IN ORDER TO OBTAIN A COPY OF ANY PIECE OF LEGISLATION, YOU MAY DO ONE OF THE FOLLOWING:

1. Go to the General Assembly’s website at: www.ncga.state.nc.us
   or
2. Call “printed bills” at: 919-733-5648.
Jones & Blount

There's nothing quite like a children's art show, Jones.

Kid's art show today!

Let's go in!

This one reminds me of Grant Wood's American Gothic!

It's a Republican budget writer holding an axe beside a worried schoolteacher.
THIS one reminds me of Da Vinci’s Last Supper!

It’s a group of former teacher’s assistants sharing a meal at a soup kitchen.

And this one reminds me of Edvard Munch’s The Scream!

It’s State Superintendent June Atkinson welcoming everyone back after summer legislation!
S.L. 2014-3 (H.B. 1050) – Omnibus Tax Law Changes
Effective Date: 5/29/14

- Eliminates most of the remaining exemptions from the new sales tax on admissions that was enacted last year, but does retain the exemption for admissions to events sponsored by elementary and secondary schools.
- Establishes a $100 cap on privilege license taxes that may be imposed by counties and cities.
  - Projected loss of less than $500,000 per fiscal year to all 100 counties.
S.L. 2014-4 (S.B. 786) – Energy Modernization Act  
Effective Date: 6/4/14

• Directs the Local Government Division of the Department of Revenue to study how other states value energy minerals for the purpose of property taxation. The Division shall establish guidelines for counties to ensure the consistent and fair taxation of energy minerals throughout the State. The Local Government Division shall report its findings to the Joint Legislative Commission on Energy Policy by January 1, 2015.

• Directs the Joint Legislative Commission on Energy Policy to study how the development of the oil and gas industry in the State would affect the property tax revenues of local governments. The study shall examine how the presence of energy minerals will affect property enrolled in the present use value program. The study shall also study ways to limit the growth of property tax revenues that result from increased property valuations due to the development of the oil and gas industry in the State. The Commission shall report to the 2015 General Assembly on its findings and recommendations, including any legislative recommendations.

S.L. 2014-5 (H.B. 230) – Clarify Read to Achieve and School Performance Scores  
Effective Date: 6/10/14

• Allows LEAs to design their own student reading portfolios.

• Allows a single piece of evidence in the portfolio to show mastery of up to two standards, potentially reducing the number of reading passages on which a student must show mastery from 36 to 18.

  – It does not, however, reduce the number of examples per standard that are needed to demonstrate mastery. That number is currently three; an amendment that attempted to lower that number to two was defeated in the Senate.

• Allows teachers to administer student reading portfolio passages during the fall, as opposed to only in the spring.

  (cont.)
S.L. 2014-5 (H.B. 230) – Clarify Read to Achieve (cont.)

Alternative Assessments

• Formalizes SBE approval process of LEA alternative assessments for demonstrating reading proficiency.
  – In February, SBE established process where LEAs could submit for approval alternative assessments to gauge whether 3rd grade students are reading at grade level.
  – Submitted alternative assessments are deemed approved as long as the LEA determines that the assessment is “valid and reliable.”
  – SBE also delegated to DPI the task of establishing achievement level ranges for each approved alternative assessment and making them available to all LEAs for use in 2013-14. This process is now permanently authorized for future years.
• SBE required to review the approved alternative assessments each year to ensure ongoing relevance, validity, and reliability.

Summer Reading Camps

• Changes name of Summer Reading Camps to “Reading Camps.”
• Allows LEAs to offer reading camps for three weeks instead of six weeks, as long as cumulative hours of instruction provided during this time still total 72.
  – This was a suggestion made by a number of superintendents during a meeting of the Joint Legislative Education Oversight Committee in February.
• Prior to retaining 3rd grade students who are not reading at grade level and who have been opted out of the reading camps by parents, requires LEAs to provide at least one opportunity for them to demonstrate reading proficiency through either an alternative assessment or successful completion of the student reading portfolio.
• Provides 3rd grade students who are promoted to the 4th grade the option of enrolling in reading camps and allows local BOEs to charge a fee for enrollments of these non-mandatory retention students, not to exceed $825 per student (the current per-ADM amount used in the summer reading camp allotment formula).
Good Cause Exemptions

- Clarifies good cause exemption for special education students to conform with the sunset of EXTEND2 assessments at the end of the 2013-14 school year.
- Now, the special education good cause exemption from mandatory retention applies to those special education students whose IEP indicates:
  - (i) the use of the NCEXTEND1 alternate assessment; or
  - (ii) at least a two school year delay in educational performance; or
  - (iii) receipt of intensive reading interventions for at least two school years.
- Also clarifies the good cause exemption for Limited English Proficient (LEP) students, indicating that the two-year benchmark of instruction in an English as a Second Language program refers to two school years.

School Performance Grades

- Maintains school performance grades, with school achievement scores accounting for 80% of the overall grade and school growth scores accounting for 20% of the overall grade.
- Allows schools that meet their expected growth to use only their achievement scores in calculating their overall grade, if the growth scores would lower the overall grade.
  - This replaces current language mandating that such schools include growth scores if their composite scores fall below 80%.
- For 2013-14 only, changes the numerical grading scale to determine letter grades from the current 10-point scale to a 15-point scale where at least a grade of:
  - 85 = A
  - 70 = B
  - 55 = C
  - 40 = D
  - Less than 40 = F
S.L. 2014-5 (H.B. 230) – Clarify Read to Achieve (cont.)

Testing Window Waivers
• Allows local BOEs to apply to the SBE for up to 5 additional test administration days at the end of both year-long and semester-based courses.
  – This applies to the 2014-15 school year only.
  – Waiver requests must be submitted by September 1, 2014, and notifications of acceptance will be provided a month later.

(cont.)

S.L. 2014-5 (H.B. 230) – Clarify Read to Achieve (cont.)

Next Steps
• House debate of the Senate version focused on complaints that the reform legislation did not go far enough.
• That may indicate additional efforts to change the law and relax standards may be seen in the future, at least in the House.
Effective Date: 6/11/14

- Establishes a two-year moratorium on any legal action by local BOEs challenging insufficient budgets provided by local Boards of County Commissioners in Union, Gaston, and Nash Counties.
- For Union County only, it established and prescribed local current expense and capital outlay funding for FY 15 and FY 16.
- Because of concerns that the language of Session Law 2014-8 was too broad and violated the Constitution, Session Law 2014-9 was immediately passed with technical corrections.
- These laws are precedent-setting, with the General Assembly inserting itself into a dispute between two locally elected bodies.
- Because they were local bills impacting specific counties, they became law immediately after passage by both chambers of the General Assembly and did not require the signature of the Governor.

S.L. 2014-13 (S.B. 370) – Respect for Student Prayer/Religious Activity
Effective Date: 6/19/14

- Adds to Public Schools Laws (Ch. 115C) a new Article 29D- Student Prayer and Religious Activity
- New N.C. Gen. Stat. § 115C-407.30, provides that students are permitted to voluntarily do any of the following:
  - Pray, either silently or audibly and alone or with other students, to the same extent and under the same circumstances as a student is permitted to vocally or silently reflect, meditate, or speak on nonreligious matters alone or with other students in public schools.
  - Express religious viewpoints in a public school to the same extent and under the same circumstances as a student is permitted to express viewpoints on nonreligious topics or subjects in the school.
  - Speak to and attempt to share religious viewpoints with other students in a public school to the same extent and under the same circumstances as a student is permitted to speak to and attempt to share nonreligious viewpoints with other students.
  - Possess or distribute religious literature in a public school, subject to reasonable time, place, and manner restrictions, to the same extent and under the same circumstances as a student is permitted to possess or distribute literature on nonreligious topics or subjects in the school.

(cont.)
S.L. 2014-13 (S.B. 370) – Respect for Student Prayer/Religious Activity (cont.)

- Organize prayer groups, religious clubs, "see you at the pole" gatherings, or other religious gatherings before, during, and after school to the same extent that students are permitted to organize other noncurricular student activities and groups. Religious groups shall be given the same access to school facilities for assembling as is given to other noncurricular groups without discrimination based on the religious content of the students' expression. If student groups that meet for nonreligious activities are permitted to advertise or announce meetings of the groups, the school district shall not discriminate against groups that meet for prayer or other religious speech. A local board of education and local school administrative unit may disclaim school sponsorship of noncurricular groups and events in a manner that neither favors nor disfavors groups that meet to engage in prayer or religious speech.

- Express beliefs about religion in homework, artwork, and other written or oral assignments free from discrimination based on the religious content of the submission. Homework and classroom assignments shall be judged by ordinary academic standards of substance and relevance and against other legitimate pedagogical concerns identified by the local board of education. A student shall not be penalized or rewarded based on the religious content of the student's work.

Limitations on Students

- A student may be prohibited from engaging in any of these actions, if the actions of the student would do any of the following:
  - Infringe on the rights of the school to:
    - Maintain order and discipline,
    - Prevent disruption of the educational process, and
    - Determine educational curriculum and assignments.
  - Harass other persons or coerce other students to participate in the activity.
  - Otherwise infringe on the rights of other persons.
S.L. 2014-13 (S.B. 370) – Respect for Student Prayer/Religious Activity (cont.)

Remedies

• New N.C. Gen. Stat. § 115C-407.31 provides administrative remedies and cause of action for complaints regarding exercise of religious activity.

• The local board of education may establish or make available an existing formal grievance process to allow students or the parents or guardians of students to present allegations that a right established under Article 29D has been violated by a public school. The formal grievance process shall include the right of appeal to the local board of education.

• If a local board of education fails to provide a formal grievance process, the following process shall be provided:
  – A student or a student’s parent or guardian shall state the complaint to the school’s principal, who shall meet with the student or the student’s parent or guardian, if requested.
  – If the student’s concerns are not resolved by the meeting with the principal, the student or student’s parent or guardian may make a complaint in writing to the superintendent of the local school administrative unit with the specific facts of the alleged violation. The superintendent shall investigate and take appropriate action to ensure the alleged violation of the rights of the student is resolved within 30 days of receiving the written complaint.
  – If the superintendent fails to resolve the student’s concerns within 30 days, the student or student’s parent or guardian may appeal to the local board of education as provided in G.S. 115C-45.

Remedies (cont.)

• If a right of a student established under Article 29D is violated by a public school and the student has exhausted the administrative remedies provided in this section, the student may assert the violation as a cause of action or defense in a judicial proceeding and obtain “appropriate relief” against the local board of education. The action shall be brought in the superior court of the county in which the local school administrative unit is located.

• No action may be maintained pursuant to Article 29D unless the student has exhausted the administrative remedies.

• A student prevailing in a claim brought against a local school administrative unit for a violation under Article 29D or any action brought by a public school against a student for conduct covered by Article 29D shall be entitled to reasonable attorneys’ fees and court costs.

• The Attorney General shall intervene and shall provide legal defense of Article 29D in any action which includes claims challenging the constitutionality of Article 29D.
S.L. 2014-13 (S.B. 370) – Respect for Student Prayer/Religious Activity (cont.)

Religious activity for school personnel

- Nothing in Article 29D shall be construed to support, encourage, or permit a teacher, administrator, or other employee of the local board of education to lead, direct, or encourage any religious or antireligious activity in violation of that portion of the First Amendment of the Constitution of the United States prohibiting laws respecting an establishment of religion.
- Local boards of education may not prohibit school personnel from participating in religious activities on school grounds that are: initiated by students at reasonable times before or after the instructional day so long as such activities are voluntary for all parties and do not conflict with the responsibilities or assignments of such personnel.
- School employees supervising extracurricular activities, including coaches, may be present while a student or group of students exercises their voluntary right to pray as provided in G.S. 115C-407.30 and, if present, shall not be disrespectful of the student exercise of such rights “and may adopt a respectful posture.”
- Nothing in this section shall prohibit local boards of education from allowing school personnel to participate in other constitutionally permissible religious activities on school grounds.

Limits on Article 29D

- This Article shall not be construed to direct any local board of education to take any action in violation of the Constitution of North Carolina or the United States. The specification of rights in this Article shall not be construed to exclude or limit religious liberty or free speech rights otherwise protected by federal, State, or local law.
S.L. 2014-15 (H.B. 1060) – Military Student Identifier
Effective Date: 6/19/14, except as noted otherwise

- Requires the SBE to develop a process for LEAs to annually identify enrolled “military-connected” students using the Uniform Education Reporting System.
  - A “military-connected” student is one who has a parent, step-parent, sibling, or any other household resident serving in the active or reserve components of the Army, Navy, Air Force, Marine Corps, Coast Guard, or National Guard.
- Effective Date: 7/1/15. Requires principals to “develop a means of serving the unique needs” of military-connected students.
- Begins the annual identification requirement for LEAs with the 2015-2016 school year.

S.L. 2014-42 (H.B. 1043) – Prequalification in Public Construction Contracting
Effective Date: 10/1/14, except as noted otherwise

- Establishes rules regarding the prequalification of bidders for public construction and repair work contracts.
- Requires public entities to “[compare] the advantages and disadvantages” before using construction management at risk services. (Originally would have required LEAs to undertake cost/benefit analyses before using the construction at risk method for school construction, but the less demanding advantages/disadvantages language was substituted following objections by school boards and other public entities.)
- Establishes a blue ribbon commission to study state building and infrastructure needs, including, among other items:
  - Anticipated building needs of local school boards until 2025.
  - The feasibility of establishing a building and infrastructure fund as a dedicated source of revenue for capital funding for local school boards and other public entities.
S.L. 2014-49 (H.B. 712) – Clarifying Changes/Special Ed Scholarships

**Effective Date:** 7/1/14, except as noted otherwise

- Clarifies the Special Education Scholarships for children with disabilities who do not attend public schools.
- Provides a step-by-step process for the North Carolina Education Assistance Authority to follow when providing Scholarship Reimbursements.
- **Effective Date:** 7/29/13: Provides an exception from the NC Public Records law for Scholarship Applications and eligible students’ personally identifiable information.
- Exempts certain schools from child care licensure requirements.

S.L. 2014-50 (S.B. 815) – Ensuring Privacy of Student Records

**Effective Date:** 7/1/14

- Requires local school boards each year to inform parents of their rights with regard to student records under State and federal law, opt-out opportunities for disclosure of directory information, and notice and opt-out opportunities for surveys covered by the Protection of Pupil Rights Amendment. These requirements go into effect beginning with the 2014-15 school year.
- Requires the SBE to take a number of steps to ensure student data accessibility, transparency, and accountability with regard to the use of PowerSchool, including compliance with all privacy laws and assuring data security.
S.L. 2014-78 (S.B. 812) – Replace Common Core Standards

Effective Date: 7/1/14

- Establishes an “Academic Standards Review Commission” (ASRC) in the Department of Administration, tasked with reviewing and proposing modifications to the Common Core math and English language arts standards that have been adopted in North Carolina.
- Populates the membership of the new ASRC with:
  - Four appointees of the Senate President Pro Tem;
  - Four appointees of the Speaker of the House;
  - Two members of the SBE; and
  - One appointee of the Governor.
- Suggests the President Pro Tem and Speaker consider parents, teachers, administrators, curriculum experts, and members of the business community when making appointments to the ASRC, but specifically not does limit appointees to those groups.

(cont.)

S.L. 2014-78 (S.B. 812) – Replace Common Core Standards (cont.)

- Requires the ASRC to recommend changes to academic standards to the SBE as soon as practicable, and to issue a final report of its findings and recommendations to the SBE and the legislature by its termination date of December 31, 2015.
- Unlike the original House version, does not require or prohibit the adoption of any specific standards by the SBE, meaning the SBE could simply readopt the current Common Core standards.
- Prohibits the SBE from entering into any agreement that would “cede control” of academic standards and assessments, but allows the use of national curricula like AP or IB programs.
S.L. 2014-88 (H.B. 1195) – Fiscal Integrity/Pension-Spiking Prevention
Effective Date: 7/30/14, except as noted otherwise

- Effective: 1/1/15: Section 1—Establishes a contribution based benefit cap for the Teachers' and State Employees' Retirement System (TSERS) and the Local Government Employees' Retirement System (LGERS). This cap is intended to control the practice of "pension-spiking," where compensation increases significantly during or right before the four-year period over which compensation is averaged for calculating the benefit. The cap would not apply to members with an average final compensation less than $100,000, indexed.

- Effective: 1/1/15: Section 2—Allows State and Local Employees who leave before 5 years of service to recoup their pension contributions plus accumulated interest (currently 4%).

- Section 3: Returns vesting period to 5 years. In 2011, the General Assembly raised the vesting period to 10 years in hopes of saving the State money.

Effective: 8/6/14 and applies beginning with the 2014-2015 school year

- Requires the SBE to establish a fast-track approval process for the replication of charter schools deemed to be successful and wanting to replicate.
  - Charter schools would be deemed successful if they either (1) demonstrate student academic outcomes comparable to the LEA in which they are located and three years of financially sound audits; or (2) agree to contract with a charter management organization that can demonstrate that it can replicate high quality charter schools.

- This legislation follows complaints by some charter advocates that the Charter School Advisory Board (CSAB) was not accommodating enough to out-of-state, for-profit charter management companies.

(cont.)

• Requires LEAs that transfer local monies to a charter school to provide any records requested by the charter school as part of that process.
• Narrows from three years to one year the maximum amount of time an LEA would have to repay local monies found by a court to be wrongfully withheld from a charter school. (Applies to actions filed on or after August 6, 2014)
• Shifts the date by which the SBE must grant final approval of charter applicants to August 15 from the current January 15.
• Clarifies that charter schools and nonprofit governing boards of charter schools are subject to public records and open meetings laws.
• Notwithstanding the requirements of the Public Records Law, the personnel records of those charter school employees employed by their board of directors are protected from disclosure and subject to the same privacy rights as LEAs


• Establishes a target date of January 15, 2015, for the SBE to adopt rules governing a competitive bid process for inadequately performing charters.
• Sets the default length of charter renewals at 10 years.
• Prohibits charters from discriminating against any student on the basis of ethnicity, national origin, gender, or disability.
  – However, a charter school whose mission is single-sex education may limit admission on the basis of sex.
Effective: 8/6/14

- Repeals legislation that allowed the SBE to establish dropout recovery pilot programs in certain LEAs.
- Creates a new 2-year pilot charter school in Mecklenburg County whose purpose is to target students who are on the verge of dropping out or have dropped out of school.
- Allows this charter school to receive additional funding from local LEAs based on its ADM in the 5th month of the school year.
- Permits this charter to operate on a different accountability model as long as the charter meets the SBE guidelines for alternative schools.
- SBE and Charter Schools Advisory Board must report to the General Assembly by December 15, 2014, regarding the use of contracts for personnel services by LEAs and charter schools, indicating the purposes and extent of such contracts.

S.L. 2014-115 (H.B. 1133) – Technical and Other Corrections
Effective: 8/11/14, except as noted otherwise

- Section 39.4- Exempts certain activities by NCCAT from the Umstead Act for meetings and educational programs provided by State Agencies and public schools.
S.L. 2014-115 (H.B. 1133) – Technical and Other Corrections
Effective: 8/11/14, except as noted otherwise

• Section 49.2- Exempts any test developed, adopted, or provided by the State BOE from being a public record within the meaning of N.C. Gen. Stat. §132-1, until released by the State BOE.

S.L. 2014-115 (H.B. 1133) – Technical and Other Corrections
Effective: 8/11/14, except as noted otherwise

• Section 62(a)- Repeals 2012 legislation that prohibited dues from being deducted for public school employee organizations (e.g., NCAE, PENC).
• Allows employees to authorize payroll deductions for employee associations having at least 2,000 members, 500 of whom are public school employees or employed by other political subdivisions; or 40,000 members, the majority of whom are public school teachers. The political subdivision may authorize deductions for groups not meeting these numbers.
• Section 62(b)- Adds new requirement that the State Auditor must annually verify and certify membership counts for these public employee associations.
S.L. 2014-115 (H.B. 1133) – Technical and Other Corrections
Effective: 8/11/14, except as noted otherwise

• Section 65- Clarifies that noncertified employees and school administrators who were employed as of 7/1/14 and those who are subsequently hired or reemployed do not retain rights to receive written reasons for dismissal/nonrenewal or to appeal dismissal/nonrenewal decisions to Superior Court.

BUDGET PROVISIONS

S.L. 2014-100 (S.B. 744) – Appropriations Act of 2014
S.L. 2014-100 (S.B. 744) – Appropriations Act of 2014

- Due by July 1
- Senate passed S.B. 744, version 3 on May 31
- House passed S.B. 744, version 7 on June 13
- Chambers could not agree; Conference Committee appointed June 18 and 19
- After over a month of offers and counter-offers, the Senate and House finally approved the conference report on August 1 and 2
- Teacher salaries and teacher assistants were major points of contention
- Gov. McCrory signed the budget into law August 7


<table>
<thead>
<tr>
<th>K-12 PUBLIC EDUCATION</th>
<th>FY 14-15 Certified Budget</th>
<th>FY 14-15 Budget Adjustments</th>
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<td>Adj. 7% Increase</td>
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<td>See Special Revenue Section 91</td>
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### B. Technical Adjustments

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### C. Other Public School Funding Adjustments

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**Position Ratios**

- K: 1:19
- Grade 1: 1:18
- Grades 2-3: 1:17
- Grades 4-6: 1:24
- Grades 7-9: 1:23
- Grade 10-12: 1:29

**Grades**

- Grades 2-3: 1:17
- Grades 4-6: 1:24
- Grades 7-8: 1:23
- Grades 9-12: 1:19

### C. Other Public School Funding Adjustments

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<thead>
<tr>
<th>FY 14-15 Budget</th>
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<td><strong>Instructional Support Personnel Allotment</strong></td>
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<td><strong>Instructional Suppliers Allotment</strong></td>
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<td><strong>Repeal of Five Extra Instructional Days Requirement</strong></td>
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### C. Other Public School Funding Adjustments

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<td><strong>Textbook Allotment</strong></td>
<td>$90,000</td>
</tr>
<tr>
<td><strong>2% Procedure Bonuses – Switch Funding to Non-Recurring</strong></td>
<td>($10,200,000)</td>
</tr>
<tr>
<td><strong>Funds to LEAs for Differential Teacher Pay Programs</strong></td>
<td>($10,200,000)</td>
</tr>
<tr>
<td><strong>Vendors To Go Into SC Education Endowment Fund But Will Need Separate Act for Appropriation</strong></td>
<td>$1,000,000</td>
</tr>
<tr>
<td><strong>At-Risk Student Services Allotment</strong></td>
<td>($3,263,968)</td>
</tr>
<tr>
<td><strong>Funding for Education Services to Children in Private Psychiatric Residential Treatment Facilities</strong></td>
<td>$2,200,000</td>
</tr>
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</table>
### S.L. 2014-100 (S.B. 744) – Appropriations Act of 2014 – Money Report (cont.)

#### C. Other Public School Funding Adjustments

<table>
<thead>
<tr>
<th>FY 14-15 Budget</th>
<th>Adjustments</th>
</tr>
</thead>
<tbody>
<tr>
<td>($6,000,000)</td>
<td>R</td>
</tr>
<tr>
<td>$7,500,000</td>
<td>R</td>
</tr>
<tr>
<td>$690,000</td>
<td>R</td>
</tr>
<tr>
<td>($15,528,391)</td>
<td>R</td>
</tr>
<tr>
<td>$850,000</td>
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<tr>
<td>$100,000</td>
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<tr>
<td>$12,331,184</td>
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<tr>
<td>$1,302,243</td>
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<tr>
<td>$7,000,000</td>
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<tr>
<td>$2,000,000</td>
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</tr>
<tr>
<td>$30,000</td>
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</table>

#### FY 14-15 Budget Adjustments

<table>
<thead>
<tr>
<th>C. Other Public School Funding Adjustments</th>
<th>FY 14-15 Budget</th>
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<tbody>
<tr>
<td>Limited English Proficiency Allotment</td>
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<tr>
<td>ACT Assessments – Provides Dedicated Source of State Funding for ACT, PLAN, EXPLORE and WorkKeys Assessments</td>
<td>$7,500,000</td>
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<tr>
<td>Stop Arm Camera – Funding for Two Stop Arm Cameras per LEA</td>
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<tr>
<td>Low Wealth Supplemental Funding Allotment</td>
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<td>EVAAS Expansion</td>
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<td>EVAAS Data Collection/Analysis/Calculation of A-F Grades</td>
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<tr>
<td>API/IB – Delay Student Fees for Tests in All LEAs</td>
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<tr>
<td>Career and Technical Education Test Fees – Delay Fees</td>
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<tr>
<td>School Safety Officers in Elementary and Middle Schools</td>
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<tr>
<td>Education Innovation Grants</td>
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<tr>
<td>Cooperative and Innovative High School Allotment – Yakima Regional Academy</td>
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### S.L. 2014-100 (S.B. 744) – Appropriations Act of 2014 – Money Report (cont.)

#### D. Department of Public Instruction

<table>
<thead>
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<td>$530,000</td>
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#### E. Pass-Through Funds/Grants

<table>
<thead>
<tr>
<th>FY 14-15 Budget</th>
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</tr>
</thead>
<tbody>
<tr>
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<tr>
<td>$5,100,000</td>
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<tr>
<td>($767,715)</td>
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#### Total Legislative Changes

<table>
<thead>
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<th>FY 14-15 Budget</th>
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<td>($66,215,439)</td>
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<td>$5,219,222</td>
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<td>$55,000,774</td>
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#### Revised Budget

<table>
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<th>FY 14-15 Budget</th>
<th>Adjustments</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,048,101,622</td>
<td>$8,194,976,608</td>
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</tbody>
</table>

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Teacher Salaries (Sec. 9.1)

- Appropriates $275.5 million (supplemented by $33.9 million in lottery proceeds)
- Average 7% salary increase (including funds previously budgeted for longevity), after weeks of debate between Senate’s 11% and House’s 5%
- Average 5.5% salary increase, when longevity pay is not counted as part of the increase
- Salary increases vary significantly, depending on years of service
- New salary schedule of 6 steps for bachelor teachers:
  - 0-4: $33,000
  - 5-9: $36,500
  - 10-14: $40,000
  - 15-19: $43,500
  - 20-24: $46,500
  - 25+: $50,000
- Separate longevity payments eliminated, except those at current steps 30-36 are grandfathered
- One-time $1,000 bonus for current steps 30-36
- Not tied to elimination of tenure
- Longevity earned in 2013-14 to be paid on prorated basis through 6/30/14
S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Salary Supplements for Master’s / Advanced Degrees (Sec. 8.3)

• Restores “M” salary schedule and salary supplements for six-year and doctoral degree levels for 2014-15 and going forward, for:
  – Certified school nurses and instructional support positions for which a master’s degree is required for licensure
  – Teachers and instructional support personnel who were paid on that salary schedule or received that salary supplement prior to the 2014-15
  – Teachers and instructional support personnel who (i) complete a degree at the master's, six-year, or doctoral degree level for which they completed at least one course prior to August 1, 2013, and (ii) would have qualified for the salary supplement pursuant to SBE policy in effect on June 30, 2013

• Provides for a legislative study of Master’s and advanced degree supplements as well as differentiated pay for certain teachers who demonstrate effectiveness or who assume certain responsibilities/assignments

S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Principal / A.P. Salaries (Sec. 9.11)

• Appropriates $5.8 million

• Principals
  – Increases to base salaries on the schedule and experienced-based step increases (average 2% increase)
  – Principals no longer receive 1 extra step for every 3 years of experience (Section 9.11(c))
  – Principals reassigned to higher or lower job classifications because they were transferred to schools with larger or smaller numbers of state-allotted teachers will be placed on the salary schedule as if his/her entire career as a principal was at the new job classification. This applies to all transfers on or after July 1, 2014, except for transfers due to LEA mergers, which are exempt for one calendar year following the merger. (Sec. 9.11(f))

• Assistant Principals
  – Experienced-based step increases and salary schedule increases for years 9 and above

• Bonus
  – All those employed on July 1, 2014, who do not receive an increase through the provisions above receive one-time bonus of $809 base salary + $191 benefits ($1,000 total)
S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Central Office (Sec. 9.12) and Noncertified Personnel (Sec. 9.13) Salaries

• Appropriates $32.6 million
• One-time bonus of $500 base salary + $118 benefits ($618 total)
• Mirrors Senate position
  – (House suggested $65.3 million, with permanent salary increases of $1000)


• Appropriates $26,455,623 for LEA personnel
  – Senate wanted $21,514,025
  – House wanted $35,082,455
• Sets the employer contribution to the retirement system for the 2014-15 fiscal year at 15.21% (was 14.69% in 2013-14) (Sec. 35.13)
• Sets the employer contribution for the State Health Plan for the 2014-15 fiscal year at $5,378 (was $5,435 in 2013-14) for non-Medicare eligible employees/retirees and $4,179 (was $4,224 in 2013-14) for Medicare eligible employees/retirees (Sec. 35.13)

- No teacher selection process required, but local boards must design and submit locally designed differentiated teacher pay plans
- Differentiated Teacher Pay Program (Section 8.41)
  - Local school boards must submit proposals for locally designed differentiated teacher pay plans by January 15, 2015, to legislative committees
  - Proposals can include merit pay and/or bonuses for assignment to certain schools or additional responsibilities
  - $1 million in non-recurring funds are appropriated for LEAs to implement through a newly established NC Education Endowment Fund
  - No funding to design/submit the plans
- Makes the $500 bonuses for 25% procedure selected teachers a non-recurring budget item
- Senate wanted to immediately require a new 25% 4-year teacher contract selection procedure
- House wanted to eliminate the $500 annual/increasing bonuses for teachers put on 4-year contracts through the 25% procedure


- No guidance or language addressing the tenure law
- Background: judicial decision declared tenure changes in last year’s budget unconstitutional
- Senate wanted to create two different pay scales; one with generous raises for those who gave up tenure, the other retaining the current salaries for those who kept tenure
- House wanted to clarify language and eliminate 2018 date for repealing tenure, but give bonuses to teachers who voluntarily gave up tenure
- So, where do we stand now on the elimination of tenure and the 25% provision?
**S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Teacher Assistants**

- Funds TAs in grades K-3
- $105 million recurring cut (reduction of per-ADM dollars)
- $24.8 million of TA funding made non-recurring
  - Will be subject to expiration in the 2015-16 fiscal year unless action is taken by lawmakers
- $113.3 million of TA funding now provided by lottery receipts
  - This will have to be authorized each year by the General Assembly or expire
- Senate wanted to eliminate all funding for grades 2-3 TAs, and reduce per-ADM funding for grades K-1 TAs
- House wanted no change to TA funding


- Cuts DPI funding by an additional $5 million
- Authorizes SBE to reorganize DPI in order to implement the 10% reduction in state funding (Sec. 8.6)
  - Reorganization authority previously held by DPI itself
- Sec. 8.6: When implementing cuts, SBE cannot reduce funding or positions (unless positions have been vacant for more than 16 months) for:
  - NCCAT
  - Eastern N.C. School for the Deaf
  - N.C. School for the Deaf
  - Governor Morehead School
- Also cannot reduce funding for:
  - Communities in Schools of North Carolina, Inc.
  - Teach for America, Inc.
  - Beginnings for Parents of Children Who Are Deaf or Hard of Hearing, Inc.
**Pre-K**

- Increase of $5 million
  - Nonrecurring
  - Supplants $19.8 million of State funding with TANF block grant funds

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**Other Allotments**

- Transportation
  - Cut of $4.6 million (1%)
- Central Office Administration
  - Cut of $2.8 million (3%)
- At-Risk Student Services
  - $9.3 million cut (3.3%)
  - $5 million of remaining Alternative School funds must be used for after school pilot program grants (Section 8.19)
- Textbooks
  - $905,000 increase
S.L. 2014-100 (S.B. 744) – 2014-15 Budget – ADM Changes (Sec. 6.4)

- Eliminates automatic average daily membership (ADM) calculation for continuation budgets (i.e., budgets adopted in General Assembly short session)
  - Potentially significant impact on LEAs with growing student populations
  - May disrupt funding formula for all LEAs
  - Increases uncertainty with regard to “planning” allotments starting in 2015-16
  - DPI will be dependent on the state budget office for guidance in calculating planning allotments for LEAs, and they may be provided later in the calendar year

S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Children with Disabilities (Sec. 8.1)

- Raises supplemental funding for children with disabilities for the 2014-15 fiscal year to $3,768.11 per child
  - Was $3,743.49 per child
- Retains LEA allotment cap of 12.5% of ADM
S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Academically Gifted Children (Sec. 8.2)

• Raises supplemental funding for academically or intellectually gifted children for the 2014-15 fiscal year to $1,239.65 per child
  – Was $1,233.01 per child
• Retains LEA allotment cap of 4% of ADM

S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Small School System Supplemental Funding (Sec. 8.4)

• Amends the formula by providing a new funding schedule as follows:

<table>
<thead>
<tr>
<th>Allotted ADM 0-600</th>
<th>Small County Allotment</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-600</td>
<td>$1,710,000</td>
</tr>
<tr>
<td>601 - 1,300</td>
<td>$1,820,000</td>
</tr>
<tr>
<td>1,301 - 1,700</td>
<td>$1,548,700</td>
</tr>
<tr>
<td>1,701 – 2,000</td>
<td>$1,600,000</td>
</tr>
<tr>
<td>2,001 – 2,300</td>
<td>$1,560,000</td>
</tr>
<tr>
<td>2,301 – 2,600</td>
<td>$1,470,000</td>
</tr>
<tr>
<td>2,601 – 2,800</td>
<td>$1,498,000</td>
</tr>
<tr>
<td>2,801 – 3,200</td>
<td>$1,548,000</td>
</tr>
</tbody>
</table>
S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Small School System Supplemental Funding (Sec. 8.4) (cont.)

- Eliminates the maximum dollar per student allotment ($2,094) for 2014-15
- Retains the non-supplant clause for local county funding
- Senate wanted to declare General Assembly’s intent to implement a plan for regional consolidation of the 25 LEA’s with the lowest ADM by the end of 2018-19

S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Driver Education (Sec. 8.15)

- Cut of $26.7 million
- Beginning 2015-16, eliminates State support for the Driver Education program
- Local boards of education would be allowed to charge participants a fee up to $65 per student (current max is $55 per student)
- Some LEAs indicate an actual cost of approximately $200 per student
S.L. 2014-100 (S.B. 744) – 2014-15 Budget – AP/IB Courses (Sec. 8.17)

- Allows DPI to use other monies within the State Public School Fund to defray Advanced Placement (AP) and International Baccalaureate (IB) course test fees if the recurring appropriation for this program is insufficient in a school year
- Extends the AP/IB test fee waivers to charter school students

S.L. 2014-100 (S.B. 744) – 2014-15 Budget – After-School Services (Sec. 8.19)

- Establishes the After-School Quality Improvement Grant Program
  - Will award competitive grants to after-school learning pilot programs that target at-risk students and raise student academic standards
  - Sets aside $5 million of At-Risk Student Services allotment monies for these grants in 2014-15 fiscal year, thus reducing the At-Risk funds available to be distributed through the regular funding formula
- Allows LEAs to qualify for grant funding either on their own or in partnership with a nonprofit organization
- To qualify for grant at least 70% of students served must be free or reduced-price meal eligible
- Grant maximums of $500,000 per year for two years with a third year option
- Requires LEA/nonprofit to match $1 in non-grant funds to every $2 in state grant funds
- Matching funds cannot include other state funds, but can include in-kind contributions
(N.C. Center for the Advancement of Teaching)

- Appropriates $3,239,639
- Continues funding at 2013-14 level for 2014-15
- Changes funding to recurring
- Mirrors House approach
  - Senate wanted to require report on various performance measures and keep funding non-recurring
  - Governor’s proposed budget would have closed NCCAT

S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Opportunity Scholarship Grant Program

- Eliminates the $11.8 million ADM reduction line-item
- Eliminates the LEA funding reduction process, which required that LEAs reduce State funding proportionate to the number of students departing through vouchers (Sec. 8.25)
- Appropriates an additional $840,000 for a spring semester expansion
  - Applications for spring semester vouchers are to go out no later than October 1, 2014 (Sec. 8.25 (g)-(k))
- Declares voucher applications are not public records (Sec. 8.25 (b))
- Prohibits private schools enrolling voucher students from discriminating on the basis of race, color, or national origin
S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Lottery (Sec. 5.2)

- Classroom Teachers: $254,586,185
  - $34.6 million increase from lottery proceeds
- NC Pre-K: $75,535,709
  - Same as 2013-14
- School Construction: $100,000,000
  - Same as 2013-14
- Teacher Assistants: $113,318,880
  - Previously not funded by lottery proceeds
- Eliminates the Lottery Oversight Committee
- Creates a Joint Legislative Committee to oversee the lottery instead

BUDGET PROVISIONS

Substantive Policy Provisions Included in the Budget
S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Federal Grants (Sec. 8.9)

• Requires the SBE to notify General Assembly in advance if it intends to apply for federal grants
  – Written notification now required prior to submitting application

S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Property Insurance for Charter Schools (Sec. 8.10)

• Allows SBE to offer property insurance to charter schools

• Creates fund to supplement teacher compensation
  – Monies in fund can only be appropriated by General Assembly
  – Only for teacher compensation that is "related directly to improving student academic outcomes"
  – Funded by sale of "I Support Teachers" license plates ($10 per plate) and gifts, contributions, NCGA appropriations, and income tax elective contributions on refunds
  – Eliminates the "Support Public Schools" specialty license plate
  – Would take the sale of approximately 9.6 million new specialty license plates each year to give each N.C. teacher a $1,000 raise
  – (There are less than 4 million private and commercial automobiles combined in the state)

S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Military Service Credit for Newly Hired Educators (Sec. 8.12)

• Clarifies eligibility for the educator military service salary credit:
  Adds the qualifying condition that the individual must not have been previously employed by a North Carolina public school

• Directs DPI to study school bus maintenance issues by convening a committee of school bus transportation maintenance experts to review the School Transportation Fleet manual
  – At least half the members must be employees of local boards of education directly involved in school bus daily maintenance
• Sets date of December 15, 2014, for reporting the results back to the legislature

S.L. 2014-100 (S.B. 744) – 2014-15 Budget – NCVPS Revenue Study (Sec. 8.18)

• Instructs the Joint Legislative Education Oversight Committee to study revenue raising options for the North Carolina Virtual Public School (NCVPS)
• Study results and any legislative recommendations are to be submitted to the 2015 General Assembly
• Notable areas to be examined include:
  – Sale of NCVPS course seats in under-subscribed courses to out-of-state students
  – Issues associated with NCVPS operating as a for-profit education provider
Schematic Designs and Emergency Access to Schools (Sec. 8.20)

- Requires LEAs to provide schematic diagrams, including digital copies, and emergency access to key storage devices like KNOX boxes to local law enforcement agencies by June, 2015
- Requires LEAs to also provide schematic diagrams, including digital copies, and emergency response information to the Division of Emergency Management at the Department of Public Safety
- Requires LEAs to update diagrams following substantial modifications to school buildings
- Requires DPI to develop guidelines and standards for the preparation of the diagrams

NBPTS Supplement for Instructional Coaches (Sec. 8.21)

- Extends eligibility for National Board for Professional Teaching Standards (NBPTS) salary supplements to instructional coaches
- “Instructional coaches” classified by DPI
- Must be in a Title I school for at least 70% of work time
S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Read to Achieve Diagnostic Reading Assessments Study (Sec. 8.22)

- Tasks the Joint Legislative Education Oversight Committee with studying the mCLASS 3D assessment instrument used for grades K-2 formative and diagnostic reading assessments required by Read to Achieve
- The study is to examine:
  - The possibility of assessing formative/diagnostic development in a way that would allow for more local flexibility
  - Whether there are fewer instruments or data-gathering activities that could be used for formative/diagnostic assessments
  - Identification of other assessments to determine student growth for Standard 6 of the teacher evaluation instrument for K-2 teachers
- Currently, DPI plans to use mCLASS reading assessments to populate Standard 6 growth

S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Epi-Pens (Sec. 8.23)

- Creates new G.S. §115C-375.2A
- Local board of education shall provide on school property a supply of epinephrine auto-injectors for administration to non-prescription students who experience an anaphylactic reaction during the school day, and at school-sponsored events on “school property” (which specifically excludes transportation to or from school).
- Each school must store at least two epi-pens “in a secure but unlocked and easily accessible location.”
- Principals must designate one or more school personnel to receive initial training and annual retraining from a school nurse or local health department regarding the storage and emergency use of epi-pens.
- School nurse or other designated trained school personnel shall obtain a non-patient specific prescription for epi-pens from a physician, physician assistant or nurse practitioner of the local health department.

(cont.)
S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Epi-Pens (Sec. 8.23) (cont.)

- Principals must collaborate with appropriate school personnel to develop emergency action plans that include:
  - Standards/procedures for storage and use of epi-pens by trained school personnel
  - Training school personnel to recognize symptoms of anaphylaxis
  - Emergency follow-up procedures, including calling emergency services and contacting a student’s parent and physician
  - Instruction and Certification in CPR
- For students known to have a medical condition requiring availability of an epi-pen, the school’s supply of epi-pens shall not be their sole source of medication. Those students may be authorized to possess and self-administer their medication on school property under G.S. 115C-375.2.
- Civil immunity from liability is provided for any act or omission authorized by this law, except for gross negligence, wanton conduct or intentional wrongdoing.


- Requires SBE develop policies that ensure LEAs implement loss prevention and return-to-work programs
  - The programs would be based on models adopted by the SBE
  - The models are to be designed to reduce the number of injuries resulting in workers’ compensation claims and to ensure injured employees with claims return to work
Response Time (Sec. 8.28)

• Instructs DPI staff to respond to requests for information by local superintendents, charter school officers, or their designees within three business days “whenever practicable”
• Requires DPI to answer requests “reasonably and fully” within 14 business days, “absent extraordinary circumstances”

S.L. 2014-100 (S.B. 744) – 2014-15 Budget – A-F School Grades (Sec. 8.30)

• Pushes back date to issue report cards that include the A-F grades
  – Original date was August 1, 2014
  – New date is January 15, 2015
S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Anti-Bullying (Sec. 8.32)

• Requires principals to provide at the beginning of each school year the LEA policy prohibiting bullying and harassing behavior, including cyber-bullying, to staff, students, and parents

S.L. 2014-100 (S.B. 744) – 2014-15 Budget – School Counselors (Sec. 8.33)

• Clarifies that, while school counselors may not be the testing coordinator, they may assist other school personnel with test coordination during the 20% of their work hours that are not direct student services time
S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Funds for Charter School Closure (Sec. 8.34)

- Requires charter schools to reserve at least $50,000 in assets to cover expenses associated with voluntary or involuntary dissolution
- Recodifies statute concerning transfer of charter assets to the LEA upon dissolution
- Applies to charters seeking initial approval or renewal after August 7, 2014

S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Virtual Charter Schools (Sec. 8.35)

- Directs the SBE to establish a pilot program of 2 virtual charter schools of 4-year terms starting 2015-16
- Entitles the pilot virtual charters to local funding from home school districts of enrolling student
  - Capped at $790 per pupil
- Establishes regulatory framework to be followed by SBE
S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Athletic Lighting (Sec. 8.38)

• Adds “athletic lighting” to the list of items LEAs are allowed to purchase using lease purchase contracts and installment purchase contracts.


• DHSS (Dept. of Health & Human Services) may share confidential information with LEA and DPI to extent necessary to establish, coordinate or maintain appropriate educational services for persons receiving public assistance or social services.

• SBE and DHHS are required to ensure that educational services are provided to all students in PRTFs.

• Defines a PRTF as:
  - Non-hospital facility that provides inpatient psychiatric and other behavioral health services to individuals under the age of 21
  - Licensed by DHHS
  - State-operated facilities not included

(cont.)
S.L. 2014-100 (S.B. 744) – 2014-15 Budget –Children in Private Psychiatric Residential Treatment Facilities (PRTFs) (Sec. 8.39) (cont.)

- Requires PRTFs serving public school-eligible children to have a facility-based school and that the children receive educational services.
- Whenever there is reason to believe a client in a PRTF is eligible for educational services, the PRTF shall disclose client-identifying information to DPI, which may then disclose it to LEA.
- Within 3 business days of admitting a child, a PRTF shall notify DPI and the LEA in which the child was last enrolled and request a copy of IEP and other documents related to the provision of education services to the child. LEA shall, to the extent practicable, provide this within 3 business days of the request.

S.L. 2014-100 (S.B. 744) – 2014-15 Budget –Children in Private Psychiatric Residential Treatment Facilities (PRTFs) (Sec. 8.39) (cont.)

- PRTF and the receiving LEA shall work together to develop a transition plan, including a revised IEP, if necessary, to be implemented upon the child’s discharge from PRTF.
- Allows PRTFs to contract with LEAs for assistance in educating PRTF children. Any such contract must define:
  - Legal responsibilities of the PRTF and the LEA;
  - Education-related assessment to be used; and
  - Instruction to be provided.
- PRTF is subject to sanctions for not providing educational services or for not cooperating with DPI.

(cont.)
S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Children in Private Psychiatric Residential Treatment Facilities (PRTFs) (Sec. 8.39) (cont.)

- SBE and DPI shall:
  - Offer training to PRTF on EC compliance
  - Maintain current list of names of children in PRTFs and conduct info for their PRTF
  - Develop and implement rules to monitor delivery of educational services in PRTFs, including reporting to DHHS when services are not being provided

S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Teaching Fellows (Sec. 11.10)

- Accelerates the repeal of the statute authorizing the Teaching Fellows program from July 1, 2015, to March 1, 2015
- Shifts responsibility for administering any outstanding scholarships to the State Education Assistance Authority (SEAA) as of March 1, 2015
S.L. 2014-100 (S.B. 744) – 2014-15 Budget – Legal Challenges to Legislative Actions

• (Sec. 17.3A) Allows legislative leaders to hire outside attorneys to represent the General Assembly and supersede the state Attorney General as lead counsel in legal cases challenging the constitutionality of state laws

• (Sec. 18B.16) Creates a new process for any legal case challenging a state law on grounds that it violates the constitution or federal law, requiring the case to be heard by a three-judge panel of superior court judges appointed by the Chief Justice of the state Supreme Court
  – Prompted by lawsuits challenging the tenure and voucher laws recently passed by the legislature

THE END