the deficiency in funding or  
37 (ii) that extraordinary circumstances caused the county to supplant local  
38 current expense funds with funds allocated under this section.

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

41 **SECTION 7.4.(e) Reports.** – For the 2019-2021 fiscal biennium, the State Board of  
42 Education shall report to the Fiscal Research Division prior to May 15 of each fiscal year if it  
43 determines that counties have supplanted funds.

44 **SECTION 7.4.(f) Use of Funds.** – Local boards of education are encouraged to use  
45 at least twenty percent (20%) of the funds they receive pursuant to this section to improve the  
46 academic performance of children who are performing at Level I or II on either reading or  
47 mathematics end-of-grade tests in grades three through eight.

48 Local school administrative units may also utilize funds allocated under this section  
49 to purchase services that allow for extraction of data from the Education Value-Added  
50 Assessment System (EVAAS).  
51

**DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)**

**SECTION 7.5.(a)** Funds appropriated in this act 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.
- (2) Provide professional development.
- (3) Provide intensive in-school or after-school remediation, or both.
- (4) Purchase diagnostic software and progress-monitoring tools.
- (5) 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 7.5.(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 that received 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 7.5.(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.

**DEPARTMENT OF PUBLIC INSTRUCTION REORGANIZATION AUTHORITY**

**SECTION 7.6.(a)** Notwithstanding G.S. 143C-6-4, for the 2019-2021 fiscal biennium, the Department of Public Instruction may, after consultation with the Office of State Budget and Management and the Fiscal Research Division, reorganize the Department, realign fund structures, or both, if necessary, to implement (i) the reorganization authorized in Section 7.7 of S.L. 2017-57, as amended by Section 7.5 of S.L. 2018-5, (ii) recommendations resulting from the audit required pursuant to Section 7.23L of S.L. 2017-57, and (iii) other changes necessary to improve the efficiency of the Department. Consultation shall occur prior to requesting budgetary and personnel changes through the budget revision process. The Department of Public Instruction shall provide (i) a current organization chart and a list of affected funds and (ii) the proposed organization chart and a list of affected funds clearly identifying the changes for the Department in the consultation process and shall report to the Joint Legislative Commission on Governmental Operations on any reorganization, including any movement of positions and funds between fund codes on a recurring basis.

**SECTION 7.6.(b)** In implementing (i) the reorganization authorized in Section 7.7 of S.L. 2017-57, as amended by Section 7.5 of S.L. 2018-5, (ii) recommendations resulting from the audit required pursuant to Section 7.23L of S.L. 2017-57, and (iii) other changes necessary to improve the efficiency of the Department of Public Instruction, except as otherwise provided in this act, the Department of Public Instruction shall make no reduction to funding for (i) the State Public School Fund, including for the following residential schools: Eastern North Carolina School for the Deaf, the North Carolina School for the Deaf, and the Governor Morehead School, and (ii) any budget expansion item funded by an appropriation to the Department of Public Instruction by this act for the 2019-2021 fiscal biennium. The Department shall also make no transfers from or reduction to funding or positions for any of the following:

- (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.
- (4) The Excellent Public Schools Act, Read to Achieve Program, initially established under Section 7A.1 of S.L. 2012-142.
- (5) The North Carolina School Connectivity Program.
- (6) The North Carolina Center for the Advancement of Teaching.
- (7) The North Carolina Innovative School District.

#### **ADVANCED TEACHING ROLES CHANGES**

**SECTION 7.9.(a)** Effective June 30, 2020, the following session laws are repealed:

- (1) Section 8.7 of S.L. 2016-94.
- (2) Section 7.11(a) of S.L. 2017-57.
- (3) Section 7.15(b) of S.L. 2017-57.
- (4) Section 7.9 of S.L. 2018-5.
- (5) Section 2.6 of S.L. 2018-97.

**SECTION 7.9.(b)** Article 20 of Chapter 115C of the General Statutes is amended by adding a new section to read:

#### **"§ 115C-311. Teacher compensation models and advanced teaching roles.**

(a) Purpose. – The State Board of Education shall establish a program (program) to develop advanced teaching roles and organizational models that link teacher performance and professional growth to salary increases for classroom teachers in selected local school administrative units. For the purposes of this section, a classroom teacher is a teacher who works in the classroom providing instruction at least seventy percent (70%) of the instructional day and who is not instructional support personnel. The purpose of the program shall be to do the following:

- (1) Allow highly effective classroom teachers to teach an increased number of students by assuming accountability for additional students, by becoming a lead classroom teacher accountable for the student performance of all of the students taught by teachers on that lead classroom teacher's team, or by leading a larger effort in the school to implement new instructional models to improve school-wide performance.
- (2) Enable local school administrative units to provide salary supplements to classroom teachers in advanced teaching roles. Selection of an advanced teaching role classroom teacher and award of related salary supplements shall be made on the basis of demonstrated effectiveness and additional responsibilities.
- (3) Enable local school administrative units to create innovative compensation models that focus on classroom teacher professional growth that lead to measurable improvements in student outcomes.

(4) Utilize local plans to establish organizational changes related to compensation in order to sustain evidence-based teaching practices that have the capacity to be replicated throughout the State.

(b) Request for Proposal. – By September 15, 2019, and annually thereafter, the State Board of Education shall issue a Request for Proposal (RFP) for the program. Local boards of education shall submit their proposals by October 15. The RFP shall require that proposals include the following information at a minimum:

(1) Description of the program structure, including both of the following:

a. The process for teacher advancement based on performance, professional growth, or the specific teacher roles assumed by the teacher.

b. Plans for how the local school administrative unit will utilize and train classroom teachers in advanced teaching roles. These plans shall draw a direct correlation between the proposed use and training of classroom teachers in advanced teaching roles and improved student outcomes.

(2) Descriptions of the advanced teaching roles, including minimum qualifications for the positions that shall include at least two of the following:

a. Advanced certifications, such as National Board for Professional Teaching Standards Certification, or a master's degree in the area in which the classroom teacher is licensed and teaching.

b. A rating of at least accomplished on each of the Teacher Evaluation Standards 1-5 on the North Carolina Teacher Evaluation instrument.

c. Evidence that the teacher has an average Education Value-Added Assessment System (EVAAS) student growth index score from the three previous school years of 1.5 or greater and no individual EVAAS student growth index score below zero.

d. Equivalent demonstrated mastery of teaching skills as required by the new local compensation model.

(3) Job responsibilities that include at least one of the following:

a. Teaching an increased number of students and being accountable for their performance as the teacher of record for those students.

b. Becoming a lead classroom teacher among a group of teachers and participating in EVAAS according to a model developed by the Department of Public Instruction. The model shall be published and explained on the Department's Web site no later than August 1, 2019, and, thereafter, within 30 days of any change made to the model.

c. Leading a school-wide effort to implement data-driven instructional models that include blended learning environments, utilizing digital learning and resources, and focusing on methods of improvement for school-wide performance issues.

d. Providing in-house professional development or functioning as an instructional content area coach or a coach in another professional development area following the completion of certification training. The training shall ensure that the professional development or coaching the teacher provides is faithfully implemented in the classroom.

(4) Description of how the local school administrative unit will inform all employees and the public on the criteria and selection for the advanced teaching roles, the continued eligibility requirements for the advanced

- 1 teaching roles, and how the individuals selected for the advanced teaching  
2 roles will be evaluated.
- 3 (5) Description of how the local school administrative unit will inform all  
4 employees and the public on the criteria for movement on the proposed new  
5 local compensation model.
- 6 (6) The process for the voluntary relinquishment of an advanced teaching role,  
7 including the associated additional duties. Voluntary relinquishment of the  
8 advanced teaching role shall not be considered a demotion under Part 3 of  
9 Article 22 of Chapter 115C of the General Statutes.
- 10 (7) Salary supplement information including the following:
- 11 a. The amount of the salary supplements that will be provided to those  
12 selected for the advanced teaching roles. The supplements may be up  
13 to thirty percent (30%) of the State teacher salary schedule.
- 14 b. A statement by the local school administrative unit that the salary  
15 supplements will be paid as a supplement to the classroom teacher's  
16 regular salary and not be included in the average salary calculation  
17 used for budgeting State allotments.
- 18 c. A statement by the local school administrative unit that if a classroom  
19 teacher in an advanced teaching role (i) fails to maintain the minimum  
20 criteria established for the position, (ii) is not successfully performing  
21 the additional duties associated with the advanced teaching role, or (iii)  
22 voluntarily relinquishes the advanced teaching role, the teacher shall  
23 only be paid the salary applicable to that individual on the State teacher  
24 salary schedule and any other local supplements that would otherwise  
25 apply to the classroom teacher's compensation.
- 26 d. Loss of an advanced teaching role shall not be considered a demotion  
27 under Part 3 of Article 22 of Chapter 115C of the General Statutes.
- 28 e. The amount of the salary supplements at all levels of the proposed new  
29 compensation model in relation to the State teacher salary schedule.
- 30 (8) The implementation plan, including the number of schools in the local school  
31 administrative unit that will have advanced teaching roles and any new  
32 proposed compensation model, the number of advanced teaching roles at each  
33 of those schools, the number of students whose teacher of record will be a  
34 teacher in an advanced teaching role, and the number of teachers overall who  
35 would be eligible for the proposed new compensation model.
- 36 (9) Plans for long-term financial sustainability once any grant money that may be  
37 awarded to the local school administrative unit is no longer available. This  
38 plan shall include a description of how the unit intends to provide  
39 supplemental compensation for teachers in an advanced teaching role without  
40 grant money.
- 41 (10) A description of how the local school administrative unit could partner with  
42 local educator preparation programs, institutions of higher education, or  
43 community colleges to improve teacher effectiveness and student outcomes.
- 44 (c) Selection by State Board of Education. – By December 15, 2019, and annually  
45 thereafter, the State Board of Education shall review proposals and select local school  
46 administrative units to participate in the program, beginning in the subsequent school year, in  
47 accordance with the following criteria:
- 48 (1) Selected local school administrative units must meet minimum criteria  
49 established by the State Board of Education consistent with this section.
- 50 (2) The State Board shall prioritize the award of available State funds for the  
51 following categories of local school administrative units:



- 1                   a.     Up to five units with an average daily membership from the previous  
2                             school year of 4,000 or fewer students.  
3                   b.     Up to five units with an average daily membership from the previous  
4                             school year of between 4,001 and 20,000 students.  
5                   c.     Up to five units with an average daily membership from the previous  
6                             school year of 20,001 or more students.  
7           (3)     The State Board shall approve the proposal of any local school administrative  
8                   unit that is submitted by October 15, 2019, if the following criteria are met:  
9                   a.     The local school administrative unit is participating in an approved  
10                            advanced teaching roles program pursuant to Section 8.7 of S.L.  
11                            2016-94 in the 2019-2020 school year.  
12                   b.     The application of a local school administrative unit is not inconsistent  
13                            with this section.  
14           (d)     Advanced Teaching Roles Designation. – Any local board of education that is  
15                   selected to participate in the program pursuant to subsection (c) of this section shall designate  
16                   participating schools within the unit as "Advanced Teaching Roles" schools.  
17           (e)     Material Revisions of Plans. – Material revisions of a plan submitted to the State  
18                   Board of Education by a local board of education with at least one Advanced Teaching Roles  
19                   school shall be made only upon the approval of the State Board of Education.  
20           (f)     Renewal and Termination. – The initial selected local school administrative units  
21                   shall implement their approved plans beginning with the 2020-2021 school year. Every five years  
22                   after a local school administrative unit begins implementing its plan, the State Board of Education  
23                   shall review the unit to ensure it is complying with its approved plan. After the review, the State  
24                   Board may, in its discretion, renew or terminate the plan of any local school administrative unit  
25                   that fails to meet criteria established by the State Board in accordance with this section and the  
26                   Advanced Teaching Roles designation of any school within that unit. Throughout the program,  
27                   a local school administrative unit shall provide any information or access requested by (i) the  
28                   State Board of Education or (ii) the independent research organization selected by the State Board  
29                   of Education to evaluate the program pursuant to this section.  
30           (g)     Term; Use of Grant Funds. – Any funds awarded to a local school administrative unit  
31                   pursuant to this section shall be subject to availability and awarded for a term of up to three years,  
32                   in the discretion of the State Board. A local school administrative unit shall not be eligible to  
33                   receive funding for more than one term. Funds awarded to local school administrative units shall  
34                   be used for any of the following:  
35                   (1)     Salary supplements for classroom teachers in advanced teaching roles.  
36                   (2)     Development of advanced teaching role plans.  
37                   (3)     Development of professional development courses for teachers in advanced  
38                            teaching roles that lead to improved student outcomes.  
39                   (4)     Transition costs associated with designing and implementing advanced  
40                            teaching role models. Transition costs may include employing staff members  
41                            or contractors to assist with design and implementation of the plan.  
42                   (5)     Development of the design and implementation of compensation plans that  
43                            focus on teacher professional growth and student outcomes and the transition  
44                            costs associated with designing and implementing new compensation plans,  
45                            including employing staff members or contractors to assist with design and  
46                            implementation of the plan.  
47           (h)     Program Evaluation. – The State Board of Education shall evaluate how the advanced  
48                   teaching roles and new compensation plans have accomplished, at a minimum, the following:  
49                   (1)     Improvement in the quality of classroom instruction and increases in  
50                            school-wide growth or the growth of teachers who are mentored or impacted  
51                            by a teacher in an advanced teaching role.

- (2) An increase in the attractiveness of teaching.
- (3) Recognition, impact, and retention of high-quality classroom teachers.
- (4) Assistance to and retention of beginning classroom teachers.
- (5) Improvement in and expansion of the use of technology and digital learning.
- (6) School culture based on school climate survey results.

The State Board shall contract with an independent research organization to perform this evaluation in the first two years of the program and provide reports on October 15, 2020, and October 15, 2021. Beginning October 15, 2022, and annually thereafter, the State Board shall perform the evaluation and provide the report. The State Board shall provide any report required in accordance with this subsection to the offices of the President Pro Tempore of the Senate and the Speaker of the House of Representatives, the Senate Appropriations/Base Budget Committee, the House Committee on Appropriations, the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee."

**SECTION 7.9.(c)** Funds appropriated to the Department of Public Instruction by this act for the 2019-2020 fiscal year shall be used to (i) support teacher compensation models and advanced teaching roles pursuant to Section 8.7 of S.L. 2016-94, as amended by Section 7.11 of S.L. 2017-57 and Section 7.9 of S.L. 2018-5, and (ii) develop implementation plans for teacher compensation models and advanced teaching roles pursuant to G.S. 115C-311, as enacted by this act.

**SECTION 7.9.(d)** Funds appropriated to the Department of Public Instruction by this act for the 2020-2021 fiscal year shall be used to support teacher compensation models and advanced teaching roles and to develop implementation plans for teacher compensation models and advanced teaching roles pursuant to G.S. 115C-311, as enacted by this act.

**SECTION 7.9.(e)** Beginning in the 2019-2020 fiscal year, of the funds appropriated to the Department of Public Instruction by this act to support teacher compensation models and advanced teaching roles and to develop associated implementation plans, the Department may use up to four percent (4%) each fiscal year to evaluate the program, contract with an independent research organization to evaluate the program, or continue any preexisting contract with an independent research organization formed pursuant to Section 8.7 of S.L. 2016-94. Any remaining funds may be awarded to selected local school administrative units in accordance with this act to support teacher compensation models and advanced teaching roles and to develop associated implementation plans.

## **CREATE DEFINITION FOR PUBLIC SCHOOLS/SCHOOL RESOURCE OFFICERS REPORT**

**SECTION 7.13.(a)** G.S. 115C-5 is amended by adding a new subdivision to read:

"(11) Public school unit. – Any of the following:

- a. A local school administrative unit.
- b. A charter school.
- c. A regional school.
- d. A school providing elementary or secondary instruction operated by one of the following:
  1. The State Board of Education, including schools operated under Article 7A and Article 9C of this Chapter.
  2. The University of North Carolina, including schools operated under Articles 4, 29, and 29A of Chapter 116 of the General Statutes.

**SECTION 7.13.(b)** G.S. 115C-105.57 reads as rewritten:

"§ 115C-105.57. **Center for Safer Schools.**



(a) Center for Safer Schools Established. – There is established the Center for Safer Schools. The Center for Safer Schools shall be administratively located in the Department of Public Instruction. The Center for Safer Schools shall consist of an executive director appointed by the Superintendent of Public Instruction and such other professional, administrative, technical, and clerical personnel as may be necessary to assist the Center for Safer Schools in carrying out its powers and duties.

(b) Executive Director. – The Executive Director shall report to and serve at the pleasure of the Superintendent of Public Instruction at a salary established by the Superintendent within the funds appropriated for this purpose.

(c) Powers and Duties. – The Center for Safer Schools shall have all powers and duties provided in this Article.

(d) Agency Cooperation. – All State agencies and departments shall cooperate with the Center for Safer Schools in carrying out its powers and duties, as necessary, in accordance with this Article.

(e) Annual Census of School Resource Officers. – The Center for Safer Schools shall conduct an annual census of school resource officers located in each public school unit. The Center shall submit a report based on this census to the Joint Legislative Education Oversight Committee and the State Board of Education by March 1 of each year. At a minimum, the report shall include all of the following information:

- (1) The total number of school resource officers in the State and in each public school unit.
- (2) Data regarding school resources officers' education levels, years as sworn law enforcement officers, and years as school resource officers.
- (3) Training required of school resource officers and training actually completed by school resource officers, including training specific to the position of school resource officer and other advanced or additional training.
- (4) The funding source for all school resource officers.
- (5) The location of school resource officers, differentiated by grade levels and type of public school unit.
- (6) The percentage of school resource officers assigned to more than one school.
- (7) The law enforcement affiliation of school resource officers."

## **BROADEN CERTAIN CHARTER SCHOOL ENROLLMENT PRIORITIES**

**SECTION 7.15.(a)** G.S. 115C-218.45(f) reads as rewritten:

"(f) The charter school may give enrollment priority to any of the following:

- (1) Siblings of currently enrolled students who were admitted to the charter school in a previous year. For the purposes of this section, the term "siblings" includes any of the following who reside in the same household: half siblings, stepsiblings, and children residing in a family foster home.
  - (1a) Siblings who apply to the charter school for admission beginning in the same school year, such as when a sibling was not initially admitted due to grade level capacity.
- (2) Siblings of students who have completed the highest grade level offered by that school and who were enrolled in at least four grade levels offered by the charter school or, if less than four grades are offered, in the maximum number of grades offered by the charter school.
- (2a) A student who was enrolled in a preschool program operated by the charter school in the prior year.
- (3) Limited to no more than fifteen percent (15%) of the school's total enrollment, unless granted a waiver by the State Board of Education, the following:

a. ~~Children of the school's full time employees.~~ persons (i) employed full time by the charter school or (ii) working full time in the daily operation of the charter school, including children of persons employed by an education management organization or charter management organization for the charter school.

b. Children of the charter school's board of directors.

(4) A student who was enrolled in the charter school within the two previous school years but left the school (i) to participate in an academic study abroad program or a competitive admission residential program or (ii) because of the vocational opportunities of the student's parent.

(5) A student who was enrolled in another charter school in the State in the previous school year that does not offer the student's next grade level.

(6) A student who was enrolled in another charter school in the State in the previous school year that does not offer the student's next grade level and both of the charter schools have an enrollment articulation agreement to accept students or are governed by the same board of directors.

(7) A student who was enrolled in another charter school in the State in the previous school year."

**SECTION 7.15.(b)** This section is effective when it becomes law and applies beginning with the 2019-2020 school year.

## RENEWAL SCHOOLS

**SECTION 7.17.** Section 6(l) of S.L. 2018-32 reads as rewritten:

"**SECTION 6.(l)** Available State Funds. – Beginning with the ~~2018-2019~~ 2019-2020 fiscal year, the Department of Public Instruction shall calculate the amount of State funds to be allocated to the local school administrative unit operating under a renewal school system plan on the same basis as other local school administrative units and shall distribute those funds to the unit. The Department shall use statewide average salary figures for the purpose of calculating the dollar equivalent of guaranteed positions as necessary. The funds allocated to the local school administrative unit shall be subject to any restrictions as to use imposed by federal law, the conditions of federal or State grants, or as provided through any rules that the State Board adopts to ensure compliance with federal regulations. Use of these funds shall otherwise be unrestricted except as provided in this section.

~~In no event shall the local school administrative unit receive a total amount of State funds in the 2018-2019 fiscal year under the disbursement method described in this subsection that is less than the total amount of State funds the local school administrative unit received in the 2017-2018 fiscal year."~~

## ECONOMICS AND FINANCIAL LITERACY

**SECTION 7.18.(a)** G.S. 115C-81.65 reads as rewritten:

"**§ 115C-81.65. Financial literacy.**

(a) Instruction shall be provided in personal financial literacy for all students. In addition to the requirements in subsection (b) of this section, the State Board of Education shall determine the other components of personal financial literacy that will be covered in the curriculum. ~~The State Board shall also review the high school standard course of study to determine into which courses and grade levels personal financial literacy shall be integrated.~~

(b) ~~Each student shall receive personal financial literacy instruction that shall include:~~ The State Board of Education shall require during the high school years the teaching of a full credit course focused solely on Economics and Personal Finance (EPF). A passing grade in the course shall be required for graduation from high school. The content of the course shall, at a minimum, include the standards established by the second edition of the Voluntary National

Content Standards in Economics and the 2013 National Standards for Financial Literacy, as developed by the Council for Economic Education. The EPF course shall provide instruction on economic principles and shall provide personal financial literacy instruction that shall include, at a minimum, the following:

- (1) The true cost of credit.
- (2) Choosing and managing a credit card.
- (3) Borrowing money for an automobile or other large purchase.
- (4) Home mortgages.
- (5) Credit scoring and credit reports.
- (5a) Planning and paying for postsecondary education.
- (6) Other relevant financial literacy issues.

(c) The State Board of Education shall require that EPF teachers receive the professional development necessary to ensure that the intent and provisions of this section are carried out. To the extent funds are made available for this purpose, the State Board of Education shall require the employing entity to make available to EPF teachers and prospective EPF teachers the EPF professional development course provided by the North Carolina Council on Economic Education (NCCEE). When practicable, teachers shall complete the EPF professional development course prior to teaching the EPF course in public schools. If necessary, teachers may begin teaching the EPF course in public schools while awaiting the next possible opportunity to complete a session of the EPF professional development course. To the extent possible, the EPF professional development course shall be taken at the NCCEE-approved location most conveniently located to the local school administrative unit."

**SECTION 7.18.(b)** The requirements of G.S. 115C-81.65(b), as amended by subsection (a) of this section, shall apply to all students entering the ninth grade in the 2020-2021 school year.

**SECTION 7.18.(c)** G.S. 115C-81.45 reads as rewritten:

**"§ 115C-81.45. Classes conducted in English; citizenship; and civic literacy.**

...

(c) ~~Democratic Process and Citizenship Education.~~ Education for Middle School Social Studies. –

- (1) ~~The State Board of Education shall include instruction in civic and citizenship education in the standard course of study for high school social studies. The State Board of Education is strongly encouraged to include, at a minimum, the following components in the high school civic and citizenship education standard course of study:~~

- a. ~~That students write to a local, State, or federal elected official about an issue that is important to them.~~
- b. ~~Instruction on the importance of voting and otherwise participating in the democratic process, including instruction on voter registration.~~
- c. ~~Information about current events and governmental structure.~~
- d. ~~Information about the democratic process and how laws are made.~~

- (2) The State Board of Education shall include instruction in civic and citizenship education in the standard course of study for middle school social studies. The State Board of Education is strongly encouraged to include, at a minimum, the following components in the middle school civic and citizenship education standard course of study:

- a.(1) A tour of representative local government facilities, such as the local jail, the courthouse, or a town hall, to help students understand the way their community is governed.
- b.(2) Allowing students to choose and analyze a community problem and offer public policy recommendations on the problem to local officials.

1 e.(3) Information about getting involved in community groups.  
2 (d) Founding Principles of the United States of America and North Carolina: Civic  
3 Literacy. –

4 (1) ~~The State Board of Education shall require during the high school years~~  
5 ~~instruction in civic and citizenship education in the standard course of study~~  
6 ~~for high school social studies through the teaching of a semester full credit~~  
7 ~~course on the that shall be called Founding Principles of the United States of~~  
8 ~~America and the State of North Carolina. North Carolina: Civic Literacy. A~~  
9 ~~passing grade in the course shall be required for graduation from high school,~~  
10 ~~and the school.~~

11 (1a) The course required by subdivision (1) of this subsection shall be solely  
12 focused on civics and citizenship education, and shall include at least the  
13 following subjects:

- 14 a. The Creator-endowed inalienable rights of the people.
- 15 b. Structure of government, separation of powers with checks and
- 16 balances.
- 17 c. Frequent and free elections in a representative government.
- 18 d. Rule of law.
- 19 e. Equal justice under the law.
- 20 f. Private property rights.
- 21 g. Federalism.
- 22 h. Due process.
- 23 i. Individual rights as set forth in the Bill of Rights.
- 24 j. Individual responsibility.
- 25 k. Constitutional limitations on government power to tax and spend, and
- 26 prompt payment of public debt.
- 27 l. Strong defense and supremacy of civil authority over military.
- 28 m. Peace, commerce, and honest friendship with all nations, entangling
- 29 alliances with none.

30 (1b) The State Board of Education is strongly encouraged to include the following  
31 components in the course required by subdivision (1) of this subsection:

- 32 a. That students write to a local, State, or federal elected official about  
33 an issue that is important to them.
- 34 b. Instruction on the importance of voting and otherwise participating in  
35 the democratic process, including instruction on voter registration.
- 36 c. Information about current events and governmental structure.
- 37 d. Information about the democratic process and how laws are made.

38 (2) The State Board of Education shall require that any high school level  
39 curriculum-based tests for the course required in subdivision (1) of this  
40 subsection developed and administered statewide ~~beginning with the~~  
41 ~~2016 2017 academic year~~ include questions related to the philosophical  
42 foundations of our form of government and the principles underlying the  
43 Declaration of Independence, the United States Constitution and its  
44 amendments, and the most important of the Federalist Papers.

45 (3) The Department of Public Instruction and the local boards of education, as  
46 appropriate, shall provide or cause to be provided curriculum content for the  
47 ~~semester~~ course required in subdivision (1) of this subsection and professional  
48 development to ensure that the intent and provisions of this subsection are  
49 carried out. The curriculum content established shall include a review of the  
50 contributions made by Americans of all races.

- (4) The Department of Public Instruction shall submit a biennial report by October 15 of each odd-numbered year to the Joint Legislative Education Oversight Committee covering the implementation of this subsection."

**SECTION 7.18.(d)** The requirements of G.S. 115C-81.45(d), as amended by subsection (c) of this section, shall apply to all students entering the ninth grade in the 2021-2022 school year.

**SECTION 7.18.(e)** G.S. 115C-218.85(a) is amended by adding a new subdivision to read:

- "(5) A charter school shall provide financial literacy instruction as required by the State Board of Education pursuant to G.S. 115C-81.65, including required professional development for teachers of the EPF course."

**SECTION 7.18.(f)** G.S. 115C-238.66(1) is amended by adding a new sub-subdivision to read:

- "e. The board of directors shall ensure that financial literacy instruction is provided as required by the State Board of Education pursuant to G.S. 115C-81.65, including required professional development for teachers of the EPF course."

**SECTION 7.18.(g)** G.S. 116-239.8(b)(2) is amended by adding a new sub-subdivision to read:

- "d. The chancellor shall ensure that financial literacy instruction is provided as required by the State Board of Education pursuant to G.S. 115C-81.65, including required professional development for teachers of the EPF course."

**SECTION 7.18.(h)** Section 6(d) of S.L. 2018-32 is amended by adding a new subdivision to read:

- "(4a) G.S. 115C-81.65, Financial literacy."

**SECTION 7.18.(i)** The State Board of Education shall begin the process for review and revision of the standard course of study for social studies in grades kindergarten through 12 in the 2019-2020 school year, and shall revise the high school standard course of study in accordance with the requirements of this section for the EPF course and the Founding Principles of America and North Carolina: Civic Literacy course. The State Board shall review the high school standard course of study to determine the high school grade level during which the EPF course and the Founding Principles of America and North Carolina: Civic Literacy course may be completed. The State Board of Education shall not require more than four full course credits in social studies for high school graduation.

**SECTION 7.18.(j)** Of the funds appropriated to the Department of Public Instruction for the 2019-2020 fiscal year to be made available as grant-in-aid to the nonprofit organization known as The North Carolina Council on Economic Education (NCCEE), NCCEE shall provide all of the following:

- (1) The EPF professional development course, including administration of the Test of Economic Literacy and the Working in Support of Education personal finance test, and the provision of a certificate of completion to qualified teachers.
- (2) A stipend in the amount of five hundred dollars (\$500.00), upon completion of the Test of Economic Literacy and the Working in Support of Education personal finance test, to either the public school teacher, if the teacher attends the course on weekends or during a time outside the teacher's school year, or, to the teacher's public school employer, if the teacher attends the course on school days during the teacher's school year.

By September 1, 2020, and by September 1 of the year following any fiscal year that NCCEE uses State funds thereafter, NCCEE, in consultation with the Department of Public

Instruction, shall submit a report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the activities described by this section and the expenditure of State funds.

## CHANGE SUPPLEMENTAL FUNDING FOR COOPERATIVE INNOVATIVE HIGH SCHOOLS TO FIRST THREE YEARS OF OPERATION

SECTION 7.27.(a) G.S. 115C-238.50A(1b) reads as rewritten:

"(1b) Cooperative innovative high school allotment. – Funds appropriated by the General Assembly to the Department of Public Instruction to provide additional resources to approved cooperative innovative high ~~schools~~schools for the schools' first three years of operation."

SECTION 7.27.(b) G.S. 115C-238.51(b)(8) reads as rewritten:

"(8) A description of the funds that will be used and a proposed budget for the first five years of the implementation of the cooperative innovative high school. This description shall identify how the average daily membership (ADM) and full-time equivalent (FTE) students are counted. ~~If additional funds are requested, a description of how those additional funds will be used shall be submitted. Additional funds may include the cooperative innovative high school allotment and tuition payments.~~ For cooperative innovative high schools that have a community college as their partner institution of higher education, the proposed budget shall include the cost of including their students in calculations of budget full-time equivalent students for the North Carolina Community College System. For cooperative innovative high schools that have a constituent institution or a private North Carolina college as their partner institution of higher education, the proposed budget shall include the cost of tuition payments."

SECTION 7.27.(c) G.S. 115C-238.51A reads as rewritten:

### "§ 115C-238.51A. Approval process.

(a) Joint Advisory Committee. – The State Board of Education and the applicable governing Board of the local board of trustees shall appoint a joint advisory committee to review the applications and to recommend approval for those applications that meet the requirements of this Part and achieve purposes set out in G.S. 115C-238.50. ~~The recommendation shall indicate whether additional funds were requested in the application.~~

(b) ~~No Additional Funds. Application Approval: Supplemental Funds. – For applications which have not requested additional funds, the~~ The State Board of Education and the applicable governing Board may approve cooperative innovative high schools. In granting approval, consideration shall be given to the proposed budget and demonstration of sources of sustainable funding for the operation of the cooperative innovative high school. Approvals shall be made by June 30 of each year. ~~No additional State funds, position allotments, earning of budget full-time equivalent students, or payments of tuition shall be provided to cooperative innovative high schools approved under this subsection.~~ Within the funds available for this purpose, the Department of Public Instruction shall allocate funds from the cooperative innovative high school allotment to a local school administrative unit operating a cooperative innovative high school approved under this subsection for each of the first three years of the school's operation. The amount of funds allocated to a local school administrative unit for each cooperative innovative high school located in the unit shall be based on the tier designation of the area in which the school is located at the time the application is submitted to the State Board of Education as follows:

- (1) For a cooperative innovative high school located in a development tier one area as defined in G.S. 143B-437.08, a local school administrative unit shall be allocated the sum of two hundred seventy-five thousand dollars (\$275,000) for each year.



(2) For a cooperative innovative high school located in a development tier two area as defined in G.S. 143B-437.08, a local school administrative unit shall be allocated the sum of two hundred thousand dollars (\$200,000) for each year.

(3) For a cooperative innovative high school located in a development tier three area as defined in G.S. 143B-437.08, a local school administrative unit shall be allocated the sum of one hundred eighty thousand dollars (\$180,000) for each year.

(4) If funds are insufficient in a fiscal year for all eligible local school administrative units to receive the full amounts set forth in this subsection, the Department shall allocate funds on a pro rata basis according to the development tier designation for the location of each school being funded for that fiscal year.

(e) ~~Additional Funds. — For applications which have requested additional funds, the State Board of Education and the applicable governing Board may approve cooperative innovative high schools contingent upon appropriation of the additional funds by the General Assembly. Contingent approval shall be made by April 1 of each year. The contingent approval shall expire if no appropriation is made by the General Assembly for the additional funds within one calendar year. No cooperative innovative high school shall open prior to the appropriation by the General Assembly of the full amount of the additional funds as requested in the application for that school under G.S. 115C-238.51 for the upcoming fiscal year or fiscal biennium, as appropriate. If no appropriation is made by the General Assembly, a revised application may be submitted under subsection (b) of this section."~~

**SECTION 7.27.(d) G.S. 115C-238.54 reads as rewritten:**

**"§ 115C-238.54. Funds for cooperative innovative high schools.**

...

(g) ~~Students in cooperative innovative high schools that have a community college as their partner institution of higher education and were approved under G.S. 115C-238.51A(e) shall be included in calculations of budget full-time equivalent students for the North Carolina Community College System. Students in cooperative innovative high schools that have a community college as their partner institution of higher education and were approved under G.S. 115C-238.51A(b) shall not be included in calculations of budget full-time equivalent students for the North Carolina Community College System.~~

(h) ~~The State Board of Education shall reimburse The University of North Carolina for tuition for courses taken by students at cooperative innovative high schools that have a constituent institution of The University of North Carolina as their partner institution of higher education and were approved under G.S. 115C-238.51A(e). G.S. 115C-238.51A(b). Tuition payments shall not exceed the annual Board of Governors-approved undergraduate resident tuition rate calculated on a per credit hour basis and shall not include fees. In addition, the cooperative innovative high school students' credit hours shall be nonfundable under The University of North Carolina Semester Credit Hour Enrollment Change Funding Model. The State Board of Education shall not reimburse The University of North Carolina for tuition for courses taken by students at cooperative innovative high schools that have a constituent institution of The University of North Carolina as their partner institution of higher education and were approved under G.S. 115C-238.51A(b).~~

(i) ~~The State Board of Education shall reimburse private North Carolina colleges for tuition for courses taken by students at cooperative innovative high schools that have a private North Carolina college as their partner institution of higher education and were approved under G.S. 115C-238.51A(e). G.S. 115C-238.51A(b). Tuition payments shall not exceed the highest undergraduate resident rate approved by the Board of Governors for The University of North Carolina constituent institutions and shall not include fees. The State Board of Education shall~~

1 ~~not reimburse private North Carolina colleges for tuition for courses taken by students at~~  
2 ~~cooperative innovative high schools that have a private North Carolina college as their partner~~  
3 ~~institution of higher education and were approved under G.S. 115C-238.51A(b).~~

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

7 **SECTION 7.27.(e)** Phase Out of Funding for Schools Receiving Funds for More  
8 than Three Years. – Notwithstanding Section 7.22 of S.L. 2017-57 and any other provision of  
9 law to the contrary, of the funds appropriated to the Department of Public Instruction for the  
10 2020-2021 fiscal year for the cooperative innovative high school allotment, for local school  
11 administrative units operating cooperative innovative high schools that received the cooperative  
12 innovative high school allotment prior to the 2017-2018 fiscal year, the Department shall phase  
13 out the allotment amount for each of the cooperative innovative high schools by allocating from  
14 the allotment for the 2020-2021 fiscal year an amount equal to fifty percent (50%) of the amount  
15 a local school administrative unit received from the allotment for the 2019-2020 fiscal year. A  
16 local school administrative unit that received funds from the cooperative innovative high school  
17 allotment prior to the 2017-2018 fiscal year shall not receive funds from the allotment for the  
18 2021-2022 fiscal year and for subsequent fiscal years.

19 **SECTION 7.27.(f)** Phase Out of Funding for Schools Receiving Funds for the Past  
20 Two Years. – Notwithstanding Section 7.22 of S.L. 2017-57 and any other provision of law to  
21 the contrary, of the funds appropriated to the Department of Public Instruction for the cooperative  
22 innovative high school allotment, for local school administrative units operating cooperative  
23 innovative high schools that initially received funds from the cooperative innovative high school  
24 allotment beginning with the 2017-2018 fiscal year, the Department shall phase out the allotment  
25 amount for each of the cooperative innovative high schools by allocating funds to the local school  
26 administrative unit for the 2021-2022 fiscal year in an amount equal to fifty percent (50%) of the  
27 amount a local school administrative unit received from the allotment for the 2020-2021 fiscal  
28 year. A local school administrative unit that initially received funds from the cooperative  
29 innovative high school allotment beginning with the 2017-2018 fiscal year shall not receive funds  
30 from the allotment for the 2022-2023 fiscal year and for subsequent fiscal years.

31 **SECTION 7.27.(g)** Funds for Schools Receiving Initial Funds for FY 2019-2020. –  
32 Of the funds appropriated to the Department of Public Instruction for the cooperative innovative  
33 high school allotment, for local school administrative units operating cooperative innovative high  
34 schools that initially received funds from the cooperative innovative high school allotment  
35 beginning with the 2019-2020 fiscal year, the Department shall allocate funds from the allotment  
36 for the 2020-2021 and 2021-2022 fiscal years to each local school administrative unit in the same  
37 amount allocated to the local school administrative unit for the 2019-2020 fiscal year. A local  
38 school administrative unit that initially received funds from the cooperative innovative high  
39 school allotment beginning with the 2019-2020 fiscal year shall not receive funds from the  
40 allotment for the 2022-2023 fiscal year and for subsequent fiscal years.

41 **SECTION 7.27.(h)** Notwithstanding any other provision of this section, of the funds  
42 appropriated to the Department of Public Instruction for the cooperative innovative high school  
43 allotment, the Department shall allocate to the Northeast Regional School of Biotechnology and  
44 Agriscience the same amount of funds allocated for the school for the 2018-2019 fiscal year for  
45 each fiscal year of the 2019-2021 fiscal biennium and for subsequent fiscal years.

46 **SECTION 7.27.(i)** Subsections (a) through (d) of this section apply to applications  
47 to establish a cooperative innovative high school for the 2020-2021 school year and any  
48 subsequent school years.

49  
50 **CLASSROOM SUPPLIES TO TEACHERS**



**SECTION 7.31.(a)** Establishment of the Program. – Notwithstanding any other provision of law, beginning with the 2019-2020 fiscal year, funds appropriated from the General Fund to the Department of Public Instruction each fiscal year for the Classroom Materials/Instructional Supplies/Equipment allotment shall be used for the North Carolina Classroom Supply Program (Program) established in accordance with this section. The Program shall provide for electronic access to funds for eligible classroom teachers to purchase supplies for their classrooms on behalf of public school units participating in the Program to support educational needs of the public school students assigned to those classroom teachers.

**SECTION 7.31.(b)** Definitions. – For purposes of this section, the following definitions apply:

- (1) Eligible classroom teacher. – Any school-based classroom teacher, including teachers for special student populations, such as exceptional children, reading resource, English language learners, and program enhancement courses, employed by a public school unit to teach students in grades kindergarten through twelfth grade. School personnel in central office positions, instructional support personnel, and school-based administrators shall not be deemed eligible. A classroom teacher must be employed as of August 31 of each fiscal year from any funds available to the public school unit to be eligible under this section. The public school unit may include classroom teachers employed after August 31 within funds available.
- (2) Public school unit. – A local school administrative unit, a charter school, a regional school, and a school providing elementary or secondary instruction operated by the State Board of Education, including schools operated under Article 7A and Article 9C of Chapter 115C of the General Statutes, or by The University of North Carolina, including schools operated under Article 4, Article 29, and Article 29A of Chapter 116 of the General Statutes.

**SECTION 7.31.(c)** Allotment of Funds. – Of the funds allocated to local school administrative units from the Classroom Materials/Instructional Supplies/Equipment allotment by the Department of Public Instruction each fiscal year, beginning with the 2019-2020 fiscal year, each local school administrative unit shall transfer the sum of three hundred dollars (\$300.00) per eligible classroom teacher as of August 31 each year to a program report code for a classroom teacher electronic account administered pursuant to subsection (d) of this section. A public school unit, other than a local school administrative unit, may opt in to the Program by August 1 of the fiscal year using funds available to that public school unit. The local school administrative unit operating a renewal school system plan pursuant to Section 6 of S.L. 2018-32 may also opt in to the Program using funds available in accordance with this subsection.

**SECTION 7.31.(d)** Program Administration. – The Department of Public Instruction shall utilize the same administrative system used by the North Carolina State Education Assistance Authority (Authority) to manage funds for the Personal Education Savings Account Program pursuant to G.S. 115C-597 and shall model its contract in a manner that meets the requirements of this section and includes capabilities for at least the following:

- (1) The ability to restrict purchases, which may include an automated prior authorization process for allowable purchases or reimbursement of allowable purchases.
- (2) Automation for the capture of purchase receipts, which shall be required for the Department of Public Instruction and the teacher to store electronically for a total of four years for reporting and audit purposes, and transparent transactions, making accountability and tracking simple.
- (3) Ability for teachers to crowd-fund for certain products.

**SECTION 7.31.(e)** Alternative Vendor. – In the event that the vendor contracted with the Authority described under subsection (d) of this section is unable to meet the

requirements of the Program, then the Department shall contract with a vendor that provides a virtual e-wallets platform and an e-commerce marketplace that enables teachers to receive and spend funds online and includes the capabilities described in subsection (d) of this section.

**SECTION 7.31.(f)** Use of Funds for the Program. – The funds appropriated for the Program shall be used to supplement the materials and supplies otherwise available to classroom teachers. A public school unit shall not mandate, direct, or encourage eligible classroom teachers to purchase specific materials and supplies or categories of materials and supplies. Classroom supply funds made available under the Program shall not be used to purchase electronic devices such as computers or software and shall not be expended for administrative purposes. Eligible classroom teachers shall utilize these funds in a manner that addresses individual classroom needs and supports the overall goals of the school regarding supplies and instructional materials. Any supplies purchased by teachers through the Program shall be the property of the public school unit. Supplies not consumed during the school year shall be made available to the teacher for the following school year or for other eligible classroom teachers as appropriate. Any unexpended funds in the classroom teacher accounts established in subsection (c) of this section shall revert to the General Fund at the end of each fiscal year.

## SCHOOL SAFETY GRANTS PROGRAMS

**SECTION 7.36.(a)** Article 8C of Chapter 115C of the General Statutes is amended by adding a new section to read:

### "§ 115C-105.60. School safety grants.

(a) Definitions. – For purposes of this section, the following definitions shall apply:

(1) Public school unit. – A local school administrative unit, regional school, innovative school, laboratory school, or charter school.

(2) School mental health support personnel. – All of the following:

a. School nurses, school counselors, school psychologists, and school social workers.

b. Any of the following with sufficient training or experience with school-age populations, determined on a case-by-case basis in the discretion of the Superintendent of Public Instruction: registered nurses, licensed practical nurses, advanced practice nurses, nurse practitioners, licensed or certified psychologists, licensed clinical social workers, and licensed professional counselors.

(3) Other health support services. – Mental or physical health support services provided by one or more third-party entities, including local management entities/managed care organizations (LME/MCOs), to a public school unit on a contracted basis. These services may include telemedicine or other distance consultations.

(b) Program; Purpose. – The Superintendent of Public Instruction shall establish the School Safety Grants Program (Program). To the extent funds are made available for the Program, its purpose shall be to improve safety in public school units by providing grants for (i) school resource officers and (ii) additional school mental health support personnel.

(c) Grant Applications. – A public school unit may submit an application to the Superintendent of Public Instruction for one or more grants pursuant to this section. The application shall include an assessment, to be performed in conjunction with a local law enforcement agency, of the need for improving school safety within the public school unit that would receive the funding. The application shall identify current and ongoing needs and estimated costs associated with those needs.

(d) Criteria and Guidelines. – By August 1, 2019, and each year thereafter in which funds are made available for the Program, the Superintendent of Public Instruction shall develop criteria and guidelines for the administration and use of the grants pursuant to this section, including any

documentation required to be submitted by applicants. In assessing grant applications, the Superintendent of Public Instruction shall consider at least all of the following factors:

- (1) The level of resources available to the public school unit that would receive the funding or services.
- (2) Whether the public school unit has received other grants of funding for school safety.
- (3) The overall impact on student safety in the public school unit if the identified needs are funded.

(e) Grants for School Resource Officers. – From funds made available for grants for school resource officers, the Superintendent of Public Instruction shall award grants to public school units for school resource officers in elementary and middle schools, as follows:

- (1) Grants shall be matched on the basis of two dollars (\$2.00) in State funds for every one dollar (\$1.00) in non-State funds.
- (2) Public school units may use these funds to employ school resource officers in elementary and middle schools, to train them, or both.
- (3) Training shall be provided, in partnership with the public school unit, by a community college, a local law enforcement agency, or the North Carolina Justice Academy. Any training shall include instruction on research into the social and cognitive development of elementary school and middle school children.

(f) Grants for School Mental Health Support Personnel. – From funds made available for grants for school mental health support personnel, the Superintendent of Public Instruction shall award grants to public school units for any of the following purposes:

- (1) To provide all or a portion of the salary and benefits costs needed to employ additional school mental health support personnel on a full-time, part-time, or contractual basis.
- (2) To contract for other health support services.
- (3) Training for school mental health support personnel receiving funds under this subsection.

(g) Supplement Not Supplant. – Grants provided to public school units pursuant to the Program shall be used to supplement and not to supplant State or non-State funds already provided for these services.

(h) Administrative Costs. – Of the funds made available for the grants provided pursuant to this section, the Superintendent of Public Instruction may retain a total of up to one hundred thousand dollars (\$100,000) in each fiscal year for administrative costs associated with the program.

(i) Report. – No later than April 1, 2020, and each year thereafter in which funds are made available for the Program, the Superintendent of Public Instruction shall report on the Program to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Justice and Public Safety, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division. The report shall include the identity of each entity that received a grant through the Program, the amount of funding provided to each entity that received a grant, the use of funds by each entity that received a grant, and recommendations for the implementation of additional effective school safety measures."

**SECTION 7.36.(b)** For the 2019-2020 fiscal year, the Department of Public Instruction shall administer the following school safety grants:

- (1) Definitions. – For purposes of this subsection, the following definitions shall apply:
  - a. Community partner. – A public or private entity, including, but not limited to, a nonprofit corporation or a local management

- entity/managed care organization (LME/MCO), that partners with a public school unit to provide services or pay for the provision of services for the unit.
- b. Public school unit. – A local school administrative unit, regional school, innovative school, laboratory school, or charter school.
- (2) Program; purpose. – The Superintendent of Public Instruction shall establish the 2019 School Safety Grants Program (Program). The purpose of the Program shall be to improve safety in public school units by providing grants for (i) services for students in crisis, (ii) school safety training, and (iii) safety equipment in schools.
- (3) Grant applications. – A public school unit may submit an application to the Superintendent of Public Instruction for one or more grants pursuant to this section. The application shall include an assessment, to be performed in conjunction with a local law enforcement agency, of the need for improving school safety within the public school unit that would receive the funding or services. The application shall identify current and ongoing needs and estimated costs associated with those needs.
- (4) Criteria and guidelines. – By August 1, 2019, the Superintendent of Public Instruction shall develop criteria and guidelines for the administration and use of the grants pursuant to this subsection, including any documentation required to be submitted by applicants. In assessing grant applications, the Superintendent of Public Instruction shall consider at least all of the following factors:
- a. The level of resources available to the public school unit that would receive the funding or services.
- b. Whether the public school unit has received other grants of funding for school safety.
- c. The overall impact on student safety in the public school unit if the identified needs are funded.
- (5) Grants for students in crisis. – Of the funds appropriated to the Department of Public Instruction by this act for students in crisis, the Superintendent of Public Instruction, in consultation with the Department of Health and Human Services, shall award grants to public school units to contract with community partners to provide or pay for the provision of any of the following crisis services:
- a. Crisis respite services for parents or guardians of an individual student to prevent more intensive or costly levels of care.
- b. Training and expanded services for therapeutic foster care families and licensed child placement agencies that provide services to students who (i) need support to manage their health, welfare, and safety and (ii) have any of the following:
1. Cognitive or behavioral problems.
  2. Developmental delays.
  3. Aggressive behavior.
- c. Evidence-based therapy services aligned with targeted training for students and their parents or guardians, including any of the following:
1. Parent-child interaction therapy.
  2. Trauma-focused cognitive behavioral therapy.
  3. Dialectical behavior therapy.
  4. Child-parent psychotherapy.

- d. Any other crisis service, including peer-to-peer mentoring, that is likely to increase school safety. Of the funds allocated to the Superintendent for grants pursuant to this subdivision, the Superintendent shall not use more than ten percent (10%) for the services identified in this sub-subdivision.
- (6) Grants for training to increase school safety. – Of the funds appropriated to the Department of Public Instruction by this act for training to increase school safety, the Superintendent of Public Instruction, in consultation with the Department of Health and Human Services, shall award grants to public school units to contract with community partners to address school safety by providing training to help students develop healthy responses to trauma and stress. The training shall be targeted and evidence-based and shall include any of the following services:
- a. Counseling on Access to Lethal Means (CALM) training for school mental health support personnel, local first responders, and teachers on the topics of suicide prevention and reducing access by students to lethal means.
  - b. Training for school mental health support personnel on comprehensive and evidence-based clinical treatments for students and their parents or guardians, including any of the following:
    1. Parent-child interaction therapy.
    2. Trauma-focused cognitive behavioral therapy.
    3. Behavioral therapy.
    4. Dialectical behavior therapy.
    5. Child-parent psychotherapy.
  - c. Training for students and school employees on community resilience models to improve understanding and responses to trauma and significant stress.
  - d. Training for school mental health support personnel on Modular Approach to Therapy for Children with Anxiety, Depression, Trauma, or Conduct problems (MATCH-ADTC), including any of the following components:
    1. Trauma-focused cognitive behavioral therapy.
    2. Parent and student coping skills.
    3. Problem solving.
    4. Safety planning.
  - e. Any other training, including the training on the facilitation of peer-to-peer mentoring, that is likely to increase school safety. Of the funds allocated to the Superintendent for grants pursuant to this subdivision, the Superintendent shall not use more than ten percent (10%) for the services identified in this sub-subdivision.
- (7) Grants for safety equipment. – Of the funds appropriated to the Department of Public Instruction by this section for grants for school safety equipment, the Superintendent of Public Instruction shall award grants to public school units for (i) the purchase of safety equipment for school buildings and (ii) training associated with the use of safety equipment purchased pursuant to this subsection. Notwithstanding G.S. 115C-218.105(b), charter schools may receive grants for school safety equipment pursuant to this subsection.
- (8) Supplement not supplant. – Grants provided to public school units or community partners pursuant to the Program shall be used to supplement and not to supplant State or non-State funds already provided for these services.

- (9) Report. – No later than April 1, 2020, the Superintendent of Public Instruction shall report on the program to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight Committee on Health and Human Services, the Joint Legislative Oversight Committee on Justice and Public Safety, the Joint Legislative Commission on Governmental Operations, and the Fiscal Research Division. The report shall include the identity of each entity that received a grant through the Program, the amount of funding provided to each entity that received a grant, the use of funds by each entity that received a grant, and recommendations for the implementation of additional effective school safety measures.

**SECTION 7.36.(c)** Section 7.27 of S.L. 2018-5 is repealed.

#### **EXTENDED LEARNING AND INTEGRATED STUDENT SUPPORTS COMPETITIVE GRANT PROGRAM**

**SECTION 7.38.(a)** Of the funds appropriated by this act for the At-Risk Student Services Alternative School Allotment for the 2019-2021 fiscal biennium, the Department of Public Instruction shall use up to six million dollars (\$6,000,000) for the 2019-2020 fiscal year and up to six million dollars (\$6,000,000) for the 2020-2021 fiscal year for the Extended Learning and Integrated Student Supports Competitive Grant Program (Program). Of these funds, the Department of Public Instruction may use up to two hundred thousand dollars (\$200,000) for each fiscal year to administer the Program.

**SECTION 7.38.(b)** The purpose of the Program is to fund high-quality, independently validated extended learning and integrated student support service programs for at-risk students that raise standards for student academic outcomes by focusing on the following:

- (1) Use of an evidence-based model with a proven track record of success.
- (2) Inclusion of rigorous, quantitative performance measures to confirm effectiveness of the program.
- (3) Deployment of multiple tiered supports in schools to address student barriers to achievement, such as strategies to improve chronic absenteeism, antisocial behaviors, academic growth, and enhancement of parent and family engagement.
- (4) Alignment with State performance measures, student academic goals, and the North Carolina Standard Course of Study.
- (5) Prioritization in programs to integrate clear academic content, in particular, science, technology, engineering, and mathematics (STEM) learning opportunities or reading development and proficiency instruction.
- (6) Minimization of student class size when providing instruction or instructional supports and interventions.
- (7) Expansion of student access to high-quality learning activities and academic support that strengthen student engagement and leverage community-based resources, which may include organizations that provide mentoring services and private-sector employer involvement.
- (8) Utilization of digital content to expand learning time, when appropriate.

**SECTION 7.38.(c)** Grants shall be used to award funds for new or existing eligible programs for at-risk students operated by (i) nonprofit corporations and (ii) nonprofit corporations working in collaboration with local school administrative units. Grant participants are eligible to receive grants for up to two years in an amount of up to five hundred thousand dollars (\$500,000) each year. Programs should focus on serving (i) at-risk students not performing at grade level as demonstrated by statewide assessments, (ii) students at risk of dropout, and (iii) students at risk of school displacement due to suspension or expulsion as a result of antisocial behaviors. Priority consideration shall be given to applications demonstrating

models that focus services and programs in schools that are identified as low-performing, pursuant to G.S. 115C-105.37.

A grant participant shall provide certification to the Department of Public Instruction that the grants received under the program shall be matched on the basis of three dollars (\$3.00) in grant funds for every one dollar (\$1.00) in nongrant funds. Matching funds shall not include other State funds. The Department shall also give priority consideration to an applicant that is a nonprofit corporation working in partnership with a local school administrative unit resulting in a match utilizing federal funds under Part A of Title I of the Elementary and Secondary Education Act of 1965, as amended, or Title IV of the Higher Education Act of 1965, as amended, and other federal or local funds. Matching funds may include in-kind contributions for up to fifty percent (50%) of the required match.

**SECTION 7.38.(d)** A nonprofit corporation may act as its own fiscal agent for the purposes of this Program. Grant recipients shall report to the Department of Public Instruction for the year in which grant funds were expended on the progress of the Program, including alignment with State academic standards, data collection for reporting student progress, the source and amount of matching funds, and other measures, before receiving funding for the next fiscal year. Grant recipients shall also submit a final report on key performance data, including statewide test results, attendance rates, graduation rates, and promotion rates, and financial sustainability of the program.

**SECTION 7.38.(e)** The Department of Public Instruction shall provide an interim report on the Program to the Joint Legislative Education Oversight Committee by September 15, 2020, with a final report on the Program by September 15, 2021. The final report shall include the final results of the Program and recommendations regarding effective program models, standards, and performance measures based on student performance, leveraging of community-based resources to expand student access to learning activities, academic and behavioral support services, and potential opportunities for the State to invest in proven models for future grants programs.

## **EXCEPTIONAL CHILDREN TRANSPORTATION RESERVE FUND**

**SECTION 7.41.** Of the funds appropriated to the Department of Public Instruction by this act for the Exceptional Children Transportation Reserve Fund, the Department of Public Instruction shall establish a grant program to cover extraordinary transportation costs for high-needs children with disabilities attending local school administrative units and charter schools. The Department shall provide an application process for local school administrative units and charter schools to apply for funds to cover extraordinary transportation costs for qualifying students. The Department shall establish eligibility guidelines and shall award funds consistent with the following requirements:

- (1) In determining extraordinary transportation cost, the Department shall consider total prior-year transportation expenditures for high-needs children with disabilities, including expenditures from local funds and all other funding sources, as a proportion of total expenditures.
- (2) Applicants with highest extraordinary transportation costs shall receive highest priority in the award of grant funds.

## **READ TO ACHIEVE READING CAMP CURRICULUM PILOT PROGRAM**

**SECTION 7.42.(a)** Purpose. – Of the funds appropriated to the Department of Public Instruction for the 2019-2020 fiscal year for the Read to Achieve Reading Camp Pilot, the Department shall acquire Imagine Learning and Failure Free Reading reading camp curriculums for the purpose of conducting a Reading Camp Curriculum Pilot Program (Pilot). The purpose of the Pilot is to determine the effectiveness of specific reading camp curriculums for furthering reading proficiency.

**SECTION 7.42.(b)** Participation. – For each curriculum acquired pursuant to this section, the Department of Public Instruction shall select one or more local school administrative units to utilize the curriculum in its reading camp. Selected local school administrative units shall represent the geographic, economic, and social diversity of the State. Each selected local school administrative unit shall participate in the Pilot for the 2019-2020 school year.

**SECTION 7.42.(c)** Reporting Requirement. – By November 15, 2020, the Department of Public Instruction shall report to the Joint Legislative Education Oversight Committee on the results of the Pilot in each participating local school administrative unit, including the following:

- (1) The number and percentage of third grade students who did not demonstrate proficiency upon entering reading camp and who became proficient after completing reading camp.
- (2) For each grade level, the number and percentage of first and second grade students who demonstrated reading comprehension below grade level upon entering camp and who demonstrated reading comprehension at or above grade level after completing reading camp.

#### **STUDENT MEAL DEBT REPORT AND REDUCED-PRICE LUNCH CO-PAYS**

**SECTION 7.43.(a)** No later than March 15, 2020, the State Board of Education shall report to the Joint Legislative Education Oversight Committee on unpaid meal charges in local school administrative units. At a minimum, the report shall include the following information:

- (1) The percentage of students of all grade levels in each local school administrative unit who qualify for reduced-price meals and do not carry an unpaid meal charge.
- (2) The total amount of debt carried by each local school administrative unit related to unpaid meal charges.
- (3) Policies adopted by each local school administrative unit regarding unpaid meal charges.
- (4) A recommended statewide policy on the uniform administration of unpaid meal charges in local school administrative units. The recommended policy shall ensure that students are not prevented from receiving nutritious meals because of an unpaid meal charge.

**SECTION 7.43.(b)** Funds appropriated to the Department of Public Instruction by this act for the 2019-2020 fiscal year for reduced-price lunch co-pays shall be used to provide school lunches at no cost to students of all grade levels qualifying for reduced-price meals in all schools participating in the National School Lunch Program in the 2019-2020 school year. If the funds are insufficient to provide school lunches at no cost to students qualifying for reduced-price meals, the Department of Public Instruction shall also use any excess funds appropriated for the National School Breakfast Program for the purposes of this subsection.

#### **INNOVATIVE SIGNATURE CAREER ACADEMY PILOT**

**SECTION 7.44.(a)** Establish; Purpose. – There is established the Innovative Signature Career Academy Program (Program) as a pilot program to be implemented in Guilford County Schools for the purpose of reforming its current career and technical education (CTE) program to more deliberately prepare its students for high-wage, high-skills careers. The Program shall focus on hosting signature career academies at traditional high schools located in the local school administrative unit that specialize in defined areas of career and technical education.

**SECTION 7.44.(b)** Components of the Program. – The Program shall include at least the following key components in establishing a minimum of four but no more than six signature career academies at high schools in the local school administrative unit:



- (1) One school-selected priority career pathway that does not compete with career pathways at other signature career academies in the local school administrative unit in addition to CTE courses offered as elective options and business and computer science courses.
- (2) School and community stakeholder input on the development of the priority career pathways and the phase-out of other CTE programs.
- (3) Partnerships with higher education institutions and business and industry entities for specific equipment needs and the design of clearly defined career pathways.
- (4) The option for eighth grade students to apply to attend a signature career academy of their choice at a high school located in the local school administrative unit.
- (5) Reassignment of current CTE teachers to focus on an area of expertise for a signature career academy and the creation of partnerships with higher education faculty and employees of industry and business to volunteer to serve as co-teachers in the specialized areas.

**SECTION 7.44.(c) Flexibility for Teachers.** – Notwithstanding any other provision of law, in addition to the authority provided to a local board of education to employ adjunct instructors in career and technical education career clusters pursuant to G.S. 115C-157.1, the local school administrative unit shall have the flexibility to contract with individuals who have education and training related to the specific skills and career pathways that are the focus of a signature career academy. Any individual who has direct contact with students pursuant to the authority provided by this subsection shall be subject to a criminal history check to ensure that the person has not been convicted of any crime listed in G.S. 115C-332.

**SECTION 7.44.(d) Reporting.** – By June 30 of the first school year of operation of the Program, and every June 30 thereafter for the duration of the Program operated as a pilot, Guilford County Schools shall report to the Department of Public Instruction on (i) implementation and administration of the Program, including the use of additional resources provided as an appropriation of State funds specifically for the Program, (ii) data from the Program on student completion rates for career pathways and any other data requested by the Department, and (iii) any recommendations on the modification of the Program or the potential application of the Program in other local school administrative units.

By August 15 of the first year of reporting by Guilford County Schools under this subsection, and every August 15 thereafter for the duration of the Program operated as a pilot, the Department of Public Instruction shall report to the Joint Legislative Education Oversight Committee on the information submitted by Guilford County Schools pursuant to this subsection.

**SECTION 7.44.(e) Term of the Program.** – The Program may operate for up to six school years as a pilot program, beginning with the 2019-2020 school year. Before the end of the school year in which the Program will expire as a pilot, the Guilford County Board of Education may apply to the State Board of Education for the Program to be included as an ongoing component of Guilford County Schools' career and technical education local plan submitted to the State Board of Education pursuant to G.S. 115C-154.1. In operating the Program in subsequent school years, Guilford County Schools shall continue to have flexibility in regard to teachers as provided in subsection (c) of this section. The Guilford County Board of Education may request as part of the application that the General Assembly appropriate additional resources for the operation of the Program but may continue to operate the Program if other sources of funds are available. The State Board shall consider the data submitted to the Department of Public Instruction on the operation of the Program pursuant to subsection (d) of this section when reviewing the Program to become a component of the career and technical education local plan.

## SCHOOL PSYCHOLOGISTS ALLOTMENT

SECTION 7.45.(a) Of the funds appropriated to the Department of Public Instruction by this act for the 2019-2020 fiscal year and subsequent fiscal years, the Department shall allocate a minimum of one school psychologist position per local school administrative unit. The State Board of Education shall adopt a formula for the distribution of any remaining funds as positions to local school administrative units on the basis of average daily membership.

SECTION 7.45.(b) G.S. 115C-105.25(b) is amended by adding a new subdivision to read:

"(13) No positions shall be transferred out of the allocation for school psychologists except as provided in this subdivision. Positions allocated for school psychologists may be converted to dollar equivalents for contracted services directly related to school psychology. These positions shall be converted at the minimum salary for school psychologists on the "A" Teachers Salary Schedule."

#### TRANSFER OF FUNDS FOR BUSINESS SYSTEM MODERNIZATION PLAN

SECTION 7.46.(a) Of the funds appropriated to the Department of Public Instruction by this act for the School Business System Modernization Plan for the 2019-2021 fiscal biennium, the Department shall transfer two million ninety thousand dollars (\$2,090,000) for the 2019-2020 fiscal year to the Government Data Analytics Center (GDAC) to leverage existing public-private partnerships to incorporate annual school report card data for the State into the School Finance page of the Department of Public Instruction Web site. Grade level and subject level Education Value-Added Assessment System (EVAAS) growth data for local school administrative units and individual schools shall also be made public on the School Finance page.

SECTION 7.46.(b) No later than October 1, 2019, GDAC shall execute any contractual agreements and interagency data sharing agreements necessary to accomplish the reporting system established pursuant to Section 7.16 of S.L. 2017-57, as amended by Section 7.6 of S.L. 2018-5. The Department and GDAC shall continue partnering to accomplish the continued development, deployment, and ongoing provision of a data integration service that consolidates data from financial, human resources, licensure, student information, and EVAAS. Implementation shall also include development and deployment of a modern analytic platform and reporting environment. Additionally, student projection data for future assessments including State assessments, Advanced Placement exams, and college readiness assessments shall be made available to local school administrative units and individual schools through the EVAAS page of the Department of Public Instruction Web site and shall be made available in hard copy to parents or guardians upon request.

#### SCHOOL MENTAL HEALTH CRISIS RESPONSE PROGRAM

SECTION 7.47.(a) For purposes of this section, the following definitions shall apply:

- (1) Participating unit. – A local school administrative unit that elects to transfer school mental health personnel to a requesting unit for a temporary period of time.
- (2) Requesting unit. – A local school administrative unit requesting additional school mental health support personnel for a temporary period of time.
- (3) School mental health support personnel. – School nurses, school counselors, school psychologists, and school social workers.

SECTION 7.47.(b) The Department of Public Instruction and the Center for Safer Schools, in consultation with the Department of Health and Human Services and the Department of Public Safety, Division of Emergency Management, shall develop a recommended program for facilitating the temporary transfer of school mental health support personnel from a participating unit to a requesting unit during or after a crisis. No later than March 15, 2020, the

1 Department shall submit a report on the recommended program to the Joint Legislative Education  
2 Oversight Committee and the Joint Legislative Oversight Committee on Health and Human  
3 Services. The report shall outline the recommended program and include, at a minimum, the  
4 following information:

- 5 (1) A suggested protocol for receiving and relaying requests for additional,  
6 temporary school mental health support personnel.
- 7 (2) Anticipated costs associated with the temporary transfer of school mental  
8 health support personnel during or after a crisis.
- 9 (3) Descriptions of and data from any similar programs existing in other states.
- 10 (4) Additional recommendations for improving the ability of local school  
11 administrative units to share school mental health support personnel, when  
12 necessary, and appropriate reporting metrics related to the recommended  
13 program.

14  
15 **REPEAL RIGHT OF ACTION/CAPITAL OUTLAY FUND**

16 **SECTION 7.48.(a)** Subsections (c), (d), and (e) of G.S. 115C-431 are repealed.

17 **SECTION 7.48.(b)** G.S. 115C-431 is amended by adding a new subsection to read:

18 "(f) If agreement is not reached in mediation on the amount of money appropriated to the  
19 capital outlay fund, the decision of the county commissioners is final. The local board of  
20 education shall not file any legal action challenging the sufficiency of the funds appropriated by  
21 the board of county commissioners to the capital outlay fund."

22 **SECTION 7.48.(c)** G.S. 115C-432(a) reads as rewritten:

23 "(a) After the board of county commissioners has made its appropriations to the local  
24 school administrative unit, or after the appeal-procedure set out in G.S. 115C-431 for the capital  
25 outlay fund has been concluded, the board of education shall adopt a budget resolution making  
26 appropriations for the budget year in such sums as the board may deem sufficient and proper.  
27 The budget resolution shall conform to the uniform budget format established by the State Board  
28 of Education."

29 **SECTION 7.48.(d)** This section applies to budget ordinances adopted on or after the  
30 date this act becomes law.  
31

14 **PART VIII. THE UNIVERSITY OF NORTH CAROLINA SYSTEM**

15  
16 **UNC/ESCHEATS FUND FOR STUDENT FINANCIAL AID PROGRAMS**

17 **SECTION 8.1.(a)** The funds appropriated by this act from the Escheat Fund for the  
18 2019-2021 fiscal biennium for student financial aid shall be allocated in accordance with  
19 G.S. 116B-7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if  
20 the interest income generated from the Escheat Fund is less than the amounts referenced in this  
21 act, the difference may be taken from the Escheat Fund principal to reach the appropriations  
22 referenced in this act; however, under no circumstances shall the Escheat Fund principal be  
23 reduced below the sum required in G.S. 116B-6(f). If any funds appropriated from the Escheat  
24 Fund by this act for student financial aid remain uncommitted aid as of the end of a fiscal year,  
25 the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount  
26 of the Escheat Fund income for that fiscal year.

27 **SECTION 8.1.(b)** The State Education Assistance Authority (Authority) shall  
28 conduct periodic evaluations of expenditures of the student financial aid programs administered  
29 by the Authority to determine if allocations are utilized to ensure access to institutions of higher  
30 learning and to meet the goals of the respective programs. The Authority may make  
31 recommendations for redistribution of funds to the President of The University of North Carolina  
32 and the President of the Community College System regarding their respective student financial  
33 aid programs, who then may authorize redistribution of unutilized funds for a particular fiscal  
34 year.  
35

36 **NC PROMISE TUITION PLAN/FUTURE FUNDS**

37 **SECTION 8.2A.** It is the intent of the General Assembly to appropriate from the  
38 General Fund to the Board of Governors of The University of North Carolina the following  
39 additional funds for the purpose of the "buy down" of any financial obligations incurred by  
40 Elizabeth City State University, the University of North Carolina at Pembroke, and Western  
41 Carolina University for the NC Promise Tuition Plan established pursuant to G.S. 116-143.11:

- 42 (1) For the 2021-2022 fiscal year, the sum of five million dollars (\$5,000,000) in  
43 recurring funds.
- 44 (2) For the 2022-2023 fiscal year, the sum of four million dollars (\$4,000,000) in  
45 recurring funds.
- 46 (3) For the 2023-2024 fiscal year, the sum of three million four hundred thousand  
47 dollars (\$3,400,000) in recurring funds.
- 48 (4) For the 2024-2025 fiscal year, the sum of three million dollars (\$3,000,000)  
49 in recurring funds.

50 For the 2024-2025 fiscal year and subsequent fiscal years, it is the intent of the  
51 General Assembly that the net appropriation for the "buy down" of any financial obligations

1 incurred by Elizabeth City State University, the University of North Carolina at Pembroke, and  
2 Western Carolina University for the NC Promise Tuition Plan established pursuant to  
3 G.S. 116-143.11 shall not exceed the sum of eighty-one million four hundred thousand dollars  
4 (\$81,400,000) in recurring funds.

#### 6 UNC LABORATORY SCHOOL MODIFICATIONS/FUNDS

7 SECTION 8.5.(a) G.S. 116-239.5 is amended by adding a new subsection to read:

8 "(e) In addition to all other immunities provided to them by applicable State law, the  
9 Subcommittee, chancellor, the constituent institution, an advisory board, and a laboratory school,  
10 and their members, employees, and agents shall be entitled to the specific immunities provided  
11 for in Chapter 115C of the General Statutes applying to the State Board of Education,  
12 Superintendent of Public Instruction, a local board of education, a local school administrative  
13 unit, and their members and employees. Any such immunity to liability established by this  
14 subsection shall not extend to gross negligence, wanton conduct, or intentional wrongdoing that  
15 would otherwise be actionable. Immunity established by this subsection shall be deemed to be  
16 waived to the extent of indemnification under Article 31A and Article 31B of Chapter 143 of the  
17 General Statutes and to the extent sovereign immunity is waived under the Tort Claims Act, as  
18 set forth in Article 31 of Chapter 143 of the General Statutes."

19 SECTION 8.5.(b) G.S. 116-239.7(b) reads as rewritten:

20 "(b) Resolution by the Subcommittee to Approve a Laboratory School. – The  
21 Subcommittee shall adopt a resolution upon the approval of each laboratory school, which shall  
22 include the following:

- 23 (1) Name of the laboratory school.
- 24 (2) The local school administrative unit in which the laboratory school shall be  
25 located.
- 26 (3) A term of operation for the laboratory school of five years from the date of  
27 initial operation. At the end of the initial five years of operation, the  
28 Subcommittee shall renew the term of operation for additional five-year  
29 periods under the resolution if the laboratory school is still located in a local  
30 school administrative unit that has twenty-five percent (25%) or more of the  
31 schools located in the unit identified as low-performing under  
32 G.S. 115C-105.37, or if the Subcommittee renews a waiver of this  
33 requirement under subsection (a2) of this section, the resolution may be  
34 renewed by the Subcommittee at the end of the term for an additional five  
35 years. section. If the laboratory school is no longer (i) located in a qualifying  
36 local school administrative unit or (ii) meeting the purposes of this Article  
37 under a waiver at the end of five years, the Subcommittee shall may renew the  
38 term of operation for additional five-year periods under the resolution if the  
39 Subcommittee finds the school is successfully meeting its mission to improve  
40 student performance and provide valuable exposure and training for teachers  
41 and principals in the constituent institution's educator preparation program.  
42 The Subcommittee may terminate operation of any laboratory school during  
43 the initial term of operation or during a five-year renewal period if the  
44 Subcommittee finds it is failing to meet expected progress toward meeting the  
45 mission of the school consistent with the requirements of this Article. The  
46 Subcommittee shall notify the Board of Governors of the end of the term of  
47 operation of a laboratory school and request designation of additional  
48 constituent institutions with educator preparation programs to establish a  
49 laboratory school in accordance with the provisions of this Article."

50 SECTION 8.5.(c) G.S. 116-239.8(b)(4) reads as rewritten:

"(4) Food and transportation services. – The local school administrative unit in which the laboratory school is located shall provide ~~food services and~~ transportation to students ~~attending who reside in the local school administrative unit and attend the laboratory school, including any~~ students who are homeless and require assistance pursuant to 42 U.S.C. § 11301, et seq., the McKinney-Vento Homeless Assistance Act. The requirement to provide transportation to students residing in the local school administrative unit shall (i) apply regardless of where a laboratory school student resides in the unit or how the unit's transportation policies and practices are applied to other students and (ii) include providing transportation of students and personnel for laboratory school extracurricular activities and educational trips in the same manner as other schools in the unit for that school year. The local school administrative unit in which the laboratory school is located shall ~~administer~~ administer, at its cost, the National School Lunch Program for the laboratory school in accordance with G.S. 115C-264. The chancellor shall arrange for the provision of these services from the local school administrative unit."

**SECTION 8.5.(d)** G.S. 116-239.9 reads as rewritten:

**"§ 116-239.9. Student admissions and assignment.**

(a) A child shall be eligible to attend a laboratory school if the child resides in the local school administrative unit in which a laboratory school is located and meets at least one of the following criteria:

- (1) Is assigned to a low-performing school, as defined by G.S. 115C-105.37 at the time of the student's application.
- (2) Did not meet expected growth in the prior school year based on one or more indicators listed in subsection (c1) of this section.
- (3) Is the sibling of a child who is eligible under subdivision (1) or (2) of this subsection.
- (4) Is the child of a laboratory school employee.

(b) No local board of education shall require any student enrolled in the local school administrative unit to attend a laboratory school.

(c) During each period of enrollment, the laboratory school shall enroll an eligible student under subsection (a) of this section who submits a timely application, up to the capacity of a program, class, grade level, or building, in the order in which applications are received. Once enrolled, students are not required to reapply in subsequent enrollment periods. The laboratory school may give enrollment priority to the sibling of an enrolled student who attended the laboratory school in the prior school year.

(c1) For the purposes of this Article, any of the following shall serve as indicators that a student did not meet expected student growth in the prior school year: (i) grades, (ii) observations, (iii) diagnostic and formative assessments, (iv) State assessments, or (v) other factors, including reading on grade level.

(c2) Notwithstanding the requirements of subsection (a) of this section, if a laboratory school has not reached enrollment capacity in a program, class, grade level, or building by March 1, prior to the start of the next school year, the laboratory school may enroll children who reside in the local school administrative unit in which the laboratory school is located but do not meet one of the criteria set forth in subdivisions (1) through (4) of subsection (a) of this section for up to twenty percent (20%) of the total capacity of the program, class, grade level, or building.

(d) Notwithstanding any law to the contrary, a laboratory school may refuse admission to any student who has been expelled or suspended from a public school under G.S. 115C-390.5 through G.S. 115C-390.11 until the period of suspension or expulsion has expired.

(e) Within one year after a laboratory school begins operation, the laboratory school shall make efforts for the population of the school to reasonably reflect the racial, ethnic, and socioeconomic composition of the general population residing within the local school administrative unit in which the school is located."

**SECTION 8.5.(e)** Section 11.6(d) of S.L. 2016-94, as amended by Section 4 of S.L. 2017-117, reads as rewritten:

"**SECTION 11.6.(d)** Notwithstanding G.S. 116-239.5, (i) at least ~~nine~~ six laboratory schools shall be established pursuant to Article 29A of Chapter 116 of the General Statutes, as enacted by this section, and in operation by the beginning of the ~~2019-2020-2020-2021~~ school year and (ii) at least an additional three laboratory schools shall be established pursuant to Article 29A of Chapter 116 of the General Statutes and in operation by the beginning of the 2021-2022 school year."

**SECTION 8.5.(f)** The funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2019-2021 fiscal biennium to support the operation of laboratory schools shall not be used to create new positions or to hire additional consultants for The University of North Carolina System Office.

**SECTION 8.5.(g)** Subsection (a) of this section applies to an action or omission of an action occurring on or after the date this act becomes law. Subsections (c) and (d) of this section apply beginning with the 2019-2020 school year.

#### **NC PATRIOT STAR FAMILY SCHOLARSHIP PROGRAM**

**SECTION 8.8.(a)** Establishment of the Scholarship Program. – From the funds appropriated to the Board of Governors of The University of North Carolina for the 2019-2021 fiscal biennium for the North Carolina Patriot Star Family Scholarship Program (Program), the Board of Governors shall provide those funds as a grant-in-aid to (i) the Patriot Foundation, a nonprofit corporation, and (ii) the Marine Corps Scholarship Foundation, Inc., a nonprofit corporation, for the purpose of establishing and administering scholarships in accordance with the requirements of the Program. The Program shall provide for scholarships to eligible children and eligible spouses of certain veterans and eligible children of certain currently serving members of the Armed Forces to attend eligible postsecondary institutions in accordance with the requirements of this section.

**SECTION 8.8.(b)** Definitions. – For the purposes of this section, the following definitions apply:

(1) **Armed Forces.** – A component of the United States Army, Navy, Marine Corps, Air Force, and Coast Guard, including their reserve components.

(2) **Eligible child or eligible children.** – Any person (i) who is attending or has been accepted to enroll in an eligible postsecondary institution, (ii) who is a legal resident of North Carolina when scholarship documentation is completed, provided that if a child is claimed as a dependent by the child's parent, residency may be established based on a parent meeting sub-sub-subdivision 4. of sub-subdivision a. of this subdivision, (iii) has complied with the requirements of the Selective Service System, if applicable, and (iv) whose parent is a veteran or a currently serving member of the Armed Forces that meets the following:

a. Meets one of the following residency conditions:

1. Is a resident of North Carolina at the time of scholarship documentation completion.
2. Was a resident of North Carolina at the time of entrance into service in the Armed Forces.
3. Was permanently stationed in North Carolina at the time of his or her death.

4. Is an active duty service member permanently stationed in North Carolina at the time of documentation completion.
- b. Meets one of the following service conditions:
  1. Was a member of the Armed Forces who was killed in action or in the line of duty, or died of wounds or other causes not due to the service member's willful misconduct during a period of war or national emergency.
  2. Was a member of the Armed Forces who died of service-connected injuries, wounds, illness, or other causes incurred or aggravated while a member of the Armed Forces during a period of war or national emergency. Standard documentation of the parent's death, wounds, injury, or illness must be supplied by a scholarship recipient at the time of scholarship request.
  3. Is a veteran of the Armed Forces who incurred traumatic injuries or wounds or sustained a major illness while a member of the Armed Forces during a period of war or national emergency and is receiving compensation for a wartime service-connected disability of at least fifty percent (50%) as rated by the U.S. Department of Veterans Affairs.
  4. Is a current member of the Armed Forces who incurred traumatic injuries or wounds or sustained a major illness while a member of the Armed Forces during a period of war or national emergency. The parent's traumatic wounds, injury, or major illness must be documented by the U.S. Department of Defense.
- (3) Eligible spouse. – Any person (i) who is attending or has been accepted to enroll in an eligible postsecondary institution, (ii) who is a legal resident of North Carolina when scholarship documentation is completed, (iii) has complied with the requirements of the Selective Service System, if applicable, and (iv) whose spouse was a member of the Armed Forces who was killed in action or in the line of duty, or died of wounds or other causes not due to the service member's willful misconduct during a period of war or national emergency.
- (4) Eligible postsecondary institution. – A school that is any of the following:
  - a. A constituent institution of The University of North Carolina.
  - b. A community college under the jurisdiction of the State Board of Community Colleges.
  - c. A private educational institution as defined in G.S. 143B-1224.
  - d. An accredited, private vocational institution.
- (5) Veteran. – An individual who has served and is no longer serving in the Armed Forces of the United States. For the purposes of this section, the veteran must have separated from the Armed Forces under honorable conditions or whose death or disability of at least fifty percent (50%) or more was incurred as a direct result of service in the line of duty.

**SECTION 8.8.(c)** Administration; Awards. – Within the funds made available for the Program, the Patriot Foundation and the Marine Corps Scholarship Foundation shall each separately administer and award scholarships to eligible children and eligible spouses in accordance with the requirements of the North Carolina Patriot Star Family Scholarship Program. In administering the Program, each nonprofit corporation shall be responsible for program



oversight for the scholarships awarded through its organization to ensure compliance with the provisions of this section.

Each nonprofit corporation shall, at a minimum, establish criteria and procedures related to scholarship documentation completion, the amount of individual scholarships, the permissible uses of scholarship funds, the period of eligibility for award of a scholarship, the conditions for a revocation of a scholarship, and any other procedures it deems necessary for its administration of the Program. A scholarship awarded to an eligible child or eligible spouse shall not exceed the cost of attendance at the eligible postsecondary institution.

If an eligible child or eligible spouse receives a scholarship or other grant covering the cost of attendance at an eligible postsecondary institution for which the scholarship is awarded, then the amount of a scholarship awarded under this section shall be reduced so that the sum of all grants and scholarships covering the cost of attendance received by the eligible child or eligible spouse does not exceed the cost of attendance for the institution. For the purposes of this subsection, cost of attendance shall be deemed to include monies for tuition, fees, books, supplies, and equipment required for study at an eligible postsecondary institution, as well as room and board as long as the scholarship recipient is enrolled as at least a half-time student at the institution. Off-campus housing costs for room and board are also included to the extent the eligible postsecondary institution includes it in its cost of attendance.

**SECTION 8.8.(d) Reporting.** – The Patriot Foundation shall submit a report by April 1 of each year in which the Patriot Foundation spends State funds made available for the Program to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the activities described by this section and the use of the State funds.

The Marine Corps Scholarship Foundation, Inc., shall submit a report by April 1 of each year in which the Marine Corps Scholarship Foundation spends State funds made available for the Program to the Joint Legislative Education Oversight Committee and the Fiscal Research Division on the activities described by this section and the use of the State funds.

## **CHANGES TO THE UNC ENROLLMENT FORMULA FOR STATE FUNDING**

**SECTION 8.9.(a)** The Board of Governors of The University of North Carolina, with the assistance of The University of North Carolina System Office, shall develop a proposal to modify its current enrollment funding formula to predict its enrollment growth and for the purposes of preparing the budget request for The University of North Carolina (UNC) submitted to the Governor and the General Assembly pursuant to G.S. 116-11(9) in accordance with the requirements of this section. The proposal shall include the following components:

- (1) Enrollment funding for the appropriation of State funds for UNC based on the number of credit hours required for undergraduate student completion of four- and five-year programs offered by each constituent institution. The enrollment funding shall apply to credit hours offered during the fall, spring, and summer academic terms in order for a student to complete a program.
- (2) Application of the enrollment funding formula beginning with undergraduate students who are initially enrolled as freshman or transfer students in curriculum programs at a constituent institution for the fall 2021 academic term and for subsequent academic terms.
- (3) A methodology that will be used for UNC to determine the number of credit hours required for undergraduate student completion of four- and five-year programs. A uniform buffer of credit hours shall not be used in the calculation of the number of credit hours required for program completion.
- (4) A methodology for calculating the cost of a credit hour to the student so that the tuition rate applicable to students at a constituent institution is applied uniformly. The Board of Governors shall allocate State funds to constituent institutions based on this methodology for the offset of tuition payments.

Nothing in this subdivision shall be construed to limit a constituent institution's authority to charge course fees in accordance with State law and policies established by the Board of Governors.

- (5) A procedure and cost budgeting method for UNC that shall be applied in circumstances in which a student is unable to complete the required credit hours as a full-time student continuously enrolled in a constituent institution due to unavailability of courses in program scheduling by the constituent institution. The burden of the cost of meeting the credit hour course requirements under these circumstances shall not be transferred to the student. The burden of this cost shall be covered by UNC and shall reflect the potential loss of student financial aid and expected loan repayments due to loss of an individual student's status as full-time and continuously enrolled.

**SECTION 8.9.(b)** The Board of Governors shall report the proposal for the new enrollment funding formula as required by subsection (a) of this section to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House of Representatives Appropriations Subcommittee on Education, the Fiscal Research Division, and the Office of State Budget and Management by March 1, 2020.

**SECTION 8.9.(c)** The Board of Governors shall begin implementation of the transition to the new enrollment funding formula required by this section during the 2020-2021 fiscal year. The enrollment funding formula shall be fully implemented by July 1, 2021, and shall apply beginning with the 2021-2022 fiscal year for undergraduate students entering the 2021 fall academic term and for subsequent academic terms.

**SECTION 8.9.(d)** G.S. 116-143.7 is repealed.

**SECTION 8.9.(e)** G.S. 116-143.9 reads as rewritten:

**"§ 116-143.9. Fixed tuition payment.**

(a) There is established the fixed tuition payment program. The rate of tuition of any freshman or transfer undergraduate student who is admitted to any constituent institution of The University of North Carolina and deemed to be a North Carolina resident for purposes of tuition shall be guaranteed as provided by this section. The program shall have the following components:

- (1) A guarantee that the rate of tuition approved by either the Board of Governors or the Board of Trustees of the constituent institution will remain constant or decrease during the tuition period.
- (2) Except as provided in subsection (b) of this section, the tuition period shall be (i) eight consecutive academic semesters for a student seeking a baccalaureate degree in a four-year program or 10 consecutive academic semesters for a student seeking a baccalaureate degree in a program officially designated by the Board of Governors as a five-year program, not including any summer sessions, or (ii) the appropriate balance of a designated program length after making the proper adjustments for a student who transfers to the constituent institution.
- (3) Except as provided in subsection (b) of this section, the student must remain enrolled continuously at the constituent institution during the entire tuition period.
- (4) At the end of the tuition period, the cost of tuition for any additional academic semesters reverts to the amount of the current tuition for that constituent institution and a tuition surcharge imposed under G.S. 116-143.7, if applicable institution.

(b) The tuition period may be tolled if the student is able to demonstrate a substantial disruption or interruption in that any of the following have substantially disrupted or interrupted the student's pursuit of a degree as provided in G.S. 116-143.7(c): (i) a military service

obligation, (ii) serious medical debilitation, (iii) a short-term or long-term disability, or (iv) other extraordinary hardship. The Board of Governors shall establish the appropriate procedures to implement this subsection.

(c) The Board of Governors shall adopt the policies needed to implement this section and shall also determine what the fixed tuition rates and the tuition periods shall be for undergraduate transfer students who are North Carolina residents for purposes of tuition."

**SECTION 8.9.(f)** Subsections (d) and (e) of this section become effective July 1, 2021, and apply beginning with freshman or transfer undergraduate students who enroll in a constituent institution for the 2021 fall academic term and for subsequent academic terms.

## **MODIFY FUTURE TEACHERS OF NORTH CAROLINA**

**SECTION 8.12.(a)** G.S. 116-41.30(b) reads as rewritten:

"(b) Program. – FTNC shall be a ~~program providing professional development and curricula for courses that provide selective, application-based symposium for high school juniors and seniors, offering a~~ challenging introduction to teaching as a profession for high school students through courses offered by participating high schools in conjunction with college partners. ~~profession. FTNC courses shall include both content on pedagogy and the profession of teaching and field experiences for high school students. provide instruction on pedagogy, ethics and professionalism, child development, successful teaching strategies and classroom management practices, effective lesson planning, assessment and intervention, and requirements of teacher licensure. The FTNC Symposium should provide practical benefits to participating students, which may include interaction with current educators, administrators, and educator preparation program faculty members, a simulated student teaching experience, and information about financial aid and scholarship opportunities.~~"

**SECTION 8.12.(b)** G.S. 116-41.31 reads as rewritten:

### **"§ 116-41.31. Oversight of Future Teachers of North Carolina.**

(a) ~~FTNC General Administration. System Office.~~ FTNC shall be administratively located in The University of North Carolina System Office. The President shall select three constituent institutions with highly successful schools of education located in the western, central, and eastern regions of the State, respectively, to collaborate on development of curricula for FTNC and to provide professional development to high school teachers who will teach FTNC courses. The three constituent institutions shall also work with other constituent institutions and other institutions of higher education in the State to seek input in the development of curricula and professional development for FTNC and to create a network of college faculty to provide support to high schools offering FTNC courses. establish a Future Teachers of North Carolina Advisory Council (FTNC Council) to oversee the FTNC program. At the President's discretion, the FTNC Council shall coordinate with constituent institutions to utilize expertise from administrators, faculty, and staff members of institutions of higher education in designing the agenda and instructional content for the FTNC Symposium. The FTNC Council shall ensure diverse representation of the educator preparation programs represented at the FTNC Symposium. The FTNC Council shall also be responsible for creating an application process for interested high school students, reviewing submitted applications, selecting students to attend, and recruitment and outreach efforts.

(b) ~~FTNC Site Applications. — All high schools in the State are encouraged to offer FTNC courses to students. A high school shall apply to offer FTNC courses with the geographically appropriate constituent institution overseeing FTNC and shall ensure that all teachers teaching FTNC courses have received appropriate training. High schools shall also seek a partner institution of higher education to provide support from college faculty. High schools participating in the FTNC program shall report demographic, survey, and other available outcome data to The University of North Carolina System Office as necessary for completion of the FTNC annual report required by G.S. 116-41.32.~~

(e) FTNC Institution of Higher Education Partners. Constituent institutions that partner with high schools shall offer dual credit for high school students who successfully complete the FTNC course with a grade of "B" or higher. Other institutions of higher education that partner with high schools are encouraged to offer dual credit for high school students who successfully complete the FTNC course with a grade of "B" or higher. Constituent institutions shall provide annually to The University of North Carolina System Office data on students who have received dual credit for completion of an FTNC course and students who applied for admission into an educator preparation program at a constituent institution who indicated in the application for admission that the student completed an FTNC course. Other institutions of higher education are encouraged to provide annually to The University of North Carolina System Office data on students who have received dual credit for completion of an FTNC course and students who applied for admission into an educator preparation program at the institution of higher education who indicated in the application for admission that the student completed an FTNC course."

SECTION 8.12.(c) G.S. 116-41.32 reads as rewritten:

**"§ 116-41.32. Future Teachers of North Carolina reporting.**

The University of North Carolina System Office shall report annually, beginning October 15, 2019, 2020, on the following:

- (1) ~~Total number and names of local school administrative units with~~ List of high schools and local school administrative units represented by participating in FTNC, total number and names of high schools offering FTNC, partner institution of higher education for each high school, and number of sections of the course being offered at each high school. students.
- (1a) Number of students who submitted an application to attend the FTNC Symposium.
- (1b) Number of students attending the FTNC Symposium, including distribution by region.
- (2) Demographic information of students enrolled in FTNC courses attending the FTNC Symposium.
- (2a) Description of the event agenda and content.
- (3) Percentage of students who, after completing the course, attending the FTNC Symposium, reported the following:
  - a. The student plans to choose teaching as a profession.
  - a1. The student plans to enroll in a community college, a constituent institution, a private postsecondary institution located in North Carolina, or a postsecondary institution located in another state.
  - b. The course-FTNC Symposium was very or somewhat effective in helping the student formulate a positive perception of the education profession.
  - c. The coursework and activities-FTNC Symposium increased the student's knowledge of the teaching profession and other careers in education.
  - d. The field experience helped the student understand the many factors that contribute to effective teaching.
- (4) Percentage of students who completed an FTNC course who received dual credit for successful completion of the course, by institution.
- (5) Percentage of students who completed an FTNC course who applied for admission into an educator preparation program, by institution.
- (6) Number of teachers provided professional development for FTNC."

**MODIFY IN-STATE TUITION FOR CERTAIN VETERANS AND OTHER INDIVIDUALS**

SECTION 8.13.(a) G.S. 116-143.3A reads as rewritten:

"§ 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 individuals.**

(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.

(b) ~~Waiver of 12-Month Residency Requirement for Veteran.~~ Certain Individuals. – Any ~~veteran-veteran, dependent of a veteran, or other individual~~ 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-enrollment, to the extent required by Section 702 of the Veterans Access, Choice, and Accountability Act of 2014, as amended, 38 U.S.C. § 3679,~~ without satisfying the 12-month residency requirement under G.S. 116-143.1, provided the ~~veteran-individual~~ 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 individual's~~ abode is North Carolina.

(4) ~~The veteran-individual~~ provides the institution of higher education at which the ~~veteran-individual~~ intends to enroll a letter of intent to establish residence in North Carolina.

(5) The individual meets the definition of a "covered individual" under 38 U.S.C. § 3679(c).

(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, with the exception of individuals described in subsections (c1) and (c2) of this section, 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.



(e1) Recipients using transferred Post 9/11 GI Bill benefits (38 U.S.C. § 3319) while the transferor is on active duty in the Armed Forces, the commissioned corps of the U.S. Public Health Service, or the National Oceanic and Atmospheric Administration are eligible for the in-State tuition rate, provided the recipient's abode is in North Carolina and the recipient provides the institution of higher education a letter of intent to establish residency in North Carolina.

(e2) Recipients of the Marine Gunnery Sergeant John David Fry Scholarship (38 U.S.C. § 3311(b)(9)), whose parent or spouse died in the line of duty, without regard as to whether the death in the line of duty followed a period of active duty service of 90 days or more, are eligible to receive in-State tuition under this section, provided the recipient's abode is in North Carolina and the recipient provides the institution of higher education a letter of intent to establish residency in North Carolina.

(d) After the expiration of the three-year period following discharge 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 described in subsection (e) of this section 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.

(e) The individual applying for the benefit of this section has the burden of proving entitlement to the benefit."

**SECTION 8.13.(b)** This section applies to qualifying veterans and other individuals who are enrolled or who enroll in institutions of higher education for any academic quarter, term, or semester that begins on or after the date this act becomes law.

## UMSTEAD ACT EXEMPTION/NC A&T STATE UNIVERSITY

**SECTION 8.14.** G.S. 66-58(c) reads as rewritten:

"(c) The provisions of subsection (a) shall not prohibit:

(1) The sale of products of experiment stations or test farms.

(1a) The sale of products raised or produced incident to the operation of a community college or college viticulture/enology program as authorized by G.S. 18B-1114.4 or the operation of a community college or college brewing, distillation, or fermentation program as authorized by G.S. 18B-1114.6.

(1b) The sale by North Carolina State University at University-owned facilities of dairy products, including ice cream, cheeses, milk-based beverages, and the by-products of heavy cream, produced by the Dairy and Process Applications Laboratory, so long as any profits are used to support the Department of Food Science and College of Agriculture and Life Sciences at North Carolina State University.

(1c) The sale by North Carolina Agricultural and Technical State University (NC A&T State University) at University-owned facilities of dairy products, including ice cream, cheeses, milk-based beverages, and the by-products of heavy cream, produced by the University Farm at NC A&T State University, so long as any profits are used to support the Agricultural Research Program in the College of Agriculture and Environmental Sciences at NC A&T State University.

...."

## UNC REPORT ON STATE BUDGET ALLOCATIONS AND POLICIES

**SECTION 8.15.** G.S. 116-11 is amended by adding the following new subdivision to read:

"(9b) The Board of Governors shall report by February 1 of each year to the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education/Higher Education, the House of Representatives Appropriations Subcommittee on Education, and the Fiscal Research Division on the actions and adjustments necessary to its budgetary policies, regulations, and standards resulting from the Current Operations Appropriations Act for the administration and operation of The University of North Carolina and the distribution of State and federal funds to constituent institutions. The report shall include at least the following information for each constituent institution:

- a. Guidelines related to State salaries of University of North Carolina employees, including range, median, and mean of faculty salaries at the institution.
- b. Budget allocations and reductions, including for operating expenses and specific programs.
- c. Distribution of additional State allocations for enrollment funding.
- d. Use of State funds and budget flexibility.
- e. Availability of federal funds.
- f. Tuition and fees.
- g. Composition of the student population at the institution, including headcount enrollment and full-time student enrollment for both undergraduate and graduate students, and aggregate data on residency status, median household income, gender, race, and ethnicity.
- h. Student retention and graduation rates.
- i. Postsecondary educational attainment rate at the institution, including comparison to statewide data.
- j. A comparison to prior fiscal year expenditures and appropriations."

#### PART VIII-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY

##### NEED-BASED SCHOLARSHIPS FOR PRIVATE INSTITUTIONS/DEPENDENTS OF VETERANS AND ACTIVE DUTY MILITARY

SECTION 8A.4.(a) G.S. 116-281(3) reads as rewritten:

"(3) The student must meet at least one of the following:

- a. Qualify as a legal resident of North Carolina and as a resident for tuition purposes under the criteria set forth in G.S. 116-143.1 and in accordance with definitions of residency that may from time to time be adopted by the Board of Governors of The University of North Carolina.
- b. Be a veteran provided the veteran's abode is in North Carolina and the veteran provides the eligible private postsecondary institution a letter of intent to establish residency in North Carolina.
- c. Be an active duty member of the Armed Forces provided the member of the Armed Forces is abiding in this State incident to active military duty in this State.
- d. Be the dependent relative of a veteran who is abiding in North Carolina while sharing an abode with the veteran and the dependent relative provides the eligible private postsecondary institution a letter of intent to establish residency in North Carolina.
- e. Be the dependent relative of an active duty member of the Armed Forces who is abiding in North Carolina incident to active military duty while sharing an abode with the active duty member."



1           **SECTION 8A.4.(b)** This section applies beginning with the award of scholarships  
2 for the 2020-2021 academic year.

3  
4 **EDUCATION LOTTERY SCHOLARSHIP MODIFICATIONS**

5           **SECTION 8A.5.(a)** G.S. 115C-499.2 reads as rewritten:

6 **"§ 115C-499.2. Eligibility requirements for a scholarship.**

7           In order to be eligible to receive a scholarship under this Article, a student seeking a degree,  
8 diploma, or certificate at an eligible postsecondary institution must meet all of the following  
9 requirements:

- 10           (1) Only needy North Carolina students are eligible to receive scholarships. For  
11 purposes of this subsection, "needy North Carolina students" are those eligible  
12 students whose expected family contribution under the federal methodology  
13 does not exceed five-six thousand dollars ~~(\$5,000)~~ (\$6,000).

14           ...."

15           **SECTION 8A.5.(b)** G.S. 115C-499.3(a) reads as rewritten:

16           "(a) Subject to the amount of net income available under G.S. 18C-164(b)(2), a  
17 scholarship awarded under this Article to a student at an eligible postsecondary institution shall  
18 be based upon the enrollment status and expected family contribution of the student and shall not  
19 exceed four-five thousand one hundred dollars ~~(\$4,000)~~ (\$5,100) per academic year, including  
20 any federal Pell Grant, to be used for the costs of attendance as defined for federal Title IV  
21 programs."

22           **SECTION 8A.5.(c)** This section applies beginning with the award of scholarships  
23 for the 2020-2021 academic year.

24  
25 **MODIFY NC TEACHING FELLOWS PROGRAM**

26           **SECTION 8A.6.(a)** G.S. 116-209.62, as amended by subsections (b) and (c) of this  
27 section, reads as rewritten:

28 **"§ 116-209.62. North Carolina Teaching Fellows Program established; administration.**

29           ...

30           (f) Program Selection Criteria. – The Authority shall administer the Program in  
31 cooperation with five-up to eight institutions of higher education with approved educator  
32 preparation programs selected by the Commission that represent a diverse selection of both  
33 postsecondary constituent institutions of The University of North Carolina and private  
34 postsecondary institutions operating in the State. The Commission shall adopt stringent standards  
35 for selection of the most effective educator preparation programs, including the following:

- 36           (1) Demonstrates high rates of educator effectiveness on value-added models and  
37 teacher evaluations, including using performance-based, subject-specific  
38 assessment and support systems, such as edTPA or other metrics of evaluating  
39 candidate effectiveness that have predictive validity.
- 40           (2) Demonstrates measurable impact of prior graduates on student learning,  
41 including impact of graduates teaching in STEM or special education  
42 licensure areas.
- 43           (3) Demonstrates high rates of graduates passing exams required for teacher  
44 licensure.
- 45           (4) Provides curricular and co-curricular enhancements in leadership, facilitates  
46 learning for diverse learners, and promotes community engagement,  
47 classroom management, and reflection and assessment.
- 48           (5) Requires at least a minor concentration of study in the subject area that the  
49 candidate may teach.

- (6) Provides early and frequent internship or practical experiences, including the opportunity for participants to perform practicums in diverse school environments.
- (7) Is approved by the State Board of Education as an educator preparation program.
- (g) Awards of Forgivable Loans. – The Program shall provide forgivable loans to selected students to be used at ~~the five up to eight~~ selected institutions for completion of a program leading to initial teacher licensure as follows:

...."

**SECTION 8A.6.(b)** G.S. 116-209.62(c)(3) reads as rewritten:

"(3) The Authority shall provide the Commission with up to six hundred thousand dollars (\$600,000) from the Trust Fund in each fiscal year for the Commission to provide mentoring and coaching support to forgivable loan recipients through the North Carolina New Teacher Support Program as follows:

- a. ~~Up in an amount of up to two thousand two hundred dollars (\$2,000) (\$2,200) for each Program recipient-recipient. Funds shall be prioritized for teachers serving as a teacher in a North Carolina public school-schools identified as low-performing under G.S. 115C-105.37.~~
- b. ~~Up to one thousand dollars (\$1,000) for each Program recipient serving as a teacher in a North Carolina public school not identified as low-performing under G.S. 115C-105.37."~~

**SECTION 8A.6.(c)** G.S. 116-209.62(g)(4) reads as rewritten:

"(4) Students matriculating at institutions of higher education who are changing to ~~enrollment in an approved program of study at~~ a selected educator preparation program. – Forgivable loans of up to four thousand one hundred twenty-five dollars (\$4,125) per semester for up to four semesters."

**SECTION 8A.6.(d)** Subsection (a) of this section applies to the award of forgivable loans beginning with the 2020-2021 academic year.

## **COMBINE K-12 SCHOLARSHIP PROGRAMS FOR CHILDREN WITH DISABILITIES**

**SECTION 8A.9.(a)** Article 41 of Chapter 115C of the General Statutes reads as rewritten:

"Article 41.

"Personal Education ~~Savings Accounts~~ Student Accounts for Children with Disabilities.

**"§ 115C-590. North Carolina Personal Education ~~Savings Account~~ Student Accounts for Children with Disabilities Program established.**

There is established the North Carolina Personal Education ~~Savings~~ Student Accounts for Children with Disabilities Program to provide the option for a parent to better meet the individual educational needs of the parent's child.

**"§ 115C-591. Definitions.**

The following definitions apply in this Article:

- (1) Authority. – Defined in G.S. 116-201.
- (2) Division. – The Division of Nonpublic Education, Department of Administration.
- (2a) Educational technology. – As defined annually by the Authority, an item, piece of equipment, material, product, or system which may be purchased commercially off the shelf, modified, or customized and that is used primarily for educational purposes for a child with a disability.

- (3) Eligible student. – A student residing in North Carolina who has not yet received a high school diploma and who meets all of the following requirements:
- a. Is eligible to attend a North Carolina public school pursuant to G.S. 115C-366. Article 25 of this Chapter. A child who is the age of four on or before April 16 is eligible to attend the following school year if the principal, or equivalent, of the school in which the child seeks to enroll finds that the student meets the requirements of G.S. 115C-364(d) and those findings are submitted to the Authority with the child's application.
  - b. Has not been enrolled in a postsecondary institution ~~in a matriculated status eligible for enrollment for as a full-time student taking at least~~ 12 hours of academic credit.
  - c. Is a child with a disability, as defined in G.S. 115C-106.3(1), ~~including, for example, intellectual disability, hearing impairment, speech or language impairment, visual impairment, serious emotional disturbance, orthopedic impairment, autism, traumatic brain injury, other health impairments, specific learning disability, or disability as may be required to be included under IDEA, G.S. 115C-106.3(1).~~
  - d. Has not been placed in a nonpublic school or facility by a public agency at public expense.
- (4) Nonpublic school. – A school that meets the requirements of Part 1, 2, or 3 of Article 39 of this Chapter, as identified by the Division.
- (5) Parent. – A parent, legal guardian, or legal custodian of an eligible student.
- (5a) Part-time student. – A child enrolled part time in a public school and part time in a nonpublic school that exclusively provides services for children with disabilities.
- (6) Personal Education ~~Savings-Student~~ Account or PESA. – A bank account provided to a parent for the purpose of holding scholarship funds awarded by the Authority for an eligible student to be used for qualifying education expenses under G.S. 115C-595.

**"§ 115C-592. Award of scholarship funds for a personal education savings-student account.**

(a) Application Selection. – The Authority shall make available no later than February 1 of each year applications to eligible students for the award of scholarship funds for a personal education ~~savings-student~~ account to be used for qualifying education expenses to attend a nonpublic school. Information about scholarship funds and the application process shall be made available on the Authority's Web site. Applications shall be submitted electronically. ~~Beginning March 15, the~~ The Authority shall begin selecting recipients for award scholarships according to the following ~~criteria: criteria for applications received by March 1 of each year:~~

- (1) First priority shall be given to eligible students who were awarded scholarship funds for a PESA during the previous school ~~year if those students have applied by March 1 year.~~
- (2) After funds have been awarded to prior recipients as provided in subdivision (1) of this subsection, any remaining funds shall be used to award scholarship funds for a PESA for all other eligible students.

(b) Scholarship Awards. – ~~Scholarships-Except for eligible students who qualify for scholarship funds pursuant to subsection (b1) of this section, scholarships shall be awarded each year for an amount not to exceed (i) nine thousand dollars (\$9,000) per eligible student for the fiscal school year in for which the application is received, except received or (ii) for eligible part-time students, who shall be awarded scholarships each year for an amount not to exceed students, four thousand five hundred dollars (\$4,500) per eligible student for the fiscal school~~

1 year ~~in for~~ which the application is received. Any funds remaining on a debit card or in an  
2 electronic account provided under subsection (b2) of this section at the end of a school year for  
3 eligible students who qualify only under this subsection shall be returned to the Authority.

4 (b1) Scholarship Awards for Students with Certain Disabilities. – An eligible student may  
5 be awarded scholarship funds in an amount of up to seventeen thousand dollars (\$17,000) for  
6 each school year only if the student has been determined to have one or more of the following  
7 disabilities as a primary or secondary disability at the time of application for scholarship funds:

- 8 (1) Autism.
- 9 (2) Hearing impairment.
- 10 (3) Moderate or severe intellectual or developmental disability.
- 11 (4) Multiple, permanent orthopedic impairments.
- 12 (5) Visual impairment.

13 For eligible students who qualify for scholarship funds under this subsection, no more than  
14 four thousand five hundred dollars (\$4,500) of funds remaining on a debit card or in an electronic  
15 account at the end of a school year shall be carried forward until expended for each school year  
16 upon renewal of the account under subsection (b2) of this section. In no event shall the total  
17 amount of funds carried forward for an eligible student in a personal education student account  
18 exceed thirty thousand dollars (\$30,000). Any funds remaining on the card or in the electronic  
19 account if an agreement is not renewed under G.S. 115C-595 shall be returned to the Authority.

20 (b2) Disbursement and Deposit of Awards. – Scholarship funds shall be used only for  
21 tuition and qualifying education expenses as provided in G.S. 115C-595. Recipients shall receive  
22 the scholarship funds deposited in two equal amounts to a PESA in amounts, one-half in each  
23 quarter-semester of the fiscal school year. The first deposit of funds to a PESA shall be subject  
24 to the execution of the parental agreement required by G.S. 115C-595. The parent shall then  
25 receive a debit card or an electronic account with the prepaid funds loaded on the card or in the  
26 electronic account at the beginning of the fiscal school year. After the initial disbursement of  
27 funds, each subsequent, quarterly-semester disbursement of funds shall be subject to the  
28 submission by the parent of an expense report. The expense report shall be submitted  
29 electronically and shall include documentation that the student received an education, as  
30 described in G.S. 115C-595(a)(1), for no less than 35-70 days of the applicable quarter-semester.  
31 The debit card or the electronic account shall be renewed upon the receipt of the parental  
32 agreement under G.S. 115C-595 for recipients awarded scholarship funds in subsequent fiscal  
33 school years. Any funds remaining on the card or in the electronic account at the end of the fiscal  
34 year may be carried forward to the next fiscal year if the card or electronic account is renewed.  
35 Any funds remaining on the card or in the electronic account if an agreement is not renewed shall  
36 be returned to the Authority.

37 (c) Eligibility for the other scholarship programs is provided for as follows: Eligibility for  
38 Other Scholarship Programs. –

- 39 (1) An eligible student under this Article may receive, in addition to a PESA, a  
40 scholarship under Part 2A of Article 39 of this Chapter.
- 41 (2) An eligible student under this Article may receive, in addition to a PESA and  
42 a scholarship under Part 2A of Article 39 of this Chapter, a scholarship under  
43 the special education scholarship program for children with disabilities  
44 pursuant to Part 1H of Article 9 of this Chapter, only if that student has one or  
45 more of the following disabilities:
  - 46 a. Autism.
  - 47 b. Developmental disability.
  - 48 c. Hearing impairment.
  - 49 d. Moderate or severe intellectual disability.
  - 50 e. Multiple, permanent orthopedic impairments.
  - 51 f. Visual impairment.

(d) Applications Not Public Records. – Applications for scholarship funds and personally identifiable information related to eligible students receiving funds 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, or any other information or identification number that would provide information about a specific student or members of a specific student's household.

(e) Establishment of Initial Eligibility. – An applicant may demonstrate for initial eligibility that the applicant is a child with a disability, as required by G.S. 115C-591(3)c., ~~in either of the following ways:~~

(1) ~~The by having the child has been assessed by a local education agency and determined the local education agency determining the child to be a child with a disability and with that outcome is verified by the local education agency on a form provided to the Authority.~~

(2) ~~The child was initially assessed by a local education agency and determined to be a child with a disability and, following receipt of a scholarship awarded pursuant to Part 1H of Article 9 of this Chapter, was determined to have continuing eligibility, as provided in G.S. 115C-112.6(c)(2), by the assessing psychologist or psychiatrist. Both the initial verification from the local education agency and the continuing verification by the assessing psychologist or psychiatrist shall be provided on a form to the Authority.~~

#### **"§ 115C-593. Student continuing eligibility.**

After the initial disbursement of funds, the Authority shall ensure that the student's continuing eligibility is assessed at least every three years by one of the following:

(1) The local education agency. – The local education agency shall assess if the student continues to be a child with a disability and verify the outcome on a form to be provided to the Authority.

(2) A licensed psychologist with a school psychology focus or a psychiatrist. – The psychologist or psychiatrist shall assess, after review of appropriate medical and educational records, if the education and related services received by the student in the nonpublic school setting have improved the child's educational performance and if the student would continue to benefit from placement in the nonpublic school setting. The psychologist or psychiatrist shall verify the outcome of the assessment on a form to be provided to the Authority.

#### **"§ 115C-594. Verification of eligibility.**

(a) Verification of Information. – The Authority may seek verification of information on any application for the award of scholarship funds for a personal education ~~savings student~~ account. ~~The Authority shall select and verify six percent (6%) of applications annually, including those with apparent errors on the face of the application.~~ The Authority shall establish rules for the verification process. If a household fails to cooperate with verification efforts, the Authority shall revoke the award of scholarship funds for a PESA for the eligible student.

(b) Access to Information. – ~~Household members of applicants~~ Applicants for the award of scholarship funds for a PESA shall authorize the Authority to access information needed for verification efforts held by other State agencies, including the Department of Health and Human Services and the Department of Public Instruction.

#### **"§ 115C-595. Parental agreement; use of funds.**

(a) Parental Agreement. – The Authority shall provide the parent of a scholarship recipient with a written agreement, applicable for each year the eligible student receives scholarship funds under this Article, to be signed and returned to the Authority prior to receiving the scholarship funds. The agreement shall be submitted to the Authority electronically. The

parent shall not designate any entity or individual to execute the agreement on the parent's behalf. A parent or eligible student's failure to comply with this section shall result in a forfeit of scholarship funds and those funds may be awarded to another eligible student. The parent shall agree to the following conditions in order to receive scholarship funds under this Article:

- (1) Use at least a portion of the scholarship funds to provide an education to the eligible student in, at a minimum, the subjects of English language arts, mathematics, social studies, and science.
- (2) Unless the student is a part-time eligible student, release a local education agency in which the student is eligible to attend under G.S. 115C-366 of all obligations to educate the eligible student while the eligible student is receiving scholarship funds under this Article. A parent of a student, other than a part-time eligible student, who decides to enroll the student into the local education agency or other North Carolina public school during the term of the agreement shall notify the Authority to request a release from the agreement and shall return any unexpended funds to the Authority.
- (3) Use the scholarship funds deposited into a personal education ~~savings~~ student account only for the following qualifying education expenses of the eligible student:
  - a. Tuition and fees for a nonpublic school that meets the requirements of Part 1 or Part 2 of Article 39 of this Chapter and is subject to the requirements of G.S. 115C-562.5. Tuition and fees may only be disbursed to the nonpublic school as provided in subdivision (1) of subsection (a1) of this section.
  - b. Textbooks required by a nonpublic school.
  - c. Tutoring and teaching services provided by an individual or facility accredited by a State, regional, or national accrediting organization.
  - d. Curricula.
  - e. Fees for nationally standardized norm-referenced achievement tests, advanced placement tests, or nationally recognized college entrance exams.
  - f. Fees charged to the account holder for the management of the PESA.
  - g. Fees for services provided by a public school, including individual classes and extracurricular programs.
  - h. Premiums charged to the account holder for any insurance or surety bonds required by the Authority.
  - i. Educational therapies from a licensed or accredited practitioner or provider.
  - j. Educational technology defined by the Authority as approved for use pursuant to ~~Part 1H of Article 9 of this Chapter~~ G.S. 115C-591(2a).
  - k. Student transportation, pursuant to a contract with an entity that regularly provides student transportation, to and from (i) a provider of education or related services or (ii) an education activity.

(3a) Use of scholarship funds for reimbursement of tuition. – Notwithstanding sub-subdivision a. of subdivision (3) of this subsection, a parent of an eligible student may pay tuition to certain schools with funds other than funds available in the personal education student account and then request reimbursement from the Authority from scholarship funds if the parent complies with the provisions of subdivision (2) of subsection (a1) of this section.

- (4) Not use scholarship funds for any of the following purposes:

- a. Computer hardware or other technological devices not defined by the Authority as educational technology approved for use pursuant to Part III of Article 9 of this Chapter, G.S. 115C-591(2a).
- b. Consumable educational supplies, including paper, pen, or markers.
- c. Tuition and fees at an institution of higher education, as defined in G.S. 116-143.1, or a private postsecondary institution.
- d. Tuition and fees for a nonpublic school that meets the requirements of Part 3 of Article 39 of this Chapter.

(a1) Disbursement of Funds for Tuition. – The Authority shall disburse scholarship funds awarded to eligible students for tuition at a nonpublic school based upon the method selected by the nonpublic school. A nonpublic school may elect to participate in the scholarship endorsement for tuition option or the reimbursement for tuition option as set forth in this subsection. Scholarship funds shall not be provided for tuition for home schooled students. Scholarship funds for tuition shall be disbursed as follows:

(1) Scholarship endorsement for tuition. – The Authority shall remit, at least two times each school year, scholarship funds from the personal education student account for eligible students who attend nonpublic schools who meet the requirements of sub-subdivision a. of subdivision (3) of subsection (a) of this section to the nonpublic school for endorsement by at least one of the student's parents or guardians. The parent or guardian shall restrictively endorse the scholarship funds awarded to the eligible student for deposit into the account of the nonpublic school to the credit of the eligible student. 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. A parent's or guardian's failure to comply with this subdivision shall result in forfeiture of the scholarship funds for tuition. Scholarship funds forfeited for failure to comply with this subdivision shall be returned to the Authority to be awarded to another student.

(2) Reimbursement for tuition. – The parent or guardian of an eligible student who enrolls in a school that is (i) a North Carolina public school other than the public school to which that student would have 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 and is identified and deemed eligible by the Division but elects not to be subject to G.S. 115C-562.5, may pay tuition directly to the school with funds other than scholarship funds and request reimbursement with funds available in the personal education student account under subdivision (4) of subsection (a) of this section. However, the Authority shall not reimburse the parent or guardian prior to the midpoint of each semester. A parent or guardian may only receive reimbursement for tuition if the parent or guardian provides documentation to the Authority that the student is enrolled in the school.

(b) No Refunds to an Account Holder. – A nonpublic school or a provider of services purchased under subsection (a) of this section shall not refund or rebate any scholarship funds to a parent or eligible student in any manner. The parent shall notify the Authority if such a refund is required.

(c) Repealed by Session Laws 2018-5, s. 38.10(m), effective for taxable years beginning on or after January 1, 2018.

**"§ 115C-596. Identification of nonpublic schools and distribution of personal education savings student account information.**



(a) List of Nonpublic Schools. – The Division shall provide annually by February 1 to the Authority a list of all nonpublic schools operating in the State that meet the requirements of Part 1, 2, or 3 of Article 39 of this Chapter.

(b) Information on PESAs to the Division. – The Authority shall provide information about personal education ~~savings-student~~ accounts to the Division. The Division shall provide information about PESAs to all qualified nonpublic schools on an annual basis.

**"§ 115C-597. Administration.**

(a) Rules and Regulations. – The Authority shall establish rules and regulations for the administration of the program, including the following:

- (1) The administration and awarding of scholarship funds, including a lottery process for the selection of recipients within the criteria established by G.S. 115C-592(a), if necessary.
- (2) Requiring a surety bond or insurance to be held by account holders.
- (3) Use of the funds and the reporting of expenditures.
- (4) Monitoring and control of spending scholarship funds deposited in a personal education savings account.

The Authority shall provide recipients of scholarship funds with the annual list of defined educational technology for which scholarship funds may be used.

(b) Contract for Management of PESAs. – The Authority may contract with a private financial management firm or institution to manage PESAs in accordance with this Article.

(c) Annual Audits. – The Authority shall conduct annual audits of PESAs and may audit a random sampling of PESAs as needed to ensure compliance with the requirements of this Article. The Authority may contract with an independent entity to conduct these audits. The Authority may remove a parent or eligible student from the program and close a personal education ~~savings-student~~ account for failure to comply with the terms of the parental agreement, for failure to comply with applicable laws, or because the student is no longer an eligible student.

(d) Administration Costs. – Of the funds allocated to the Authority to award scholarship funds under this Article, the Authority may retain up to ~~two hundred fifty thousand dollars (\$250,000)~~ four percent (4%) of the funds appropriated for the program each fiscal year for administrative costs associated with the program, including contracting with non-State entities for administration of certain components of the program.

**"§ 115C-598. Reporting requirements.**

The Authority shall report annually, no later than October 15, to the Joint Legislative Education Oversight Committee on the following information from the prior school year:

- (1) Total number, grade level, race, ethnicity, and sex of eligible students receiving scholarship funds.
- (2) Total amount of scholarship funding awarded.
- (3) Number of students previously enrolled in public schools in the prior semester by the previously attended local education agency.
- (4) Nonpublic schools in which scholarship recipients are enrolled, including numbers of scholarship recipients at each nonpublic school.
- (5) The number of substantiated cases of fraud by recipients and the number of parents or students removed from the program for noncompliance with the provisions of this Article.

**"§ 115C-599. Duties of State agencies.**

(a) The State Board of Education, as part of its duty to monitor all local education agencies to determine compliance with this Article and the Individuals with Disabilities Education Improvement Act (IDEA), 20 U.S.C. § 1400, et seq., (2004), as amended, and federal regulations adopted under this act, as provided in G.S. 115C-107.4, shall ensure that local education 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 assessments for continuing eligibility to identified children with disabilities receiving scholarship funds at the request of the parent or guardian to ensure compliance with G.S. 115C-593.

(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-593 are sufficient and based on actual annual cost requirements."

**SECTION 8A.9.(b)** Notwithstanding G.S. 115C-592, as amended by this act, a student who was awarded scholarship funds for a PESA pursuant to Article 41 of Chapter 115C of the General Statutes for the 2019-2020 school year or a student who received a scholarship pursuant to Part 1H of Article 9 of Chapter 115C of the General Statutes for the 2019-2020 school year shall receive priority in the award of scholarship funds under G.S. 115C-592 for a personal education student account for the 2020-2021 school year if the student applies by March 1, 2020.

**SECTION 8A.9.(c)** Part 1H of Article 9 of Chapter 115C of the General Statutes is repealed.

**SECTION 8A.9.(d)** G.S. 115C-555(4) reads as rewritten:

"(4) It receives no funding from the State of North Carolina. For the purposes of this Article, scholarship funds awarded pursuant to Part 2A of this Article, Article or Article 41 of this Chapter, or Part 1H of Article 9 of this Chapter to eligible students attending a nonpublic school shall not be considered funding from the State of North Carolina."

**SECTION 8A.9.(e)** Section 5(b) of S.L. 2013-364, as rewritten by Section 3.2 of S.L. 2013-363 and as amended by Section 11.18 of S.L. 2015-241, is repealed.

**SECTION 8A.9.(f)** G.S. 105-153.5(b)(12) reads as rewritten:

"(12) The amount deposited during the taxable year to a personal education savings student account under Article 41 of Chapter 115C of the General Statutes."

**SECTION 8A.9.(g)** This section does not affect the rights or liabilities of the State, a taxpayer, or another person arising under a statute amended by this section before the effective date of its amendment, nor does it affect the right to any refund or credit of a tax that accrued under the amended statute before the effective date of its amendment.

**SECTION 8A.9.(h)** Subsection (a) of this section applies beginning with scholarship funds awarded for the 2020-2021 school year. Subsections (c) through (e) of this section become effective July 1, 2020. Subsection (f) of this section applies to taxable years beginning on or after January 1, 2020.

#### **MAINTAIN ADMINISTRATION FOR CURRENT GRANT RECIPIENTS OF THE EXISTING TRANSFORMING PRINCIPAL PREP PROGRAM AND PHASE IN ADMINISTRATION BY THE NEW PRINCIPAL FELLOWS AND TP3 COMMISSION**

**SECTION 8A.10.(a)** Effective June 30, 2019, subsections (a) through (d) of Section 2 of S.L. 2018-145 are repealed.

**SECTION 8A.10.(b)** Section 2(f) of S.L. 2018-145 reads as rewritten:

"**SECTION 2.(f)** Notwithstanding any provision of Part 4 of Article 23 of Chapter 116 of the General Statutes to the contrary, the nonprofit corporation contracting with the State Education Assistance Authority pursuant to G.S. 116-209.71, as of the date this act becomes law, shall not enter into or execute any new contracts, including the award of any new grants,

1 associated with grants or award a grant renewal for the Transforming Principal Preparation Grant  
2 Program on or after the date this act becomes law."

3 SECTION 8A.10.(c) Section 2(g) of S.L. 2018-145 reads as rewritten:

4 "SECTION 2.(g) ~~As soon as practicable, but no later than June 30, 2019, For grantees~~  
5 ~~selected for grants prior to January 1, 2019, through the Transforming Principal Preparation~~  
6 ~~Grant Program under G.S. 116-209.73, the nonprofit corporation contracting with the State~~  
7 ~~Education Assistance Authority pursuant to G.S. 116-209.71, as of the date this act becomes law,~~  
8 ~~G.S. 116-209.71 shall transfer to the North Carolina Principal Fellows and TP3 Commission (i)~~  
9 ~~by June 30, 2020, all of the data in its possession that was collected from grant recipients with~~  
10 ~~the term of the grant ending prior to July 1, 2020, in accordance with G.S. 116-209.73, including~~  
11 ~~any data collected during the 2018-2019-2019-2020 fiscal year, year and (ii) by June 30, 2021, all~~  
12 ~~of the data in its possession that was collected from grant recipients with the term of the grant~~  
13 ~~ending prior to July 1, 2022, in accordance with G.S. 116-209.73, including any data collected~~  
14 ~~during the 2020-2021 fiscal year."~~

15 SECTION 8A.10.(d) Section 11.9(o) of S.L. 2015-241, as enacted by Section 10A.5  
16 of S.L. 2017-57 and as amended by Section 10A.4 of S.L. 2018-5, reads as rewritten:

17 "SECTION 11.9.(o) ~~Beginning with For the 2017-2018 2017-2018, 2018-2019, and~~  
18 ~~2019-2020 fiscal year, years, of the funds appropriated for this program, the sum of four million~~  
19 ~~two hundred thousand dollars (\$4,200,000) shall be allocated each fiscal year to the State~~  
20 ~~Education Assistance Authority (Authority) to award grants to selected recipients-recipients~~  
21 ~~selected prior to January 1, 2019, pursuant to G.S. 116-209.73.~~

22 ~~For the 2020-2021 fiscal year, of the funds appropriated for this program, the sum of two~~  
23 ~~million five hundred fifteen thousand ninety-eight dollars (\$2,515,098) shall be allocated to the~~  
24 ~~Authority to award grants to recipients selected prior to January 1, 2019, pursuant to~~  
25 ~~G.S. 116-209.73."~~

26 SECTION 8A.10.(e) G.S. 116-209.70 reads as rewritten:

27 "§ 116-209.70. ~~Purpose and definitions.~~Purpose, definitions, and applicability.

28 (a) Purpose. – The purpose of this Part is to establish the Transforming Principal  
29 Preparation Grant Program as a competitive grant program for eligible entities to elevate  
30 educators in North Carolina public schools by transforming the preparation of principals across  
31 the State. ~~State and providing for forgivable scholarship loans to participants of those school~~  
32 ~~leader preparation programs. The Authority shall administer this Program through a cooperative~~  
33 ~~agreement with a private, nonprofit corporation to provide funds for the preparation and support~~  
34 ~~of highly effective future school principals in North Carolina.~~

35 (b) Definitions. – For the purposes of this Part, the following definitions apply:

36 ...

37 (5a) Public school. – An elementary or secondary school located in North Carolina  
38 that is operated by a local board of education, charter school board of  
39 directors, regional school board of directors, chancellor for a University of  
40 North Carolina laboratory school, an innovative school operator, or the United  
41 States government.

42 ...

43 (c) Applicability of Part. – The provisions of this Part shall only apply to the  
44 administration of the Transforming Principal Preparation Grant Program for grant recipients  
45 selected for the award of grants prior to January 1, 2019."

46 SECTION 8A.10.(f) G.S. 116-209.73(c) reads as rewritten:

47 "(c) Duration of Grants. – The nonprofit corporation shall also recommend to the  
48 Authority the duration ~~and renewal~~ of grants to eligible entities according to the following:

49 (1) The duration of grants shall be ~~as follows:~~

50 a. ~~Grants shall be no more than five years in duration.~~

b. The nonprofit corporation may recommend renewal of a grant based on performance, including allowing the grantee to scale up or replicate the successful program as provided in subdivision (2) of this subsection.

(1a) The following conditions shall apply during the grant period:

e.a. The nonprofit shall develop a process with the Authority for early retrieval of grant funds from grant recipients due to noncompliance with grant terms, including participation in third-party evaluation activities.

b. Grantees shall develop ~~and enforce~~ requirements for program graduates to serve a minimum of four years as school-based administrators in public school located in North Carolina. Requirements are subject to the approval of The grantee shall facilitate the execution of promissory notes between the Authority and program participants containing the terms for forgivable scholarship loans, including requirements for forgiveness or repayment, consistent with requirements approved by the nonprofit corporation and the provisions of G.S. 116-209.76.

(2) ~~In evaluating performance for purposes of grant renewal and making recommendations to the Authority, the nonprofit corporation shall consider at least the following:~~

a. ~~For all grantees, the primary consideration in renewing grants shall be the extent to which program participants improved student achievement in eligible schools.~~

b. ~~Other criteria from data received in the annual report in subsection (d) of this section may include the following:~~

1. ~~The percentage of program completers who are placed as school leaders in this State within three years of receiving a grant.~~

2. ~~The percentage of program completers who are rated proficient or above on the North Carolina School Executive Evaluation Rubric."~~

SECTION 8A.10.(g) Part 4 of Article 23 of Chapter 116 of the General Statutes is amended by adding a new section to read:

**"§ 116-209.76. Terms of forgivable scholarship loans.**

(a) Notes. – All forgivable scholarship loans shall be evidenced by notes made payable to the Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the Authority and beginning 90 days after completion of the school leader preparation program, or 90 days after termination of the loan, whichever is earlier. The forgivable scholarship loan may be terminated upon the recipient's withdrawal from the preparation program or by the recipient's failure to meet the standards set by the nonprofit corporation and the grantee.

(b) Forgiveness. – The Authority shall forgive the total amount of a forgivable scholarship loan and any interest accrued on the loan if, within seven years after graduation from a school leader preparation program, exclusive of any authorized deferment for extenuating circumstances, the recipient serves as a school administrator at a North Carolina public school for four years. A program participant shall be eligible for a forgivable scholarship loan in the amount of up to twenty thousand dollars (\$20,000) per year for up to two years in the program, with a maximum loan amount of forty thousand dollars (\$40,000) per participant.

For each year of qualifying service, the recipient shall have twenty-five percent (25%) of the total amount of the loan forgiven, regardless of whether the recipient serves for the entire four years as a school administrator in a North Carolina public school. The nonprofit corporation, in

collaboration with the grantees, shall monitor the acceptability of service repayment agreements and compliance of the recipient with the agreement. The nonprofit corporation shall notify the Authority of any relevant information or change in the circumstances pertaining to the recipient impacting the enforcement of the promissory note. A forgivable scholarship loan shall also be forgiven if the nonprofit corporation finds it is impossible for the recipient to work for four years as a school administrator, within seven years after completion of the preparation program supported by the loan, because of the death or permanent disability of the recipient. If the recipient repays the forgivable scholarship loan by cash payments to the Authority, all indebtedness shall be repaid within 12 years after completion of the school leader preparation program supported by the loan. If the recipient completes the school leader preparation program, payment of principal and interest shall begin no later than 27 months after the completion of the program. Should a recipient present extenuating circumstances, the Authority may extend the period to repay the forgivable scholarship loan in cash to no more than a total of 15 years."

**SECTION 8A.10.(h)** Effective July 1, 2021, Part 4 of Article 23 of Chapter 116 of the General Statutes, as amended, is repealed.

**SECTION 8A.10.(i)** Effective July 1, 2021, Section 11.9(m) of S.L. 2015-241, as amended by Section 4.3 of S.L. 2016-123, Section 10A.5 of S.L. 2017-57, and Section 10A.4 of S.L. 2018-5, is repealed.

**SECTION 8A.10.(j)** Effective July 1, 2021, Section 11.9(o) of S.L. 2015-241, as enacted by Section 10A.5 of S.L. 2017-57, and amended by Section 10A.4 of S.L. 2018-5 and subsection (d) of this section, is repealed.

**SECTION 8A.10.(k)** Article 5C of Chapter 116 of the General Statutes reads as rewritten:

"Article 5C.

"North Carolina Principal Fellows and Transforming Principal Preparation Program.

**"§ 116-74.41. North Carolina Principal Fellows and TP3 Commission established; membership.**

(a) There is established the North Carolina Principal Fellows and TP3 Commission. The Commission shall exercise its powers and duties independently of the Board of Governors of The University of North Carolina, in its administration of the North Carolina Principal Fellows and Transforming Principal Preparation Program, which includes the Principal Fellows Program and the North Carolina Transforming Principal Preparation Program, in accordance with this Article. The Director of the Principal Fellows Program shall staff the Commission. The State Education Assistance Authority (SEAA)—as created in G.S. 116-203 shall be responsible for (i) implementing scholarship loan agreements, monitoring, cancelling through service, collecting and otherwise enforcing the agreements for the Principal Fellows Program scholarship loans established in accordance with G.S. 116-74.42 and (ii) awarding grants upon selection of the recipients by the Commission in accordance with G.S. 116-74.46 and executing agreements for forgivable scholarship loans, cancelling through service, collecting, and otherwise enforcing the agreements under G.S. 116-74.48. The Commission shall be administratively housed in The University of North Carolina System Office. Office space for the Commission shall not be located on the campus of a constituent institution.

(a1) Repealed by Session Laws 2018-5, s. 10A.3(a), effective July 1, 2018.

(b) The Commission shall consist of 12-15 members appointed as follows:

(1) One member of the Board of Governors of The University of North Carolina appointed by the chair of that board, notwithstanding G.S. 116-7(b).

(2) One member of the State Board of Education appointed by the State Board chair.

(3) ~~Two deans~~ One dean of schools—a school of education appointed by the President of The University of North Carolina.

- (3a) One dean of a school of education appointed by the President of the North Carolina Independent Colleges and Universities.
- (4) One public school teacher appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate.
- (5) One public school principal appointed by the General Assembly upon the recommendation of the Speaker of the House of Representatives.
- (6) A local superintendent chosen by the State Superintendent of Public Instruction.
- (7) One member to represent business and industry appointed by the Governor.
- (8) One local school board member appointed by the chair of the State Board of Education.
- (9) One parent of a public school child human resources expert from the private sector appointed by the State Superintendent of Public Instruction.
- (10) The chairperson of the Board of the State Education Assistance Authority.
- (11) The director of the Principal Fellows Program. The director shall chair the Commission.
- (12) The Executive Director of the North Carolina Principals and Assistant Principals' Association or his or her designee.
- (13) The President of the Personnel Administrators of North Carolina or his or her designee.
- (14) The President and Chief Executive Officer of North Carolina Business Leaders for Education (BEST NC) or his or her designee.

(c) ~~Initial appointments shall be made no later than September 15, 1993. Initial terms of those members appointed to fill the teacher, principal, parent, superintendent, and the local school board member seats shall expire July 1, 1995. Initial terms of those members appointed to fill the Board of Governors of The University of North Carolina, State Board of Education, deans of schools of education, and the member of business and industry seats shall expire July 1, 1997. Thereafter, all~~ All appointments for these seats to the Commission shall be for four-year terms.

(d) Except as otherwise provided, if a vacancy occurs in the membership, the appointing authority shall appoint another person to serve for the balance of the unexpired term. In the discretion of the appointing authority, a State Board of Education member or a member of the Board of Governors of The University of North Carolina may complete a term on the Commission after the member's appointment from the appointing board has expired.

(e) Commission members shall receive per diem, subsistence, and travel allowances in accordance with G.S. 138-5 or G.S. 138-6, as appropriate.

(f) The Commission shall meet regularly, at times and places deemed necessary by the chair.

#### **"§ 116-74.41A. Definitions.**

For the purposes of this Article, the following definitions apply:

- (1) Authority or SEAA. – The State Education Assistance Authority as created in G.S. 116-203.
- (2) Commission. – The North Carolina Principal Fellows and TP3 Commission.
- (3) Eligible entity. – A for-profit or nonprofit organization or an institution of higher education that has an evidence-based plan for preparing school leaders who implement school leadership practices linked to increased student achievement.
- (4) High-need local school administrative unit. – A local school administrative unit with the majority of its schools deemed to be high-need schools as defined in subdivision (5) of this subsection.
- (5) High-need school. – A public school that meets one or more of the following criteria:



- a. Is a school identified under Part A of Title I of the Elementary and Secondary Education Act of 1965, as amended.
  - b. Is a persistently low-achieving school, as identified by the Department of Public Instruction for purposes of federal accountability.
  - c. A middle school containing any of grades five through eight that feeds into a high school with less than a seventy-five percent (75%) four-year cohort graduation rate.
  - d. A high school with less than a seventy-five percent (75%) four-year cohort graduation rate.
- (6) North Carolina Transforming Principal Preparation Program. – The North Carolina Transforming Principal Preparation Program established pursuant to G.S. 116-74.44.
- (7) Principal. – The highest administrative official in a public school building with primary responsibility for the instructional leadership, talent management, and organizational development of the school.
- (8) Principal Fellows Program. – The Principal Fellows Program established pursuant to G.S. 116-74.42.
- (9) Program. – The North Carolina Principal Fellows and Transforming Principal Preparation Program, which shall include the Principal Fellows Program and the North Carolina Transforming Principal Preparation Program.
- (10) Public school. – An elementary or secondary school located in North Carolina that is operated by a local board of education, charter school board of directors, regional school board of directors, chancellor for a University of North Carolina laboratory school, an innovative school operator, or the United States government.
- (11) School leader. – An individual employed in a school leadership role, including principal or assistant principal roles.
- (12) Student achievement. – At the whole school level, after three years of leading a school, consistent and methodologically sound measures of:
- a. Student academic achievement.
  - b. Aggregated individual student academic growth.
  - c. Additional outcomes, such as high school graduation rates, the percentage of students taking advanced-level coursework, or the percentage of students who obtain a career-related credential through a national business certification exam.
- (13) Trust Fund. – The North Carolina Principal Fellows and TP3 Trust Fund established pursuant to G.S. 116-74.41B.

**"§ 116-74.41B. The North Carolina Principal Fellows and TP3 Trust Fund.**

(a) Trust Fund Established. – The North Carolina Principal Fellows and TP3 Trust Fund shall be an institutional trust fund established pursuant to G.S. 116-36.1. All funds appropriated to, or otherwise received by, (i) the Principal Fellows Program for scholarships and other program purposes, (ii) the Program for the award of grants pursuant to G.S. 116-74.44, (iii) all funds received as repayment of scholarship loans, and (iv) all interest earned on these funds shall be placed in the Trust Fund.

(b) Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only for the purposes set forth in this subsection, including (i) scholarship loans granted under the Principal Fellows Program, administrative costs, and costs associated with program operations in accordance with this Article and (ii) the award of grants pursuant to G.S. 116-74.44, with any monies in the Trust Fund that are unencumbered due to a reduction in the number of scholarship loans awarded under the Principal Fellows Program and from any funds appropriated for the



Program. The Authority may also use up to eight hundred thousand dollars (\$800,000) from the Trust Fund each fiscal year for the following:

- (1) The Authority's Program administrative costs, including recovery of funds advanced under the program.
- (2) The salary and benefits of the director and staff of the Principal Fellows Program.
- (3) The expenses of the Commission for the Principal Fellows Program, including applicant recruitment.
- (4) Funds provided to the Commission for Principal Fellows Program monitoring and evaluation and extracurricular enhancement activities for program recipients.
- (5) The expenses of the Commission to administer grants pursuant to G.S. 116-74.44.

**"§ 116-74.42. Principal Fellows Program established; administration.**

(a) Program. – A Principal Fellows Program shall be administered by the North Carolina Principal Fellows and TP3 Commission in collaboration with the State Education Assistance Authority. The Principal Fellows Program shall provide up to a two-year scholarship loan to selected recipients and shall provide extracurricular enhancement activities for recipients. The North Carolina Principal Fellows and TP3 Commission shall determine selection criteria, methods of selection, and shall select recipients to receive scholarship loans made under the Principal Fellows Program.

(a1) ~~Trust Fund. – The Principal Fellows Trust Fund (Trust Fund) shall be an institutional trust fund established pursuant to G.S. 116-36.1. All funds appropriated to, or otherwise received by, the Principal Fellows Program for scholarships and other program purposes, all funds received as repayment of scholarship loans, and all interest earned on these funds shall be placed in the Trust Fund.~~

(a2) ~~Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only for scholarship loans granted under the Principal Fellows Program, administrative costs, and costs associated with program operations in accordance with this Article. The Authority may use up to eight hundred thousand dollars (\$800,000) from the Trust Fund each fiscal year for (i) its administrative costs, including recovery of funds advanced under the program; (ii) the salary and benefits of the director of the program; (iii) the expenses of the Commission, including applicant recruitment; and (iv) funds provided to the Commission for program monitoring and evaluation and extracurricular enhancement activities for program recipients.~~

(b) Director. – The Board of Governors of The University of North Carolina shall appoint a director of the Principal Fellows Program. The director shall chair and staff the Principal Fellows and TP3 Commission, and shall administer the extracurricular enhancement activities of the program. ~~The Board of Governors University of North Carolina System Office~~ shall provide office space and clerical support staff for the program. The office space shall not be located on the campus of a constituent institution.

...

(g) Administration of the Program. – Upon the naming of recipients of the scholarship loans by the Principal Fellows and TP3 Commission, the Commission shall transfer to the State Education Assistance Authority (SEAA)-its decisions. ~~The SEAA Authority~~ shall perform all of the administrative functions necessary to implement the requirements for the Principal Fellows Program under this Article, which functions shall include: rule making, dissemination of information, disbursement, receipt, liaison with participating educational institutions, determination of the acceptability of service repayment agreements, and all other functions necessary for the execution, payment, and enforcement of promissory notes required for the Principal Fellows Program under this Article.

1 "§ 116-74.43. Terms of ~~loans~~; loans for the Principal Fellows Program; receipt and  
2 disbursement of funds.

3 (a) All scholarship loans for the Principal Fellows Program shall be evidenced by notes  
4 made payable to the State Education Assistance Authority that bear interest at a rate not to exceed  
5 ten percent (10%) per year as set by the Authority and beginning 90 days after completion of the  
6 school administrator program, or 90 days after termination of the scholarship loan, whichever is  
7 earlier. The scholarship loan may be terminated upon the recipient's withdrawal from school or  
8 by the recipient's failure to meet the standards set by the Commission.  
9

10 "§ 116-74.44. North Carolina Transforming Principal Preparation Program established;  
11 administration.

12 (a) Established. – There is established the North Carolina Transforming Principal  
13 Preparation Program as a competitive grant program for eligible entities for the purpose of  
14 elevating educators in North Carolina public schools by transforming the preparation of  
15 principals across the State and providing for forgivable scholarship loans to the participants of  
16 those school leader preparation programs. The Authority shall administer the grants in  
17 collaboration with the Commission to provide funds for the preparation and support of highly  
18 effective future school principals in North Carolina.

19 (b) Administration. – The Commission shall select grant recipients and notify the  
20 Authority for the award of the grants and monitor the implementation of forgivable scholarship  
21 loans to school leader preparation program participants, as authorized by this Article.

22 "§ 116-74.45. Grant applications; priority.

23 (a) Application Requirements. – Subject to the availability of funds for this purpose, the  
24 Commission shall issue a request for proposal with guidelines and criteria for applying for a  
25 grant. An eligible entity that seeks a grant shall submit to the Commission an application at such  
26 time, in such manner, and accompanied by such information as the Commission may require.  
27 Eligible entities may create partnerships to develop and establish school leader preparation  
28 programs and apply jointly to be a grant recipient. An applicant shall include at least the  
29 following information in its application for consideration by the Commission:

30 (1) The extent to which the entity has a demonstrated record of preparing school  
31 leaders who implement school leadership practices linked to increased student  
32 achievement.

33 (2) The extent to which the entity has a rigorous school leader preparation  
34 program design that includes the following research-based programmatic  
35 elements:

36 a. A proactive, aggressive, and intentional recruitment strategy.

37 b. Rigorous selection criteria based on competencies that are predictive  
38 of success as a school leader, including, but not limited to, evidence of  
39 significant positive effect on student learning growth in the classroom,  
40 at the public school level, professional recommendations, evidence of  
41 problem solving and critical thinking skills, achievement drive, and  
42 leadership of adults.

43 c. Alignment to high-quality national standards for school leadership  
44 development.

45 d. Rigorous coursework that effectively links theory with practice  
46 through the use of field experiences and problem-based learning.

47 e. Full-time paid clinical practice of at least five months and 750 hours  
48 in duration in an authentic setting, including substantial leadership  
49 responsibilities where candidates are evaluated on leadership skills  
50 and effect on student outcomes as part of program completion.

- f. Multiple opportunities for school leader candidates to be observed and coached by program faculty and staff.
- g. Clear expectations for and firm commitment from school leaders who will oversee the clinical practice of candidates.
- h. Evaluation of school leader candidates during and at the end of the clinical practice based on the North Carolina School Executive Evaluation Rubric.
- i. A process for continuous review and program improvement based on feedback from partnering local school administrative units and data from program completers, including student achievement data.
- j. Established relationship and feedback loop with affiliated local school administrative units that is used to inform and improve programmatic elements from year to year based on units' needs.

(b) Application Priority. – The Commission shall evaluate the applicants for grants by giving priority to an eligible entity with a record of preparing principals demonstrating the following:

- (1) Improvement in student achievement.
- (2) Placement as school leaders in eligible schools.
- (3) A proposed focus on and, if applicable, a record of serving high-need schools, high-need local school administrative units, or both.
- (4) A detailed plan and commitment to share lessons learned and to improve the capacity of other entities in reaching similar outcomes.
- (5) A service area that is underserved by existing principal preparation programs or demonstrates unmet need despite current available programs.

**"§ 116-74.46. Recipient selection; use of grant funds; duration and conditions of grants; reporting requirements.**

(a) Selection. – After evaluation of grant applications pursuant to G.S. 116-74.45, the Commission shall notify the Authority of its selection of the recipients of grants for each fiscal year. The Commission shall select up to eight grant recipients to be operating a school leader preparation program with grant funds in any fiscal year.

(b) Use of Funds. – Each eligible entity that receives grant funds shall use those funds to carry out the following:

- (1) Recruiting and selecting, based on a rigorous evaluation of the competencies of the school leader candidates participating in the program and their potential and desire to become effective school leaders.
- (2) Operating a school leader preparation program that provides the opportunity for all candidates to earn a master's degree, if they do not already have one, and subsequent principal licensure by doing the following:
  - a. Utilizing a research-based content and curriculum, including embedded participant assessments to evaluate candidates before program completion that prepares candidates to do the following:
    - 1. Provide instructional leadership, such as developing teachers' instructional practices and analyzing classroom and school-wide data to support teachers.
    - 2. Manage talent, such as developing a high-performing team.
    - 3. Build a positive school culture, such as building a strong school culture focused on high academic achievement for all students, including gifted and talented students, students with disabilities, and English learners, maintaining active engagement with family and community members, and ensuring student safety.

- a. Develop organizational practices, such as aligning staff, budget, and time to the instructional priorities of the school.
    - b. Providing opportunities for sustained and high-quality job-embedded practice in an authentic setting where candidates are responsible for moving the practice and performance of a subset of teachers or for school-wide performance as principal-in-planning or interim school leaders.
  - (3) Collecting data on program implementation and program completion outcomes for continuous program improvement.
  - (4) Covering the cost of attendance and completion for program participants for the school leader preparation program from the funds received on behalf of program participants through forgivable scholarship loans issued in accordance with the requirements of G.S. 116-74.48.
- (c) Duration and Conditions of Grants. – The Commission shall also notify the Authority of its decisions on the duration and renewal of grants to eligible entities made in accordance with the following:
  - (1) The duration of grants shall be as follows:
    - a. Grants shall be no more than five years and no fewer than two years in duration, unless the Commission finds early termination of a grant is necessary due to noncompliance with grant terms.
    - b. The Commission may renew a grant based on compliance with the grant terms and performance, including allowing the grantee to scale up or replicate the successful program as provided in subdivision (3) of this subsection.
  - (2) The following conditions shall apply during the grant period:
    - a. The Commission shall develop a process with the Authority for early retrieval of grant funds from grant recipients due to noncompliance with grant terms, including participation in third-party evaluation activities.
    - b. The Commission shall develop and enforce requirements for the disbursement of funds to the grantee for forgivable scholarship loans on behalf of program participants, which shall include the requirement that program graduates serve a minimum of four years as school-based administrators in public schools located in North Carolina. The grantee shall facilitate the execution of promissory notes between the Authority and program participants containing the terms for forgivable scholarship loans, including requirements for forgiveness or repayment, consistent with requirements established by the Commission and the provisions of G.S. 116-74.48. The Commission shall monitor the repayment of a forgivable scholarship loan, in collaboration with grantees.
  - (3) In evaluating performance for purposes of grant renewal and making its renewal decisions to provide to the Authority, the Commission shall consider at least the following:
    - a. For all grantees, the primary consideration in renewing grants shall be the extent to which program participants improved student achievement in eligible schools.
    - b. Other criteria from data received in the annual report in subsection (d) of this section may include the following:

1. The percentage of program completers who are placed as school leaders in this State within three years of receiving a grant.
2. The percentage of program completers who are rated proficient or above on the North Carolina School Executive Evaluation Rubric.

(d) Reporting Requirements for Grant Recipients. – Recipients of grants shall participate in all evaluation activities required by the Commission and submit an annual report to the Commission with any information requested by the Commission. The recipients shall comply with additional report requests made by the Commission. Whenever practicable and within a reasonable amount of time, grant recipients shall also make all materials developed as part of the program and with grant funds publicly available to contribute to the broader sharing of promising practices. Materials shall not include personally identifiable information regarding individuals involved or associated with the program, including, without limitation, applicants, participants, supervisors, evaluators, faculty, and staff, without their prior written consent. The Commission shall work with recipients, local school administrative units, and public schools, as needed, to enable the collection, analysis, and evaluation of at least the following relevant data, within necessary privacy constraints:

- (1) Student achievement in eligible schools.
- (2) The percentage of program completers who are placed as school leaders within three years in the State.
- (3) The percentage of program completers rated proficient or above on school leader evaluation and support systems.
- (4) The percentage of program completers that are school leaders who have remained employed in a North Carolina public school for two or more years of initial placement.

**"§ 116-74.47. Reports.**

The Commission shall provide the State Board of Education, the Authority, and the Joint Legislative Education Oversight Committee with the data collected from grant recipients in accordance with G.S. 116-74.46 on an annual basis.

**"§ 116-74.48. Terms of forgivable scholarship loans for program recipients.**

(a) Notes. – All forgivable scholarship loans for school leader preparation program participants shall be evidenced by notes made payable to the Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the Authority and beginning 90 days after completion of the school leader preparation program, or 90 days after termination of the loan, whichever is earlier. The funds from the forgivable scholarship loan shall be disbursed directly to the grantee on behalf of the recipient for participation in the school leader preparation program. The forgivable scholarship loan may be terminated upon the recipient's withdrawal from the preparation program or by the recipient's failure to meet the standards set by the Commission or the grantee.

(b) Forgiveness. – The Authority shall forgive the total amount of a forgivable scholarship loan and any interest accrued on the loan if, within seven years after graduation from a school leader preparation program, exclusive of any authorized deferment for extenuating circumstances, the recipient serves as a school administrator at a North Carolina public school for four years. A program participant shall be eligible for a forgivable scholarship loan in the amount of up to twenty thousand dollars (\$20,000) per year for up to two years in the program, with a maximum loan amount of forty thousand dollars (\$40,000) per participant.

For each year of qualifying service, the recipient shall have twenty-five percent (25%) of the total amount of the loan forgiven, regardless of whether the recipient serves for the entire four years as a school administrator in a North Carolina public school. The Commission, in collaboration with the grantees, shall monitor the acceptability of service repayment agreements



1 and compliance of the recipient with the agreement. The Commission shall notify the Authority  
2 of any relevant information or change in the circumstances pertaining to the recipient impacting  
3 the enforcement of the promissory note. A forgivable scholarship loan shall also be forgiven if  
4 the Commission finds it is impossible for the recipient to work for four years as a school  
5 administrator, within seven years after completion of the preparation program supported by the  
6 loan, because of the death or permanent disability of the recipient. If the recipient repays the  
7 forgivable scholarship loan by cash payments to the Authority, all indebtedness shall be repaid  
8 within 12 years after completion of the school leader preparation program supported by the loan.  
9 If the recipient completes the school leader preparation program, payment of principal and  
10 interest shall begin no later than 27 months after the completion of the program. Should a  
11 recipient present extenuating circumstances, the Authority may extend the period to repay the  
12 forgivable scholarship loan in cash to no more than a total of 15 years."

13 **SECTION 8A.10.(l)** G.S. 120-123(59a) reads as rewritten:

14 "(59a) The North Carolina Principal Fellows and TP3 Commission established by  
15 G.S. 116-74.41."

16 **SECTION 8A.10.(m)** Notwithstanding G.S. 116-74.41, as amended by subsection  
17 (k) of this section, the terms of the current members serving on the Principal Fellows Commission  
18 representing two deans of schools of education and a parent of a public school child shall expire  
19 July 1, 2019. The initial appointment of the (i) human resources expert, (ii) one dean of a school  
20 of education appointed by the President of The University of North Carolina, and (iii) one dean  
21 of a school of education appointed by the President of the North Carolina Independent Colleges  
22 and Universities to the North Carolina Principal Fellows and TP3 Commission pursuant to  
23 G.S. 116-74.41, as amended by subsection (k) of this section, shall be made by August 1, 2019.  
24 The member appointed to represent a human resources expert shall serve for a term of four years  
25 to expire July 1, 2023. The member appointed to represent one dean of a school of education by  
26 the President of The University of North Carolina and the member appointed to represent one  
27 dean of a school of education by the President of the North Carolina Independent Colleges and  
28 Universities shall serve for terms of two years to expire July 1, 2021. The remaining members  
29 serving on the Principal Fellows Commission as of July 1, 2019, who were appointed pursuant  
30 to G.S. 116-74.41, shall serve the remainder of their terms as members of the North Carolina  
31 Principal Fellows and TP3 Commission.

32 **SECTION 8A.10.(n)** Notwithstanding G.S. 116-74.46, as enacted by subsection (k)  
33 of this section, a grantee awarded a grant pursuant to G.S. 116-209.73 for the 2019-2020 or  
34 2020-2021 fiscal year may apply to the North Carolina Principal Fellows and TP3 Commission  
35 for renewal of the grant in accordance with the requirements of G.S. 116-74.46. Effective July 1,  
36 2021, a grantee awarded a grant pursuant to G.S. 116-209.73 with a grant term extending on or  
37 after July 1, 2021, shall be subject to administration of the grant pursuant to Article 5C of Chapter  
38 116 of the General Statutes, as amended by this section, for the remainder of the grant term.

39 **SECTION 8A.10.(o)** Effective July 1, 2021, G.S. 116-74.42 and G.S. 116-74.43 are  
40 repealed.

41 **SECTION 8A.10.(p)** The North Carolina Principal Fellows and TP3 Commission  
42 shall make final scholarship loan awards for the Principal Fellows Program for the 2021 spring  
43 academic semester.

44 **SECTION 8A.10.(q)** Effective July 1, 2021, G.S. 116-204 reads as rewritten:

45 **"§ 116-204. Powers of Authority.**

46 The Authority is hereby authorized and empowered:

47 ...

48 (13) To collect loan repayments for scholarship loans awarded under the former  
49 Principal Fellows Program pursuant to Article 5C of this Chapter if the loan  
50 repayment is outstanding for more than 30 days."

SECTION 8A.10.(r) Effective July 1, 2021, Article 23 of Chapter 116 of the General Statutes is amended by adding a new section to read:

**"§ 116-209.28. Administration of scholarships previously awarded by the Principal Fellows Program.**

(a) The Authority shall, as of July 1, 2021, administer all outstanding scholarship loans previously awarded by the former North Carolina Principal Fellows Commission and subject to repayment under the former Principal Fellows Program administered pursuant to Article 5C of this Chapter.

(b) All funds received by the Authority in association with its administration of the Principal Fellows Program, including all funds received as repayment of scholarship loans and all interest earned on these funds, shall be deposited into the North Carolina Principal Fellows and TP3 Trust Fund established in G.S. 116-74.41B."

SECTION 8A.10.(s) Effective July 1, 2021, G.S. 116-74.41(a), as amended by this section, reads as rewritten:

"(a) There is established the North Carolina Principal Fellows and TP3 Commission. The Commission shall exercise its powers and duties independently in its administration of the North Carolina Principal Fellows and Transforming Principal Preparation Program, which includes the Principal Fellows Program and the North Carolina Transforming Principal Preparation Program, in accordance with this Article. ~~The Director of the Principal Fellows Program shall staff the Commission.~~ The State Education Assistance Authority as created in G.S. 116-203 shall be responsible for (i) ~~implementing scholarship loan agreements, monitoring, cancelling through service, collecting and otherwise enforcing the agreements for the Principal Fellows Program scholarship loans established in accordance with G.S. 116-74.42 and~~ (ii) ~~for awarding grants upon selection of the recipients by the Commission in accordance with G.S. 116-74.46 and executing agreements for forgivable scholarship loans, cancelling through service, collecting, and otherwise enforcing the agreements under G.S. 116-74.48.~~ The Commission shall be administratively housed in the University of North Carolina System Office. Office space for the Commission shall not be located on the campus of a constituent institution."

SECTION 8A.10.(t) Effective July 1, 2021, G.S. 116-74.41(b), as amended by this section, reads as rewritten:

"(b) The Commission shall consist of 15 members appointed as follows:

- ...
- (11) The director of the ~~Principal Fellows Program~~. The director shall chair the Commission."

SECTION 8A.10.(u) Effective July 1, 2021, G.S. 116-74.41A, as enacted by this section, reads as rewritten:

**"§ 116-74.41A. Definitions.**

For the purposes of this Article, the following definitions apply:

- ...
- (6) ~~North Carolina Transforming Principal Preparation Program. The North Carolina Transforming Principal Preparation Program established pursuant to G.S. 116-74.44.~~
- (7) Principal. – The highest administrative official in a public school building with primary responsibility for the instructional leadership, talent management, and organizational development of the school.
- (8) ~~Principal Fellows Program. The Principal Fellows Program established pursuant to G.S. 116-74.42.~~
- (9) Program. – The North Carolina Principal Fellows and Transforming Principal Preparation Program, which ~~shall include the Principal Fellows Program and the North Carolina Transforming Principal Preparation Program~~ established pursuant to G.S. 116-74.44.



...."

SECTION 8A.10.(v) Effective July 1, 2021, G.S. 116-74.41B, as enacted by this section, reads as rewritten:

**"§ 116-74.41B. The North Carolina Principal Fellows and TP3 Trust Fund.**

(a) Trust Fund Established. – The North Carolina Principal Fellows and TP3 Trust Fund shall be an institutional trust fund established pursuant to G.S. 116-36.1. All funds appropriated to, or otherwise received by, ~~(i) the Principal Fellows Program for scholarships and other program purposes, (ii) (i) the Program for the award of grants pursuant to G.S. 116-74.44, (iii) (ii) all funds received as repayment of scholarship loans, including under the former Principal Fellows Program administered under G.S. 116-74.42 and the Transforming Principal Preparation Program under G.S. 116-209.76, and (iv) (iii) all interest earned on these funds shall be placed~~ in the Trust Fund.

(b) Use of Monies in the Trust Fund. – The monies in the Trust Fund may be used only for the purposes set forth in this subsection, including ~~(i) scholarship loans granted under the Principal Fellows Program, administrative costs, and costs associated with program operations in accordance with this Article and (ii) the award of grants pursuant to G.S. 116-74.44, with any monies in the Trust Fund that are unencumbered due to a reduction in the number of scholarship loans awarded under the Principal Fellows Program and from any funds appropriated for the Program, administrative costs, and costs associated with Program operations in accordance with this Article.~~ The Authority may also use up to two percent (2%) of the funds appropriated for the Program for administrative costs, including recovery of funds advanced under the Program, and may allocate to the Commission up to eight hundred thousand dollars (\$800,000) from the Trust Fund each fiscal year for the following:

- ~~(1) The Authority's Program administrative costs, including recovery of funds advanced under the program.~~
- (2) The salary and benefits of the director and staff of the Principal Fellows Program.
- (3) The expenses of the Commission for the Principal Fellows Program, including applicant recruitment to administer the Program.
- (4) Funds provided to the Commission for Principal Fellows Program monitoring and evaluation and extracurricular enhancement activities for program recipients participants.
- ~~(5) The expenses of the Commission to administer grants pursuant to G.S. 116-74.44."~~

SECTION 8A.10.(w) Effective July 1, 2021, G.S. 116-74.44, as enacted by this section, reads as rewritten:

**"§ 116-74.44. North Carolina Principal Fellows and Transforming Principal Preparation Program established; administration.**

(a) Established. – There is established the North Carolina Principal Fellows and Transforming Principal Preparation Program as a competitive grant program for eligible entities for the purpose of elevating educators in North Carolina public schools by transforming the preparation of principals across the State and providing for forgivable scholarship loans to the participants of those school leader preparation programs. The Authority shall administer the grants in collaboration with the Commission to provide funds for the preparation and support of highly effective future school principals in North Carolina.

(b) Administration. – The Commission shall select grant recipients and notify the Authority for the award of the grants and monitor the implementation of forgivable scholarship loans to school leader preparation program participants, as authorized by this Article. The Commission shall also coordinate with grant recipients to provide extracurricular enhancement activities for program participants.

(c) Prior Loan Monitoring. – The Commission shall also monitor the implementation of forgivable scholarship loans to school leader preparation program participants executed pursuant to G.S. 116-209.76, and the Authority shall administer all outstanding forgivable scholarship loans previously awarded and subject to repayment under the former Transforming Principal Preparation Program administered pursuant to Part 4 of Article 23 of this Chapter."

**SECTION 8A.10.(x)** Effective July 1, 2021, Article 5C of Chapter 116 of the General Statutes, as amended by this section, is amended by adding a new section to read:

**"§ 116-74.49. Staff to the Commission.**

The Commission shall appoint a director of the North Carolina Principal Fellows and Transforming Principal Preparation Program. The director shall chair and staff the Commission and shall administer the extracurricular enhancement activities of the Program. The University of North Carolina System Office shall provide office space for the Program. The office space shall not be located on the campus of a constituent institution."

**SECTION 8A.10.(y)** Notwithstanding any other provision of law, beginning with the 2021-2022 fiscal year, of the funds appropriated from the General Fund for the 2020-2021 fiscal year to the Board of Governors of The University of North Carolina for the Transforming Principal Preparation Grant Program established under G.S. 116-209.70, the sum of three million forty-five thousand one hundred sixteen dollars (\$3,045,116) in recurring funds shall instead be appropriated to the Principal Fellows and TP3 Trust Fund established under G.S. 116-74.41B, as enacted by this section.

**RAISE CAP ON OPPORTUNITY SCHOLARSHIP ADMINISTRATIVE COSTS**

**SECTION 8A.11.** G.S. 115C-562.8(c) reads as rewritten:

"(c) Of the funds allocated to the Authority to award scholarship grants under this Part, the Authority may retain the lesser of ~~up to~~ four percent (4%) of the funds appropriated or ~~one~~ two million five hundred thousand dollars (\$1,500,000) (\$2,000,000) each fiscal year for administrative costs associated with the scholarship grant program."

**SEAA ADMINISTRATIVE COSTS FOR THE UNC NEED-BASED GRANT PROGRAM**

**SECTION 8A.12.** Beginning with the 2019-2020 fiscal year and subsequent fiscal years thereafter, of the funds appropriated to the Board of Governors of The University of North Carolina, the Board of Governors shall use three million four hundred thousand dollars (\$3,400,000) each fiscal year to cover the administrative costs of the State Education Assistance Authority in administering The University of North Carolina Need-Based Financial Aid Program.