



REPORT FROM ASHLEY PERKINSON 7/10/17

The House and Senate have agreed on a final state budget. The budget includes pay raises for teachers and principals, additional NC Pre-K funding. There is no new funding to address the class size mandate scheduled to take effect in 2018-19; however, a budget technical corrections bill, HB 528, includes the “intent to fund” language as follows:

"PROGRAM ENHANCEMENT TEACHER FUNDS"

"SECTION 7.14. It is the intent of the General Assembly to use the data collected in accordance with the reporting requirements set forth in Section 2 of S.L. 2017-9 [HB 13 Class Size Requirements] to fund a new allotment for program enhancement teachers for local school administrative units beginning with the 2018-2019 fiscal year."

Budget Highlights

Teacher Pay: The average State-funded increase for teacher pay will be 3.3% in FY18 and 9.6% in FY19 when compared to FY17. To pay for these increases, there is a \$101.7 million funding increase in FY18 and \$372.6 million increase in FY19.

Teacher Bonuses:

- \$14.9 million in FY19 for third grade reading performance bonuses, AP and IB bonuses and career and technical education bonuses;
- \$25.3 million to support a math performance bonus program for teachers in grades 4 through 8 and a reading bonus program for teachers in grades 4 and 5;
- \$5 million in non-recurring funding in FY18 and FY19 for bonuses for all teachers with at least 25 years of experience.

Principal and Assistant Principal Pay: The budget creates a new Principal Salary schedule based on a school’s average daily membership and school growth performance. The average percent increase is hard to predict due to the new schedule, but based on Fiscal Research modeling the State-funded average salary will increase by 8.6%. These salary increases will be funded by a \$35.4 million increase in FY18 and \$40.6 million increase in FY19. In addition, the new bonus program equates to an additional average increase of 4% of principal pay. For Assistant Principals, their pay will be based off the “A” teacher salary schedule, plus 17%, with supplements for advanced degrees. For both Principals and Assistant Principals, longevity pay has been eliminated.

Analysis of Student Work (ASW): This has been eliminated both as a practice and from the budget. The budget provision, Section 7.23E, sets forth the elimination and prohibits ASW from becoming part of NC's State Plan for purposes of the federal Every Student Succeeds Act (ESSA). Furthermore, the budget eliminates \$325,000 in ASW funding.

Teaching Fellows: The budget reinstates a new version of this former program that was eliminated several years ago. The new program will be housed under UNC-General Administration and in 2018-19 will have \$6 million to administer a loan-forgiveness program for students willing to become STEM or special education teachers in NC public schools.

NC Pre-K: The budget includes \$9 million in NC Pre-K funding in FY18 and \$18.3 million in FY19. The increased funding will serve an estimated additional 1,725 children in FY18 and 3,525 children in FY19. The current waiting list is about 4,700 children.

Textbooks: The final budget includes \$11.285 million in non-recurring funding in FY18 for textbooks and digital materials, but no additional funding for FY19.

Drivers Education: The final budget does not include the Senate's proposed "stipend" for driver's education.

Children with Disabilities: The final budget includes \$6.32 million in recurring funding to increase the funding cap for students with disabilities allotment from 12.5% to 12.75%. A school district can now receive funds for each child identified with disabilities, up to 12.75% of the districts ADM.

School Vouchers: The final budget includes \$45M in FY18 and \$55M in FY19 for opportunity scholarships and creates a task force to study evaluating learning gains and losses by students receiving opportunity scholarships.

Education Savings Accounts: The final budget includes \$450K and \$3 million for education savings accounts in FY18 and FY19 respectively. Children with disabilities would be eligible for scholarship grants for education related expenses, including tuition for non-public schools.

Class Size: The final budget did not include any additional funding to support the scheduled class-size reduction for the 2018-19 school-year. While neither the House nor the Senate included such funding in their respective proposals, both chambers included provisions to address the class-size debate in other ways. The Senate proposal would have created a separate K-5 teacher allotment and would have imposed restrictions on the ability of LEAs to shift funding, while the House budget included a requirement for superintendents to notify legislators of capacity limitations that would prevent them from meeting class-size requirements. As referenced above in the opening paragraph, the General Assembly ultimately passed an "intent to fund" provision in a technical corrections bill that occurred after the budget passed.

ESSA Compliance / School Grades: To comply with the federal ESSA Act, legislators made several adjustments to the school performance grading scale, including:

- Separate grades for certain subgroups of students, including:
 - Economically disadvantaged students;
 - Students from major racial and ethnic groups;
 - Children with disabilities;
 - English learners;
- A requirement to report on the data for each subgroups along with achievement gaps;
- The incorporation of English language proficiency as a measure;
- A requirement for the State Board of Education and DPI to provide user-friendly access to the public on the annual report cards issued for LEAs and individual schools;
- The redefinition of academic and school quality and student success indicators (see page 69 and 70 of the [budget bill](#)).

Music Therapy

A bill that would establish music therapy licensure in North Carolina passed the House this session but stalled in the Senate. The bill is currently assigned to the Senate Rules Committee and will be eligible for consideration in the upcoming short session.

Educator Preparation Programs

In 30 pages, [SB 599 Excellent Educators for Every Classroom](#), would overhaul the current “lateral entry” educator preparation programs, re-vamp Educator Preparation Programs, and further revise and re-codify several educator preparation statutes. The bill passed both the House and Senate, and has gone to the Governor for review and signature.

NC Standard Course of Study

[HB 135 Technical Changes to Courses of Study Statute](#) would repeal the Basic Education Program in state statute and re-codify and renumber a series of long-standing education statutes. For music educators, it re-states the same statutory language emphasizing instruction in the arts as follows: “Instruction shall be offered in the areas of arts, communication skills, physical education and personal health and safety, mathematics, media and computer skills, science, second languages, social studies....” NCGS 115C-81(a). The bill has passed both Chambers and has been sent to the Governor.

Study Dividing School Systems

[HB 704 Divide School Systems/Study Committee](#) would establish a Joint Legislative Study Committee on the Division of Local School Administrative Units (LEAs) with a final report by May 1, 2018, on whether and how LEAs should be divided. The primary sponsors of this House Bill represent Wake and Mecklenburg Counties. The bill passed both chambers and has gone to the Governor.