

**LEGISLATIVE UPDATE**

June 3, 2016

The Senate released its budget proposal late Tuesday night and passed its version of [HB 1030](http://www.ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=h1030&submitButton=Go) in the wee hours of Friday morning. Thankfully, it includes an *average* 6.5% raise (not across the board) for teachers. Please see the chart of House and Senate proposed teacher salary increases on the next page. The Senate budget also includes one-time bonuses for all Assistant Principals ($500) and Principals ($2,000). Eligible school-based administrators would receive an experience-based step increase in addition to the bonus. These figures do not include possible changes made by final-hour amendments. For more information on the budget proposals, visit DPI’s Financial and Business Services Office [website](http://www.ncpublicschools.org/fbs/). You will find comparisons, analyses, and summaries of the current budget proposals.

The following table provides an item-by-item comparison between the House and Senate budget proposals (*not an exhaustive list*):

|  |  |  |
| --- | --- | --- |
| **Budget Item** | **House** | **Senate** |
| Central Office funding | No change | ($5,000,000) R |
| Textbook and Digital Materials | $11,670,000 NR | $39,163 NR |
| Digital Learning Plan/School Connectivity | $9,400,000 NR | ($10,000,000) R |
| Literacy Coaches | $25,000,000 R | No change |
| Reduce class size in grade 2 | No change | $27,146,257 R |
| Teacher Compensation Model Pilot | $1,000,000 NR | No change |
| Cooperative Innovative High Schools | $2,533,168 R | No change |
| Department of Public Instruction Cuts | No change | ($1,940,000) R  ($250,000) NR |
| Teachers salary increase | $161,222,806 R | $280,037,956 R |
| School-based Administrators step increase | $10,054,303 R | $3,612,004 R |
| School-based Administrators bonus | $491,890 NR | $7,000,000 NR |
| Non-Certified and Central Office staff salary increase | $28,042,955 R | $15,000,000 R |
| Non-Certified and Central Office staff bonus | $26,665,163 NR | No change |
| Retirement – LEA | $71,470,927 R | $18,594,062 R |
| Health – LEA | $28,725,195 R | No change |
| Transportation (via Lottery) | No change | ($50,000,000) R |

**House & Senate Proposed Teacher Salary Increases**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Current** | | **House Proposal** | | | **Senate Proposal** | | |
| Years | 2015-16 Current “A” Salary Schedule | 2016-17 Proposed Salary Schedule | Increase with Step | % Increase with Step | 2016-17 Proposed Salary Schedule | Increase with Step | % Increase with Step |
| 0 | $35,000 | $35,000 |  |  | $35,000 |  |  |
| 1 | $35,000 | $35,000 | $0 | 0.0% | $35,500 | $500 | 1.4% |
| 2 | $35,000 | $35,000 | $0 | 0.0% | $36,000 | $1,000 | 2.9% |
| 3 | $35,000 | $35,000 | $0 | 0.0% | $36,500 | $1,500 | 4.3% |
| 4 | $35,000 | $35,000 | $0 | 0.0% | $37,000 | $2,000 | 5.7% |
| 5 | $36,500 | $38,000 | $3,000 | 8.6% | $38,250 | $3,250 | 9.3% |
| 6 | $36,500 | $38,000 | $1,500 | 4.1% | $38,750 | $2,250 | 6.2% |
| 7 | $36,500 | $38,000 | $1,500 | 4.1% | $39,250 | $2,750 | 7.5% |
| 8 | $36,500 | $38,000 | $1,500 | 4.1% | $39,750 | $3,250 | 8.9% |
| 9 | $36,500 | $38,000 | $1,500 | 4.1% | $40,250 | $3,750 | 10.3% |
| 10 | $40,000 | $42,000 | $5,500 | 15.1% | $42,500 | $6,000 | 16.4% |
| 11 | $40,000 | $42,000 | $2,000 | 5.0% | $43,000 | $3,000 | 7.5% |
| 12 | $40,000 | $42,000 | $2,000 | 5.0% | $43,500 | $3,500 | 8.8% |
| 13 | $40,000 | $42,000 | $2,000 | 5.0% | $44,000 | $4,000 | 10.0% |
| 14 | $40,000 | $42,000 | $2,000 | 5.0% | $44,500 | $4,500 | 11.3% |
| 15 | $43,500 | $45,000 | $5,000 | 12.5% | $46,750 | $6,750 | 16.9% |
| 16 | $43,500 | $45,000 | $1,500 | 3.4% | $46,750 | $3,250 | 7.5% |
| 17 | $43,500 | $45,000 | $1,500 | 3.4% | $46,750 | $3,250 | 7.5% |
| 18 | $43,500 | $45,000 | $1,500 | 3.4% | $46,750 | $3,250 | 7.5% |
| 19 | $43,500 | $45,000 | $1,500 | 3.4% | $46,750 | $3,250 | 7.5% |
| 20 | $46,500 | $48,000 | $4,500 | 10.3% | $48,250 | $4,750 | 10.9% |
| 21 | $46,500 | $48,000 | $1,500 | 3.2% | $48,250 | $1,750 | 3.8% |
| 22 | $46,500 | $48,000 | $1,500 | 3.2% | $48,250 | $1,750 | 3.8% |
| 23 | $46,500 | $48,000 | $1,500 | 3.2% | $48,250 | $1,750 | 3.8% |
| 24 | $46,500 | $48,000 | $1,500 | 3.2% | $48,250 | $1,750 | 3.8% |
| 25 | $50,000 | $51,000 | $4,500 | 9.7% | $50,000 | $3,500 | 7.5% |
| 26 | $50,000 | $51,000 | $1,000 | 2.0% | $50,000 | $0 | 0.0% |
| 27 | $50,000 | $51,000 | $1,000 | 2.0% | $50,000 | $0 | 0.0% |
| 28 | $50,000 | $51,000 | $1,000 | 2.0% | $50,000 | $0 | 0.0% |
| 29 | $50,000 | $51,000 | $1,000 | 2.0% | $50,000 | $0 | 0.0% |
| 30 | $50,000 | $51,000 | $1,000 | 2.0% | $50,000 | $0 | 0.0% |
| 31 | $50,000 | $51,000 | $1,000 | 2.0% | $50,000 | $0 | 0.0% |
| 32 | $50,000 | $51,000 | $1,000 | 2.0% | $50,000 | $0 | 0.0% |
| 33 | $50,000 | $51,000 | $1,000 | 2.0% | $50,000 | $0 | 0.0% |
| 34 | $50,000 | $51,000 | $1,000 | 2.0% | $50,000 | $0 | 0.0% |
| 35 | $50,000 | $51,000 | $1,000 | 2.0% | $50,000 | $0 | 0.0% |
| 36 | $50,000 | $51,000 | $1,000 | 2.0% | $50,000 | $0 | 0.0% |
| 37 | $50,000 | $51,000 | $1,000 | 2.0% | $50,000 | $0 | 0.0% |
|  | | Bonuses:  $1,000 0-25 years and above  Bonus subject to retirement | | | Bonuses:  None | | |

**Education-Related Bills**

[HB 1080](http://ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=h1080&submitButton=Go) Achievement School District

This hotly-contested bill passed the House by an eleven-vote margin ([60-49](http://www.ncleg.net/gascripts/voteHistory/RollCallVoteTranscript.pl?sSession=2015&sChamber=H&RCS=1197)) on Thursday, and it now goes to the Senate.  The bill would enact essentially three new education initiatives:  1) an Achievement School District (ASD) beginning with up to 5 of the state's lowest performing elementary schools in 2017-18; 2) an Innovation Zone allowing an LEA that transfers one of its schools to the ASD to have the same exemptions from statute as a charter school, plus other limited flexibilities; 3) a Principal Turnaround Model, newly created under G.S. 115C-105.37B(5), to replace a current principal with a "turnaround" principal on a 5-year contract with "significant compensation and other incentives," and to allow charter-like flexibility in the school with this new principal.  The debate on the House floor was vigorous.  Advocates for the bill called the ASD model a "rescue" model, touting the innovation and opportunity it will allow students in chronically low-performing schools.  When faced with the critics who listed the failures of ASDs in Tennessee, Michigan and New Orleans, etc., proponents of the bill explained that there were sufficient "guardrails" in place unlike the other states' models and that it is worth the risk to experiment and “think outside the box.”  Opponents of the bill (some who crossed party lines to vote against it), highlighted the work of DPI's District and School Transformation division that, since 2006, has proven sustained academic improvements for students in these low-performing schools.  Opponents underscored the new 2015 state law definition of "low-performing schools" that increased the number of such schools from roughly 118 to 581 without any new support structures or state aid for these newly identified schools. The prevailing wisdom in the House, however, was to give this “pilot” a try.  Again, read the bill in its entirety and contact your Senator with input, as this bill now goes to the Senate.

[SB 867](http://ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=s867&submitButton=Go) Protect Students in Schools

On Thursday, the Senate passed SB 867, which would require fingerprint-based criminal background checks for licensure applicants and renewals within public schools. This bill seeks to strengthen our state’s ability to oversee such background checks by vesting the responsibility in the State Board of Education under a newly-created statute, G.S. 115C-297.1. The bill also proposes a move to nationwide background checks for licensure applicants in North Carolina public schools. The bill now heads to the House.

HB 657 Math Standard Course of Study Revisions (formerly titled, “Study UNC-Fixed Tuition”)

Senate bill sponsors transformed HB 657 into a bill that would revert North Carolina’s current high school math standards to the old 2011 math standards. For your convenience (and because this new bill has not been posted on the General Assembly’s website yet), please see the link to HB 657 on our original email containing the link to this Update. The new bill was heard for discussion only in the Senate’s Education/Higher Education committee on Wednesday, with chairs indicating that the bill would see a committee vote next week.

[HB 632](http://ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=h632&submitButton=Go) Student Online Protection Act

HB 632 cleared its final legislative hurdle on Wednesday when the House voted to concur with the Senate’s version. As previously reported in past Updates, this bill prevents third-party vendors who contract with public schools from either: 1) releasing personally-identifying student data to other corporations, or 2) using that data for targeted advertising. The bill also requires third-party vendors to delete personally-identifying information within 45 days, if requested by the school or local school board. The bill now awaits the Governor’s signature.

HB 242 Charter School Law Changes (formerly titled “White Collar Investigation”)

Senate sponsors made various changes to laws governing charter schools in this other not-yet-publicly-posted bill. Again, please see our original email with a separate link to this new bill. HB 242 directs the State Board of Education to review a charter school’s operations once every 10 years (as opposed to the current 5 years) barring special circumstances. Additionally, the bill adds a new provision to when the State Board of Education can approve additional enrollment growth of greater than 20% (under the condition that the actual enrollment is within 10% of the school’s maximum authorized enrollment pursuant to current law, G.S. 115C-218.5(e)(1)) as follows:

*(c) For the purposes of calculating actual enrollment and maximum authorized enrollment under subdivision (1) of subsection (b) of this section, if a charter school is pursuing a material revision of enrollment growth based on a proposed capital expansion of the charter school, but fails to meet the requirements of subdivision (1) of subsection (b) of this section, the State Board shall have the discretion to investigate and determine whether subdivision (1) of subsection (b) of this section may be waived to grant the school’s material revision request to allow the capital expansion to move forward. In making such a determination, the charter school shall provide the State Board with documentation to show evidence that demonstrates sufficiently in the State Board’s discretion all of the following:*

*(1) The requested increase in enrollment growth is within a reasonable margin of the threshold necessary to support the requested material revision.*

*(2) The charter school has secured financing for its proposed capital expansion conditioned on its obtaining the requested material revision of enrollment growth.*

*(d) If a charter school presents evidence of a proposed capital expansion as part of a request for a material revision of enrollment growth under this section that is granted by the State Board, and the charter school is not able to realize that capital expansion within two years of the grant of the material revision, the charter shall reflect the maximum authorized enrollment immediately preceding that material revision.*

It also adds two enrollment priority categories: 1) students who were enrolled in another charter school in North Carolina in the previous year that does not offer the students’ next grade levels, and 2) students who were enrolled in another charter school in North Carolina in the previous year that does not offer the students’ next grade levels and both schools have enrollment articulation agreements to accept students or are governed by the same board of directors. Charter schools would also be included in the identification of low-performing schools. Another provision states that charter schools would have the opportunity to become Cooperative Innovative High Schools. The Senate Education/Higher Education committee heard the bill on Wednesday for discussion only, with a committee vote expected next week.

**House Health Care Committee Medicaid Reform Waiver**

On Wednesday, this committee held a high level overview of the Medicaid Waiver Application that NC submitted to the federal Centers for Medicare and Medicaid Services (CMS) this week. The Secretary for DHHS presented the major points and took questions that revolved around the potential $400 million in savings that could be realized by moving to a capitated system and refocusing on incenting wellness rather than paying for procedures. There was also a fair amount of comment on having sufficient providers both statewide and within the region/service areas so that there will be some potential for both competition and comparison of outcomes. There was also anticipation that these changes may place NC in the forefront of new ways to manage Medicaid while supporting health outcomes and meeting the needs of citizens.

**Other Relevant Bills with Action This Week:**

|  |  |
| --- | --- |
|  | [HB 169](http://www.ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=h169&submitButton=Go) Regulatory Reduction Act of 2016   * Withdrawn from Senate Calendar and referred to Senate Committee on Rules and Operations |
|  | [HB 474](http://www.ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=h474&submitButton=Go) Exclude Yr-Round Track-Out Program/Child Care   * Signed by the Governor * Session Law - Ch. SL 2016-7 |
|  | [HB 632](http://www.ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=H632)  ([SB 534](http://www.ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=S534)) Student Online Protection Act   * House passed Senate version, sent to the Governor |
|  | [HB 1030](http://www.ncleg.net/Sessions/2015/Bills/House/PDF/H1030v6.pdf) 2016 Appropriations Act   * [Money Report](http://www.ncleg.net/Sessions/2015/Budget/2016/Senate_Committee_Report_2016-06-01.pdf) * Amended version passed the Senate, sent to the House for concurrence. |
|  | [HB 1126](http://www.ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=h1126&submitButton=Go) Red Light Cameras/City of Greenville   * Placed on House Calendar for Monday, June 6 |
|  | [HB 1134](http://www.ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=h1134&submitButton=Go) Admin. Changes Retirement System/Treasurer   * Referred to House Committee on Appropriations |
|  | [HB 1137](http://www.ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=h1137&submitButton=Go) Treasurer's 2016 Investment Admin. Changes.-AB   * Passed the House, sent to the Senate * Referred to Senate Committee on Pensions & Retirement and Aging |
|  | [SB 575](http://www.ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=s575&submitButton=Go) NC/SC Original Boundary Confirmation   * Referred to House Committee on Finance |
|  | [SB 726](http://www.ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=s726&submitButton=Go) Internal Revenue Code (IRC) Update   * Signed by the Governor * Session Law - Ch. SL 2016-6 |
|  | [SB 727](http://www.ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=S727) Moore County Local Sales Tax Use Restriction   * Passed the Senate, sent to the House |
|  | [SB 792](http://www.ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=S792) ([HB 1036](http://www.ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=H1036)) State IT Contracts/Contractor Liability   * Referred to House Judiciary I (SB 792) * Referred to House Judiciary I (HB 1036) |
|  | [SB 818](http://www.ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=s818&submitButton=Go) Increase the Zero Tax Bracket   * Referred to House Committee on Appropriations, if favorable, House Committee on Finance, if favorable, House Committee on Rules |
|  | [SB 838](http://www.ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=S838&submitButton=Go) ([HB 968](http://www.ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=H968)) Medicaid Transformation Modifications   * Senate did not concur with House version, [Conference Committee](http://ncleg.net/gascripts/confcomm/confcommittee.pl?BillChamber=S&BillID=838&session=2015&current=true) appointed (SB 838) |
|  | [SB 881](http://www.ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=s881&submitButton=Go) Union County School Funding   * Placed on Senate Calendar for Monday, June 6 |

[**Committee Meetings/Session: June 6**](http://www.ncleg.net/LegislativeCalendar/) **– June 9**

Monday, June 6

* 4:00 PM House Committee on Ethics, 415 LOB
  + [HB 1055](http://www.ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=H1055) State Ethics Comm. Revisions
* 7:00 PM House Session
* 7:00 PM Senate Session

Tuesday, June 7:

* 1:00 PM House Committee on Judiciary II, 421 LOB
* 1:00 PM House Committee on Elections, 544 LOB
  + [HB 1133](http://www.ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=H1133) Partisan Election/Transylvania Bd. of Ed.

Wednesday, June 8:

* 10:00 AM House Committee on Judiciary IV, 1228/1327 LB
  + [HB 1062](http://www.ncleg.net/gascripts/BillLookUp/BillLookUp.pl?Session=2015&BillID=H1062) Fiduciary Access to Digital Assets
* 12:30 PM House Committee on Judiciary III, 1228/1327 LB
  + HB 1043 Zip Line and Challenge Course Safety Act

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