



SUMMARY OF APPROPRIATIONS ACT OF 2017

The approved Appropriations Act of 2017, contained in [Session Law 2017-57 \(Senate Bill 257\)](#), provides a \$23 billion state budget for 2017-2018, a 3% increase over last year's budget, and includes over \$9 billion for public schools, a 3.5% increase over the previous year's budget. The following is a section-by-section summary of the substantive provisions that impact public schools and includes revisions delineating line item spending and other changes enacted in [House Bill 528, the Budget Technical Corrections legislation](#). The full money report for the 2017-2019 budget can be found [here](#). A comparison chart, compiled by DPI, of the Governor's proposed budget, the Senate's proposed budget, House proposed budget and the final compromise budget can be seen [here](#).

SPECIAL PROVISIONS AFFECTING PUBLIC SCHOOLS

PART V. OTHER APPROPRIATIONS

SECTION 5.3 – Education Lottery Funds/Changes to Revenue Allocations/Needs-Based Public School Capital Fund – Appropriates the following revenue from the Education Lottery Fund:

	2017-2018	2018-2019
Noninstructional Support Personnel	\$383,888,897	\$385,914,455
Prekindergarten Program	\$78,252,110	\$78,252,110
Public School Building Capital Fund	\$100,000,000	\$100,000,000
Needs-Based Public School Capital Fund	\$30,000,000	\$75,000,000
Scholarships For Needy Students	\$30,450,000	\$30,450,000
UNC Need-Based Financial Aid	\$10,744,733	\$10,744,733
LEA Transportation	\$43,277,192	\$1,386,090
Total Appropriation	\$676,612,932	\$681,747,388

Declares it is the intent of the General Assembly to increase the amount of North Carolina Education Lottery revenue dedicated to assist local governments in meeting local school capital needs from 16.9% of net lottery revenue collected in the 2016-2017 fiscal year to 40% of net lottery revenue collected no later than 2028-2029.

Creates the Needs-Based Public School Capital Fund to be administered by the Superintendent of Public Instruction. The Fund will be used to award grants to counties designated as a development tier one area or a development tier two area to assist with their critical public school building capital needs. Directs the Superintendent of Public Instruction to award grants to counties in accordance with the following priorities:

1. Counties designated as development tier one areas.
2. Counties with greater need and less ability to generate sales tax and property tax revenue.
3. Counties with a high debt-to-tax revenue ratio.
4. The extent to which a project will address critical deficiencies in adequately serving the current and future student population.

Requires matching requirement for grants awarded as follows:

1. For a county designated as a development tier one area, the grant shall not exceed \$3.00 in grant funds for every \$1.00 provided by the county. Grant funds awarded to a tier one county shall not exceed \$15,000,000.
2. For a county designated as a development tier two area, the grant shall not exceed \$1.00 for every \$1.00 in grant funds provided by the county. Grant funds awarded to a tier two county shall not exceed ten million dollars \$10,000,000.

Directs that grant funds must be used for new capital projects only, and not for real property acquisition or operation lease agreements. (This was modified by [Senate Bill 468](#), which provides that grant funds may be used for projects when a pre-development agreement for an operational lease was entered into on or before June 30, 2017.) Provides that no grants may be awarded to any county that has received over \$8,750,000 in funds from the Public School Building Capital Fund from the 2012-2013 fiscal year to the 2016-2017 fiscal year.

Provides that a county which has received a grant fund award from the Needs-Based Public School Capital Fund is not eligible to receive allocations from the Public School Building Capital Fund for a period of five years from the date the grant funds were awarded.

Provides a reporting requirement for grant recipients to, on or before April 1 of each year, submit to the Superintendent of Public Instruction an annual report for the preceding year that describes the progress of the project for which the grant was received. Directs grant recipients to submit a final report to the State Superintendent of Public Instruction within three months of the completion of the project.

Directs the Joint Legislative Commission on Governmental Operations to appoint a committee to study the Needs-Based Public School Capital Fund.

SECTION 5.4 – Civil Penalty and Forfeiture Fund – Appropriates funds from the Civil Penalty and Forfeiture Fund as follows:

	2017-2018	2018-2019
School Technology Fund	\$18,000,000	\$18,000,000
Driver Education	\$27,393,768	\$27,393,768
State Public School Fund	\$134,784,022	\$128,341,640
Total Appropriation	\$180,177,790	\$173,735,408

Any excess funds will remain unspent until appropriated by the General Assembly.

Directs that proceeds from fees for late motor vehicle registration be used to provide a dedicated source of revenue for LEA Driver Education programs.

SECTION 5.5 – Indian Gaming Education Revenue Fund – Continues the \$6,000,000 transfer from the Indian Gaming Education Revenue Fund to the Department of Public Instruction for the Textbooks, and Digital Resources Allotment.

PART VI. GENERAL PROVISIONS

Section 6.6 – Clarify Base Budget Definition – Writes into statute that funding increases for the Opportunity Scholarships (private school vouchers) are to be built into the base (continuation) budget as automatic increases as follows:

Fiscal Year	Appropriation
2017-2018	\$44,840,000
2018-2019	\$54,840,000
2019-2020	\$64,840,000
2020-2021	\$74,840,000
2021-2022	\$84,840,000
2022-2023	\$94,840,000
2023-2024	\$104,840,000
2024-2025	\$114,840,000
2025-2026	\$124,840,000
2026-2027	\$134,840,000

PART VIII. PUBLIC SCHOOLS

SECTION 7.1 – Funds for Children with Disabilities – Allocates supplemental funding for children with disabilities on the basis of \$4,125.27 per child. Each local school administrative unit (LEA) will receive funds for the lesser of (i) all identified children with disabilities or (ii) 12.75% (an increase over the previous rate of 12.5%) of its 2017-2018 allocated average daily membership (ADM).

Prohibits the transfer of funds out of the children with disabilities allotment category beginning with the 2017-2018.

SECTION 7.2 – Funds for Academically Gifted Children – Allocates supplemental funds for academically or intellectually gifted children on the basis of \$1,314.56 per child for fiscal years 2017-2018 and 2018-2019. Each LEA will receive funds for a maximum of 4% of its 2017-2018 allocated ADM.

Prohibits the transfer of funds out of the academically or intellectually gifted children allotment category beginning with the 2018-2019 school year.

SECTION 7.3 – Supplemental Funding in Low-Wealth Counties – Maintains historical funding formula for the Low-Wealth County Supplemental Funding allotment. Provides requirements for use of funds. Retains nonsupplant language.

Directs that counties containing a base of the Armed Forces of the United States that have an average daily membership of more than 23,000 students shall receive the same amount of supplemental funding for low-wealth counties as received in the 2012-2013 fiscal year.

SECTION 7.4 – Small School System Supplemental Funding – Maintains the Small School System Supplemental Funding Allotment according to the following schedule:

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

Provides that if a LEA becomes ineligible for funding under the above schedule during the 2017-2018 fiscal year, funding for that unit must be phased out over a five-year period.

Allows counties in which a LEA receives small county allotment funds must use the funds to supplement local current expense funds and not supplant local current expense funds. Forbids the State Board of Education from allocating funds to a county found to have used these funds to supplant local per student current expense funds.

SECTION 7.5 – Disadvantaged Student Supplemental Funding – Maintains same funding formula as in previous budgets.

SECTION 7.6 – Uniform Education Reporting System Funds – Provides that funds appropriated for the Uniform Education Reporting System for the 2017-2019 fiscal biennium do not revert at the end of each fiscal year but remain available until spent.

SECTION 7.7 – Budget Reductions/Department of Public Instruction – Authorizes the Department of Public Instruction (DPI) to reorganize in order to implement the budget reductions set forth in the budget (6.2% in 2017-2018, 13.9% in 2018-2019). Prohibits the reduction of funds from certain specified programs and initiatives.

SECTION 7.8 – DPI/Alignment of Federal Funds – Directs the Department of Public Instruction to align federal funds to accurately reflect the amount projected to be spent by the Department in each year of the 2017-2019 fiscal biennium.

SECTION 7.9 – Administration of the Excellent Public Schools Act – Directs the Department of Public Instruction to hire 13 time-limited positions that support the kindergarten through third grade assessments. This provision expires June 30, 2019.

SECTION 7.10 – Superintendent of Public Instruction Support Staff – Authorizes the Superintendent of Public Instruction to use a \$700,000 appropriation to create up to 10 full-time equivalent exempt policy-making positions, reporting directly to the Superintendent of Public Instruction. The appointments are not subject to approval or disapproval by the State Board of Education.

SECTION 7.11 – Carryforward of Certain DPI Funds – Provides that funds for the following programs may be carried forward by the Department of Public Instructions: Advanced Teaching Roles Study, Local Alternative Teacher Prep Program, School Connectivity, and the Innovative School District.

SECTION 7.12 – Prohibit Transfer of Limited English Proficiency Funds – Prohibits the transfer of funds out of the limited English proficiency allotment category beginning with the 2017-2018 school year.

SECTION 7.13 – Prohibit Transfer of Textbooks and Digital Resources Funds – Provides that funds allotted for textbooks and digital resources may only be used for the purchase of textbooks and digital resources. Prohibits the transfer of funds out of the allotment for any other purpose beginning with the 2018-2019 school year.

SECTION 7.14 – Program Enhancement Teacher Funds – States it is the intent of the legislature to fund a new allotment for program enhancement teachers for LEAs beginning with the 2018-2019 fiscal year.

SECTION 7.15 – Class Size Flexibility for Current Pilot Programs and Dual Language Immersion Classes – Authorizes LEAs approved by the State Board of Education to participate in the teacher compensation models and advanced teaching roles pilot program established under last year's budget to allow a certain number of schools that were identified in their proposals to exceed individual class size requirements in kindergarten through third grade for the duration of the pilot program ending with the 2019-2020 school year. This exemption for these schools expires June 30, 2020.

Authorizes schools participating in Project LIFT and the R3: Career Pathways Program to exceed individual class size requirements in kindergarten through third grade for the duration of the programs.

Exempts dual language immersion classes from class size requirements for kindergarten through third grade.

SECTION 7.16 – Improve Education Financial and Information Transparency – Directs the Department of Public Instruction (DPI) to implement the School Business System Modernization Plan, as proposed by the State Board of Education. Provides that it is the intent of the General Assembly to fund a multiphase, multiyear project to (i) modernize State and local education financial, human capital, and school information systems, (ii) provide for a common reporting system and analytics system, (iii) integrate financial, payroll, human resources, and related human capital systems through the use of a new software as a service enterprise resource planning (ERP) solution, make enhancements to existing local systems, or both, and (iv) link the State licensure system with the upgraded local systems.

Directs the State Superintendent to work with the Friday Institute for Educational Innovation at North Carolina State University (the Friday Institute), the Government Data Analytics Center (GDAC), local superintendents, charter school leadership, and LEA personnel administrators and finance officers to establish common data reporting requirements consistent with the Uniform Education Reporting System established by the State Board of Education.

Directs the State Superintendent to work with the Friday Institute, GDAC, and other State agencies to improve communication between computer systems.

Authorizes DPI Department to use up to \$1,430,000 in 2017-2018 and \$1,420,000 in 2018-2019 to establish positions, to contract for services, or both for business-specific project management.

Directs DPI to transfer up to \$3,250,000 in 2017-2018 and \$250,000 in 2018-2019 to GDAC to leverage existing public-private partnerships for the development and deployment of a data integration service that consolidates data from financial, human resources, licensure, student information, and related systems.

SECTION 7.17 – Office of Charter Schools/Web-Based Record and Data Management –

Directs the Department of Public Instruction to use \$200,000 each year of the 2017-2019 biennium to support the purchase of a Web-based electronic records and data reporting management system to automate and streamline reporting and accountability requirements to assist the Office of Charter Schools (OCS) in complying with the annual reporting obligations of charter schools.

SECTION 7.18 – State Board of Education/Use of State Funds – Prohibits the State Board of Education from using any State funds to employ private counsel to provide litigation services to the State Board of Education. Does not apply to State funds that are reserved for the 2016-2017 fiscal year for the purposes of employing private counsel to represent the State Board.

Specifies 8 positions which the State Board may use to support meeting and direct operations of the office of the State Board of Education. Provides the State Board may utilize other staff employed by the Department of Public Instruction to provide administrative and technical assistance to the State Board.

SECTION 7.19 – Teachers/Isolated K-12 Schools – Allots additional classroom teachers to schools containing grades K-12 when consolidation is not feasible due to the geographic isolation of the school and the school meets at least one of the following criteria for geographic isolation:

1. The school is located in a LEA in which the average daily membership is less than 1.5 per square mile.
2. The school is located in a LEA for a county containing more than 150,000 acres of national forest owned by the federal government and managed by the United States Forest Service pursuant to G.S. 104-5.

Directs the State Board to allot teachers to geographically isolated schools on the basis of one classroom teacher per grade level and to allot teacher to the remainder of the LEA in accordance with the formulas for the regular classroom teacher allotment.

SECTION 7.20 – Turning TAs into Teachers Pilot Expansion/Student Teacher Employment

– Rewrites the Teacher Assistant Tuition Reimbursement Pilot Program as written in last year's budget to include the following LEAs into the program: Alamance-Burlington, Beaufort, Bertie, Duplin, Edenton-Chowan, Edgecombe, Guilford, Halifax, Nash-Rocky Mount, Northampton, Randolph, Tyrrell, Vance, and Washington. Specifies a teacher assistant will continue to receive salary and benefits while student teaching in the LEA.

SECTION 7.22 – Cooperative Innovative High School Funding Changes – Directs, by February 15, 2018, the State Board of Community Colleges, the Board of Governors of the

University of North Carolina, and the State Board of Education to study and report on the costs associated with the Career and College Promise Program, including operation of cooperative innovative high schools and the cost of concurrent enrollment in the high school and the institution of higher education, student outcomes related to the Program, and any legislative recommendations on modifications to the administration and funding for the Program.

Changes funding for Cooperative and Innovative High Schools to a funding method based on the economic development tier in which the school is located as follows:

- Tier 1: \$275,000
 - A virtual cooperative innovative high school will receive \$200,000.
 - The Northeast Regional School of Biotechnology and Agriscience will receive \$310,000.
- Tier 2: \$200,000
- Tier 3: \$180,000 and \$20,000 in nonrecurring funds.

Directs the State Board of Community Colleges, in conjunction with the State Board of Education and the Board of Governors of the University of North Carolina, to evaluate the success of students participating in the Career and College Promise Program, including the College Transfer pathway and the Career and Technical Education pathway. Success is to be measured by high school retention rates, high school completion rates, high school dropout rates, certification and associate degree completion, admission to four-year institutions, postgraduation employment in career or study-related fields, and employer satisfaction of employees who participated in the programs.

SECTION 7.23 – Preparing Future Workforce in Coding and Mobile App Development Grant Program – Directs the Department of Public Instruction (DPI) to establish the Coding and Mobile Application Grant Program (Program) to develop industry partnerships with LEAs and charter schools to design and implement computer science, coding, and mobile application development curricular program for middle school and high school students. Allows grant funds (up to \$400,000) be used for the purchase of equipment, digital materials, and related capacity building activities, which may include teacher professional development for coding, computer science, and mobile application development initiatives. Limits use no more than five percent (5%) of the grant award each fiscal year for administrative costs.

DPI must establish criteria and guidelines for grant applications and program requirements by August 15, 2017. DPI must accept applications until October 15, 2017. For subsequent years DPI is to accept applications until May 15 of that year. Outlines the information which grant applicants must submit in their applications.

Directs the Superintendent of Public Instruction, in selecting recipients for the Program, to consider diversity among the pool of applicants, including geographic location, the positive impact on the community of industry partnerships, and the size of the student population served by the recipient, in order to award funds to the extent possible to grant recipients that represent different characteristics of the State. Directs selection of initial grant recipients by November 15, 2017. In subsequent years, selection is to occur by July 15 of that year.

Details reporting requirements for grant recipients.

SECTION 7.23A – Expand School Connectivity Initiative/Cybersecurity and Risk Management – Directs the State Board of Education and Department of Public Instruction (DPI),

in conjunction with the Friday Institute at North Carolina State University, to expand the School Connectivity Initiative client network engineering to include cybersecurity and risk management services support to LEAs and charter schools. Authorizes DPI to use up to \$200,000 in each year of the 2017-2019 biennium to meet this requirement.

SECTION 7.23B – Report On Cursive Writing and Multiplication Tables – Directs the State Board of Education and Department of Public Instruction to report to the Joint Legislative Education Oversight Committee by March 30, 2018 regarding the measures taken by each LEA to implement cursive writing and multiplication tables as required by law.

SECTION 7.23D – Joint Legislative Task Force on Education Finance Reform – Creates the Joint Legislative Task Force on Education Finance Reform (Task Force). Directs the President Pro Tempore of the Senate to appoint nine Senators and the Speaker of the House of Representatives to appoint nine House members to the Task force no later than September 1, 2017.

Directs the Task Force to study various weighted student formula funding models and develop a new funding model for the elementary and secondary public schools of North Carolina based on a weighted student formula. Directs the Task Force to do the following:

1. Review the State's current public school allotment system and undertake an in-depth study of various types of weighted student formula funding models. In its study, the Task Force is encouraged to consider models used by other states.
2. Determine the base amount of funds that must be distributed on a per student basis to cover the cost of educating a student in the State.
3. Identify the student characteristics eligible for weighted funding and the associated weights for each of these characteristics.
4. Resolve the extent to which the base amount of funds to be distributed would be adjusted based on the characteristics of each local school administrative unit.
5. Decide which funding elements, if any, would remain outside the base of funds to be distributed under a weighted student formula.
6. Study other funding models for elementary and secondary public schools, including public charter schools, in addition to the weighted student funding formula.
7. Study funding models to provide children with disabilities with a free appropriate public education. This is to include a consideration of economies of scale, the advisability and practicality of capping additional funding for children with disabilities, and additional costs associated with services required for particular disabilities.
8. Study any other issue the Task Force considers relevant.

Directs the Task Force to begin meeting no later than October 1, 2017 and submit a final report on the results of the study, including proposed legislation, to the Joint Legislative Education Oversight Committee on or before October 1, 2018. The Task Force terminates on October 1, 2018, or upon the filing of its final report, whichever comes first.

SECTION 7.23E – Eliminate Analysis of Student Work Process for Teacher Evaluations – Eliminates the use of analysis of student work process and prohibit the use of an analysis of student work process to assess teacher performance and professional growth as part of the North Carolina Teacher Evaluation System.

SECTION 7.23F – Sixth and Seventh Grade CTE Program Expansion Grant Program – Directs the North Carolina Education and Workforce Innovation Commission to develop and

administer the Career and Technical Education Grade Expansion Program (Program), and award grants under the Program.

Establishes the Career and Technical Education Grade Expansion Program to expand CTE programs by prioritizing the inclusion of students in sixth and seventh grade through grant awards provided to selected LEAs for up to seven years. Grants may be allocated up to \$700,000 beginning in 2017-2018 and up to \$1,000,000 in subsequent fiscal years. Directs grant funds be used only for employing additional licensed personnel in CTE areas, career development coordination areas, and support service areas necessary for expanding the CTE program to sixth and seventh grade students. The funds may be used for CTE programs at one or more schools in the LEA.

SECTION 7.23G – Transfer Education and Workforce Commission To DPI – Moves the North Carolina Education and Workforce Commission from the Office of the Governor to the Department of Public Instruction.

SECTION 7.23H – Future Ready Students – Directs LEAs to offer at least two work-based learning opportunities that are related to career and technical education instruction. A work-based learning opportunity consists of on-the-job training through an internship, cooperative education, or an apprenticeship program. Encourages LEAs to implement a career awareness program for students in fifth grade to educate students on the career and technical education programs offered in the LEA. If a LEA does so, it must report on program activities and student outcomes from the prior school year to the State Board of Education by October 1 of each year.

Changes “vocational and technical education” to “career and technical education” throughout the statutes.

LEAs must provide and require industrial-quality eye protection for students at all times when participating in particular programs. Visitors to particular shops and labs must be furnished with and required to wear industrial-quality eye protection while instructional or experimental programs are in progress.

Requires LEAs to establish a business advisory council to assist in the performance of its duties to provide career and technical education instruction, activities and services. The business advisory council serves LEAs by identifying economic and workforce development trends related to the training and educational needs of the local community and advocating for strong, local career and technical education programs, including career pathway development that provides work-based learning opportunities for students and prepares students for post-secondary educational certifications and credentialing for high-demand careers. Business advisory councils may serve more than one LEA upon agreement by all interested parties. Provides additional details regarding business advisory councils concerning membership, appointments, terms, and bylaws. Provides that business advisory councils are subject to the Public Records Act. Directs LEAs to provide meeting space and necessary administrative staff to the business advisory council.

Provides that beginning with the 2018-2019 school year, career and technical education agriculture teacher personnel positions serving students in grades nine through 12 be for a term of employment for 12 calendar months. LEAs may fund these positions using any combination of State funds, local funds, or any other funds available to the local board. Provides for a waiver process from this requirement.

SECTION 7.23I – Establish B-3 Interagency Council – Establishes the B-3 Interagency Council as a joint council between the Department of Health and Human Services and the Department of Public Instruction. Provides for membership of the Council, terms of members, powers and duties of the Council and reporting requirements.

Creates the position of Associate Superintendent of Early Education to serve as chief academic officer of early education. The Associate Superintendent of Early Education is to be appointed by the Superintendent of Public Instruction.

SECTION 7.23J – Allotment Transfer Report – Requires reporting of the following specific information by LEAs when there is an allotment transfer that increased or decreased the intimal amount by more than 5%:

- a. The amount of the transfer.
- b. The allotment category into which the funds were transferred.
- c. The purpose code for the funds following the transfer.
- d. A description of any teacher positions fully or partially funded as a result of the transfer, including all subject areas taught by the teacher in the position.
- e. The educational priorities that necessitated the transfer.

Requires LEAs to maintain this information on its website for at least three years after its published.

Applies beginning with the use of funds during the 2014-2015 fiscal year. The information required to be maintained on the LEA website as directed above must contain budgetary information from 2014-2015, 2015-2016, and 2016-2017.

SECTION 7.23K – Digital Learning Plan/Programs/Funds – As continuation of implementing the Digital Learning Plan, the State Board of Education (State Board), the Department of Public Instruction (DPI), the Friday Institute for Educational Innovation at North Carolina State University (Friday Institute), and The University of North Carolina educator preparation programs collaborate to develop and implement a comprehensive professional development strategy and solution for teachers and for students in UNC educator preparation programs for the use of technology and digital resources as teaching tools for K-12 students.

Directs LEAs located in the most economically distressed counties as determined by the Department of Commerce to collaborate with the State Board, DPI, the Friday Institute, and the University of North Carolina educator preparation programs to assess current efforts to provide student digital literacy instruction in K-8 in those LEAs and to develop a plan to strengthen such efforts. Requires the assessment and plan address at least the following:

Authorizes DPI to spend up to \$1.8 million to carry out the above requirements.

SECTION 7.23L – Audit of the Department of Public Instruction – Directs the Superintendent of Public Instruction to select an independent research organization to conduct an organizational, functional, and business-process audit of the Department of Public Instruction (DPI) during the 2017-2018 fiscal year.

SECTION 7.24 – Extend Learning and Integrated Student Supports Competitive Grant Program – Directs the Department of Public Instruction to use up to \$6,000,000 in each year of

the 2017-2019 fiscal biennium for the Extended Learning and Integrated Student Supports Competitive Grant Program (Program). 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.

Grant recipients are eligible to receive grants for up to two years in an amount of up to \$500,000 each year. Grant participants must match funds on a 3-1 basis. Matching funds may not include other State funds.

SECTION 7.25 – Life Changing Experiences School Pilot Program – Directs the Department of Public Instruction (DPI) to use up to \$360,000 each year of the fiscal biennium to contract with the Children and Parents Resource Group, Inc. to design, implement, and evaluate a two-year Life Changing Experiences School Pilot Program (Program). The Program will be operated and administered for students in grades 6 through 11 in the following LEAs: Mitchell County Schools, Pitt County Schools, Wayne County Schools, and Winston-Salem/Forsyth County Schools. The funds may only be used for three-dimensional, interactive, holistic, and evidence-based multimedia education in-school programs addressing alcohol and other drugs, dangerous driving, violence, and bullying.

SECTION 7.26 – School Performance Grades/ESSA Compliance – Directs the State Board of Education to make changes to the A-F School Performance Grades in order to comply with federal ESSA law:

- Adds an additional point for each percent of students who progress in achieving English language proficiency on annual assessments when calculating the overall school achievement score earned by schools.
- Directs the State Board of Education to establish the minimum number of students in a subgroup served by a school that is necessary to disaggregate information on student performance and to determine a subgroup performance score and grade for the following subgroup of students, and to report the subgroup scores and grades separately on the annual school report card;
 - Economically disadvantaged students
 - Students from major racial and ethnic groups
 - Children with disabilities
 - English learners
- Removes provision allowing for school which met expected growth, and whose growth score reduces the school's performance score and grade, to choose to use the school achievement score solely to calculate the performance and score.
- Directs the State Board of Education, beginning with data collected in the 2017-2018 school year, to provide access to the public on annual report cards issued for LEAs and school on the Department of Public Instruction's website.

SECTION 7.26A – Clarify Student Consent to Receive College, University, and Scholarship Information – Prohibits a website operator from providing university, college, or scholarship information to a student unless the operator receives written consent for such from a parent or student aged 13 or older.

SECTION 7.26B – Career and College Ready Literacy Skills/Reading Improvement Commission – Provides that a student, in order to receive a high school diploma endorsement, must receive on a nationally norm-referenced college admissions test for reading a score

established by the testing organization that represents the level of achievement required for students to have approximately a 50% chance of obtaining a grade B or higher or a seventy-five percent 75% chance of obtaining a grade C or higher in a corresponding credit-bearing, first-year college course. Provides that a student may take the test as many times as necessary to achieve the required benchmark score.

Requires the Superintendent of Public Instruction to establish a Reading Improvement Commission to study and make recommendations on best practices for public schools in the State to improve reading comprehension, understanding, and application for students in grades 4-12 to ensure that students complete high school with literacy skills necessary for career and college readiness. The Superintendent of Public Instruction may appoint superintendents, principals, reading instructors, representatives from research institutions, and other individuals as determined by the Superintendent to the Commission. Sets out reporting requirements.

SECTION 7.26C – Nationally Norm-Referenced College Admissions Test – Replaces the ACT with a nationally norm-referenced college admissions test, through a competitive bid process, for administration to 11th grade students.

SECTION 7.26E – North Carolina Innovative School District – Renames the “Achievement School District” established by last year’s budget as the “Innovative School District” (ISD).

Defines the ISD as a local school administrative unit for the purposes of federal and state law.

Allows the State Board of Education to grant a requested waiver of State laws or rules for an innovative school, except for waivers of State laws or rules applicable to children with disabilities.

Provides no liability will attach to the State Board of Education, Department of Public Instruction, or Superintendent of ISD for acts or omissions of the innovative schools’ operator.

Provides, that if a LEA transfers a qualifying school to the ISD, if 35% of the schools in that LEA are identified as low-performing, the LEA may create an innovation zone for all the low-performing schools located in that LEA.

Provides that a low-performing school in an innovation zone becomes a school in the ISD if that low-performing school does not exceed expected growth in the last two years of the five consecutive years in the innovation zone.

Delays all implementation dates by one year.

SECTION 7.27 – Read to Achieve Diagnostic Changes – Makes EVAAS the only tool used to analyze student reading data. Allows K-3 reading assessments to be administered by computer or other electronic devices. These provisions apply beginning with the 2018-2019 school year.

Requires the State Superintendent of Public Instruction to issue Requests for Proposals to vendors of diagnostic reading assessment instruments to provide one or more valid, reliable, formative, and diagnostic reading assessment by October 1, 2017. A vendor must be selected by March 1, 2018.

Allows \$5 million appropriated in 2015 for the Excellent Public Schools Act to not revert at the end of the 2016-2017 fiscal year and allows LEAs to use those funds to purchase computers or

other electronic devices used for the administration of the diagnostic reading assessments in 2017-2018.

SECTION 7.28A – Testing Transparency – Directs the State Superintendent of Public Instruction to study and make recommendations regarding the extent to which the SAT and ACT test align with the English language arts and math portions of the Standard Course of Study.

Requires each LEA, by October 1 of each year, to notify the State Board of Education of any local standardized testing to be administered to students by the LEA in its schools and the calendar for administering those tests. The LEA must include information on the following information:

1. The source of funds supporting the local testing program.
2. The time allotted to administer each test.
3. Whether the test is a computer-based test or a paper-based test.
4. The grade level or subject area associated with the test.
5. The date the test results are expected to be available to teachers and parents.
6. The type of test, the purpose of the test, and the use of the test results.
7. Estimates of average time for administering tests required by the LEA by grade level.

Directs by September 1 of each year that the Superintendent of Public Instruction publish on the Department of Public Instruction (DPI) website, a uniform calendar that includes schedules for State-required testing and reporting results of tests for at least the next two school years. Requires the schedule to be provided to LEAs in an electronic format that allows each LEA to populate the calendar with the above information.

Requires a LEA to provide a student's results on standardized tests required by the LEA to the student's teachers no later than one week after the standardized test is administered, and to the student's parents no later than 30 days after the standardized test is administered. These timelines may be extended by written request from the local superintendent.

Requires DPI to make available to LEAs a student's results on all statewide, standardized tests in a timely manner and in an easy-to-read and understandable format a minimum of two weeks prior to the first day of attendance of the next school year. LEAs are directed to make those results available to both the student's teacher of record and parent or guardian prior to the first day of student attendance of the school year. These reports must include all the following information:

1. A clear explanation of the student's performance on the applicable statewide, standardized tests.
2. Information identifying the student's areas of strength and areas in need of improvement.
3. Intervention strategies and appropriate resources based on the student's areas of strength and areas in need of improvement, when available.
4. Longitudinal information on the student's progress in each subject area based on previous statewide, standardized test data, when available.
5. Information showing the student's score compared to other students in the local school administrative unit, in the State, or, if available, in other states.
6. Predictive information showing the linkage between the scores attained by the student on the statewide, standardized tests and the scores he or she may potentially attain on nationally recognized college entrance examinations, if available. This information is to be provided in a timely manner as it becomes available to DPI but may be provided later than the beginning of the school year.

Provides that the Basic Education Program must include standards for early promotion based on mastery of competencies in ELA and Math in grades 3-12.

SECTION 7.28D – Waive Fee for Cambridge AICE Program Course – Adds Cambridge Advanced International Certificate of Education courses to those which students are exempt from paying any fees for tests. The list already included Advanced Placement and International Baccalaureate Diploma Programme courses.

SECTION 7.32 – Financial Literacy Elective Course Pilot Program – Establish a three-year Financial Literacy Elective Course Pilot Program. The purpose of the Program is to determine the value of an in-depth high school elective course on personal financial literacy and the extent to which the course can provide high school students with the detailed knowledge and skills needed to become self-supporting and to make critical decisions regarding their personal finances.

Directs the Superintendent to select LEAs, representing geographic, economic, and social diversity in the State, to participate in the Program.

Directs that the course includes, at a minimum, detailed information on personal banking, credit card finance, student loan financing, mortgages, credit scoring and credit reports, borrowing money for an automobile or other large purchase, and best practices in personal finance.

SECTION 7.35 – Charter School Transportation Grant Pilot Program – Directs the Department of Public Instruction (DPI) to establish the Charter School Transportation Grant Pilot Program. The Program will award grant funds to qualifying charter schools for up to 65% of the eligible student transportation costs incurred by the school.

To be eligible, the charter school must have a student enrollment of at least 50% of its students residing in households with an income level not in excess of the amount required for a student to qualify for the federal free or reduced-price lunch program in a semester of the school year.

The total amount of each grant awarded under the program may not exceed \$100,000.

PART VIII. COMPENSATION OF PUBLIC SCHOOL EMPLOYEES

SECTION 8.1 – Teacher Salary Schedule – Establishes the following monthly teacher salary schedule for the 2017-2018 fiscal year for licensed personnel of the public schools who are classified as teachers.

2017-2018 Teacher Monthly Salary Schedule	
Years of Experience	"A" Teachers
0	\$3,500
1	\$3,600
2	\$3,630
3	\$3,730
4	\$3,730
5	\$3,830
6	\$3,830
7	\$3,930
8	\$3,930
9	\$4,055

10	\$4,055
11	\$4,205
12	\$4,205
13	\$4,355
14	\$4,355
15	\$4,555
16	\$4,630
17	\$4,730
18	\$4,730
19	\$4,830
20	\$4,830
21	\$4,930
22	\$4,930
23	\$5,000
24	\$5,000
25+	\$5,130

Establishes a Salary Supplement Schedule which makes no changes from last year's budget.

Provides that a teacher compensated in accordance with this salary schedule receive an amount equal to the greater of (i) the applicable amount on the salary schedule for the 2017-2018 school year, (ii) for teachers who were eligible for longevity for the 2013-2014 school year, the sum of the teacher's salary for the 2013-2014 school year plus longevity based on the percentage of that salary equivalent to the teacher's years of service under the longevity system in effect for the 2013-2014 school year, or (iii) the salary and bonus the teacher received for the 2014-2015 school year.

Provides for the General Assembly's intent to implement the following monthly teacher salary schedule in 2018-2019:

2018-2019 Teacher Monthly Salary Schedule	
Years of Experience	"A" Teachers
0	\$3,500
1	\$3,600
2	\$3,700
3	\$3,800
4	\$3,900
5	\$4,000
6	\$4,100
7	\$4,200
8	\$4,300
9	\$4,400
10	\$4,500
11	\$4,600
12	\$4,700
13	\$4,800
14	\$4,900
15-24	\$5,000
25+	\$5,130

SECTION 8.2 – Support Highly Qualified NC Teaching Graduates – Provides salary supplements for certain highly qualified teaching graduates. Defines a "highly qualified graduate" or "graduate" as an individual entering the teaching profession who has graduated from an approved educator preparation program located in North Carolina (i) with a grade point average of 3.75 or higher on a 4.0 scale, or its equivalent, and (ii) with a score of 48 or higher on the edTPA assessment or an equivalent score on the nationally normed and valid pedagogy assessment used to determine clinical practice performance.

Beginning with teachers entering the profession in the 2017-2018 fiscal year, the following salary supplements will be provided to those meeting qualifications for highly qualified graduates:

1. Paid as if placed on year 3 of the teacher salary schedule for their first three years of employment if the employing school is low-performing.
2. Paid as if placed on year 2 of the teacher salary schedule for the first two year of employment if the teacher is employed to teach in special education, science, technology, engineering, or math.
3. Paid as if placed on year 1 of the teacher salary schedule for the first year of employment for all other highly qualified graduates.

SECTION 8.3 – Principal Salary Schedule – Creates the following annual salary schedule for principals beginning for the 2017-2018 fiscal year:

2017-2018 Principal Annual Salary Schedule			
Avg. Daily Membership	Base	Met Growth	Exceeded Growth
0-400	\$61,751	\$67,926	\$74,101
401-700	\$64,839	\$71,322	\$77,806
701-1,000	\$67,926	\$74,719	\$81,511
1,001-1,300	\$71,014	\$78,115	\$85,216
1,301+	\$74,101	\$81,511	\$88,921

Provides for the following placement on the above salary schedule:

1. A principal is paid at the "Exceeded Growth" level of the schedule if the school growth scores show the school exceeded expected growth in at least two of the last three years
2. A principal is paid at the "Met Growth" level of the schedule if either of following apply:
 - a. The school growth scores show the school met expected growth in at least two of the last three years
 - b. The school growth scores show the schools met expected growth in at least one of the last three school years and exceeded expected growth in one of the last three years.
3. A principal is paid at the "Base" level if neither of the situations as outlined above are applicable.
4. Longevity pay is eliminated under the budget plan and is included in the annual amounts under the principal salary schedule.
5. There is a hold harmless provision that ensures no principal earns less than his or her previous compensation by moving to the new schedule.

SECTION 8.4 – Principal Bonuses – Establishes two bonus opportunities for principals to earn up to an additional \$15,000.

1. For 2017-2018 a bonus is awarded to any principal who supervises a school as a principal for a majority of the previous school year if that school was in the top 50% of school growth as follows:

Statewide Growth Percentage	Bonus
Top 5%	\$5,000
Top 10%	\$4,000
Top 15%	\$3,000
Top 20%	\$2,000
Top 50%	\$1,000

2. For 2017-2018 a bonus is awarded to any principal who supervised the same school as a principal for the majority of the 2015-2016 school year and the 2016-2017 school year if the school met expected growth or did not meet growth in the 2015-2016 school year, and the same school exceeded growth in the 2016-2017 school year. The bonus awarded is the greater of the following:
 - a. \$5,000, or
 - b. \$10,000 if during the 2015-2016 school year the school received a school performance grade of “D” or “F”.

Bonuses earned under this section are not considered compensation for retirement purposes, and do not apply to principals no longer employed as a principal due to resignation, dismissal, reduction in force, death, or retirement or whose last workday was prior to July 1, 2017.

Bonuses are to be paid no later than October 31, 2017.

SECTION 8.5 – Assistant Principal Salaries – Provides for the 2017-2018 fiscal year that assistant principals will receive a monthly salary based on the salary schedule for teacher who are classified as “A” teachers plus 17%. Provides years of experience for an assistant principal are to be measured by total number of years the assistant principal has spent as a teacher, assistant principal, or both.

Assistant principals with certification based on academic preparation at the six-year degree level will be paid a salary supplement of \$126.00 per month and at the doctoral degree level will be paid a salary supplement of \$253.00 per month.

Preserves the full-time master’s in school administration program stipend.

Eliminates annual longevity payments to assistant principals by including them in the amounts provided to assistant principals under the assistant principal pay schedule.

Provides that an assistant principal compensated in accordance with this salary schedule receive an amount equal to the greater of (i) the applicable amount on the salary schedule for the 2017-2018 school year as provided above, (ii) for assistant principals who were eligible for longevity for the 2016-2017 school year, the sum of the assistant principal salary for the 2016-2017 school year plus longevity based on the percentage of that salary equivalent to the assistant principal's years of service under the longevity system in effect for the 2016-2017 fiscal year, or (iii) for assistant principals not eligible for longevity in the 2016-2017 fiscal year, the salary the assistant principal received in the 2016-2017 fiscal year.

Provides that it is the intent to compensate assistant principals in the 2018-2019 fiscal year based on the salary schedule for teachers who are classified as "A" teachers, plus 19%.

SECTION 8.6 – Central Office Salaries – Establishes the monthly salary ranges for assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2017-2018 fiscal biennium, beginning July 1, 2015, as follows:

School Administrator I	\$ 3,525	\$ 6,501
School Administrator II	\$ 3,729	\$ 6,888
School Administrator III	\$ 3,951	\$ 7,300
School Administrator IV	\$ 4,104	\$ 7,585
School Administrator V	\$ 4,265	\$ 7,887
School Administrator VI	\$ 4,517	\$ 8,356
School Administrator VII	\$ 4,693	\$ 8,688

Establishes monthly salary range schedule for superintendents beginning July 1, 2017 as follows:

Superintendent I	\$4,974	\$9,209
Superintendent II	\$5,273	\$9,758
Superintendent III	\$5,586	\$10,344
Superintendent IV	\$5,921	\$10,965
Superintendent V	\$6,277	\$11,626

Establishes a Salary Supplements Schedule which makes no changes from last year's budget.

SECTION 8.7 – Noncertified Personnel Salaries – Provides that annual salary for permanent noncertified public school employees whose salaries are supported from the State's General Fund will be increased as follows:

1. For permanent, full-time employees on a 12-month contract, by \$1,000.
2. For the following employees, by a prorated and equitable amount based on the amount specified in subdivision (1) above:
 - a. Permanent, full-time employees on a contract for fewer than 12 months.
 - b. Permanent, part-time employees.
 - c. Temporary and permanent hourly employees

In lieu of the salary increases above, provides \$16,855,081 to be allocated to LEAs to increase the average rates of pay for all school bus drivers in the LEA on an equitable basis.

SECTION 8.8 – School Boards Create Minimum Salary Schedule for Occupational Therapists and Physical Therapists – Directs every LEA to adopt a minimum salary schedule for occupational therapists and physical therapists in full-time, permanent positions. The minimum salary schedule must differentiate based on years of experience, and experience-based intervals may be no greater than five years.

SECTION 8.8A – Veteran Teacher Bonuses – Directs the Department of Public Instruction, by October 31 of each year of the 2017-2019 fiscal biennium, to provide a one-time, lump sum bonus in the amount of \$385 to any teacher with at least 25 years or more of teaching experience. The bonuses are not considered compensation for retirement purposes.

SECTION 8.8B – Revise Teacher Bonus Programs – Makes permanent the Advanced Placement/International Baccalaureate Teacher Bonus Pilot programs created in last year’s budget. Those programs provide a \$50 bonus to teachers for each student taught in an advanced course that received a three or higher on Advanced Placement exams, or a four or higher on International Baccalaureate exams. Adds \$50 teacher bonus for each student that scores “E” or higher on the Cambridge AICE exam. Makes permanent the Industry Certifications and Credentials Teacher Bonus Pilot program established by last year’s budget. Increases the amount a teacher can earn under the bonus programs from \$2,000 to \$3,500. Removes requirement that to receive a bonus earned, the teacher must remain teaching the advanced courses or CTE courses in the same LEA, and simply requires the teacher to remain teaching in the same LEA in which the bonus was earned. Removes requirement the teachers be licensed to receive the bonuses.

Revises the Third Grade Read To Achieve Teacher Bonus Pilot Program established in last year’s budget. Removes requirement that teachers be licensed to receive a bonus under the program. Removes requirement that teachers remain teaching 3rd Grade to receive the bonus after the bonus was earned. Begins with bonuses awarded in January 2018.

SECTION 8.8C – Third Grade Read to Achieve Teacher Bonus Program For 2018-2019 – Sets out guidelines for the Third Grade Read To Achieve Teacher Bonus Program for the 2018-2019 fiscal year. Teachers qualify for the bonuses in the same manner as previous years, but do not need to be licensed or remain teaching third grade following the year in which the bonus was earned. Caps bonus amount a teacher can earn for each bonus at \$3,500, limiting the bonus amount a teacher can earn under the program to \$7,000.

SECTION 8.8D – Fourth and Fifth Grade Reading Teacher Bonus Program For 2017-2018 – Establishes the Fourth and Fifth Grade Reading Teacher Bonus Program for the 2017-2018 fiscal year. A \$2,150 bonus will be paid to eligible teachers who meet one or both of the following criteria:

1. Is in the top 25% of teachers in the State according to the EVAAS student growth index score for fourth or fifth grade reading from the previous school year.
2. Is in the top 25% of teachers in the teacher's respective LEA according to the EVAAS student growth index score for fourth or fifth grade reading from the previous school year (teachers of regional, charter and lab schools not eligible). Teachers in LEAs which employed three or less teachers in these grade levels will qualify for a bonus if they exceeded expected growth.

Teachers may earn both bonuses. Teachers must remain in teaching in the same LEA in which the bonus was earned in the year the bonuses are awarded in order to receive the bonuses. Bonus amount a teacher may receive is capped at \$4,300.

SECTION 8.8E – Fourth to Eighth Grade Math Teacher Bonus Program For 2017-2018 – Establishes the Fourth To Eighth Grade Mathematics Teacher Bonus Program for the 2017-2018 fiscal year to eligible teachers who meet one or both of the following criteria:

1. Is in the top 25% of teachers in the State according to the EVAAS student growth index score for fourth, fifth, sixth, seventh, or eighth grade mathematics from the previous school year.
2. Is in the top 25% of teachers in the teacher's respective LEA according to the EVAAS student growth index score for fourth, fifth, sixth, seventh, or eighth grade mathematics from the previous school year (teachers of regional, charter and lab schools not eligible).

Teachers in LEAs which employed three or less teachers in these grade levels will qualify for a bonus if they exceeded expected growth.

Teachers may earn both bonuses. Teachers must remain in teaching in the same LEA in which the bonus was earned in the year the bonuses are awarded in order to receive the bonuses. Bonus amount a teacher may receive is capped at \$4,300.

SECTION 8.10 – School Bus Driver Compensation and Employment Study – Directs the Department of Public Instruction (DPI) to study the compensation of school bus drivers in the public schools and the challenges of recruitment and retention of school bus drivers. Directs DPI to submit its report to the Joint Legislative Education Oversight Committee and Fiscal Research Division by April 1, 2018, and include, at minimum, the following information:

1. A detailed explanation of how school bus drivers are compensated and employed in the public schools, including, at a minimum, the following information:
 - a. Average driving experience of school bus drivers.
 - b. Rates of retention of school bus drivers in LEAs.
 - c. Average term of service for school bus drivers.
 - d. Average hours worked by school bus drivers, per week.
 - e. Career paths for school bus drivers within a LEA.
 - f. Percentage of school bus drivers who work in the LEA in another capacity.
2. The challenges of recruiting and retaining school bus drivers faced by LEAs.
3. Recommendations, including input from local school administrators, on improving the process of recruiting and retaining school bus drivers.

PART IX. COMMUNITY COLLEGES

SECTION 9.8 – Clarify Youth Apprenticeship Program – Clarifies that courses provided to North Carolina high school students in pre-apprenticeship programs recognized and approved by the State agency administrator can qualify for the youth apprenticeship program.

PART X. UNIVERSITIES

SECTION 10.9 – Future Teachers of North Carolina – Establishes Future Teachers of North Carolina (FTNC) to encourage high-achieving high school students with strong academic, interpersonal, and leadership skills to consider teaching as a career. The program will provide professional development and curricula for courses that provide a challenging introduction to teaching as a profession for high school students through courses offered by participating high schools in conjunction with college partners. The program will be administratively located in the University of North Carolina General Administration. Encourages all high schools in NC to offer FTNC courses. Directs constituent institutions that partner with high school to offer dual credit for high school students who successfully complete the FTNC course with a “B” or higher. Encourages nonpartnering institutions of higher education to offer dual credit for high school students who successfully complete the FTNC course with a “B” or higher.

SECTION 10.26 – One-Year College Tuition Grants For Certain Graduates of the North Carolina School of Science and Mathematics Who Attend A State University – Directs \$1,500,000 to be allocated to the State Education Assistance Authority to provide tuition for one academic year to each State resident who graduates from the North Carolina School of Science

and Mathematics in 2018 and who enrolls as a full-time student in a constituent institution of The University of North Carolina for the 2018-2019 academic year.

SUBPART X-A. UNIVERSITY/STATE EDUCATION ASSISTANCE AUTHORITY

SECTION 10A.1 – Software for Administration of the Opportunity Scholarship and Special Education Scholarship Programs – Allows the State Education Assistance Authority to use up to \$1,800,000 for the 2017-2018 fiscal year to purchase software necessary to support the administration of the Opportunity Scholarship Grant Program (vouchers) and the Special Education Scholarships for Children with Disabilities Program.

SECTION 10A.3 – North Carolina Teaching Fellows – Re-establishes the North Carolina Teaching Fellows Program and the North Carolina Teaching Fellows Commission. The Commission will determine program and forgivable loan recipient selection criteria and selection procedures.

Provides the purpose of the Teaching Fellows Program is to recruit, prepare, and support students residing in or attending institutions of higher education located in North Carolina for preparation as high effective STEM or special education teachers in the North Carolina’s public schools. The Program will use a forgivable loan to individuals interested in preparing to teach in public schools in STEM or special education licensure areas.

Directs the Commission to adopt standards for awarding the forgivable loans based on multiple measures.

Directs the Commission to select five institutions of higher education with approved educator preparation programs, both public and private, to cooperate with the administration of the Program.

Directs forgivable loans be provided to selected students to be used at the five selected institutions for completion of a program leading to teacher licensure as follows:

1. North Carolina high school seniors. – Forgivable loans of up to \$8,250 per year for up to four years.
2. Students applying for transfer to a selected educator preparation program at an institution of higher education. – Forgivable loans of up to \$8,250 per year for up to three years.
3. Individuals currently holding a bachelor's degree seeking preparation for teacher licensure. – Forgivable loans of up to \$8,250 per year for up to two years.
4. Students matriculating at institutions of higher education who are changing to enrollment in a selected educator preparation program. – Forgivable loans of up to \$8,250 per year for up to two years.

Provides for forgiveness of the loan and any interest accrued on the loan if, within 10 years after graduation from a program leading to teacher licensure the recipient serves as a teacher in a STEM or special education licensure area, for every year the teacher was awarded the forgivable loan, in any combination of the following:

1. One year at a North Carolina public school identified as low-performing under at the time the teacher accepts employment at the school or, if the teacher changes employment during this period, at another school identified as low-performing.
2. Two years at a North Carolina public school not identified as low-performing under.

Directs the Commission to establish initial selection criteria for recipients and select the five institutions of higher education with approved educator preparation programs at which a recipient may use a loan no later than November 15, 2017, and to make available applications to prospective students no later than December 31, 2017.

Directs the Commission to select recipients and award the initial loans for the 2018-2019 school year no later than April 1, 2018.

SECTION 10A.4 – Personal Education Savings Account Program – Establishes the Personal Education Savings Account Program (Program) which deposits funds into a bank account provided to parents/guardians of qualifying students which can be used for qualifying education expenses.

Defines qualifying students as: A student residing in North Carolina who meets all of the following requirements:

- a. Meets one of the following criteria:
 1. Was a full-time student (i) assigned to and attending a public school or (ii) enrolled in a Department of Defense Elementary and Secondary School located in North Carolina, during the previous semester.
 2. Received scholarship funds for a personal education savings account during the previous school year.
 3. Is entering either kindergarten or the first grade.
 4. Is a child in foster care
 5. Is a child who was recently adopted
 6. Is a child whose parent or legal guardian is full-time duty military or national guard member
 7. Is a child enrolled part-time in a public school and part-time in a nonpublic school that exclusively provides services for children with disabilities.
- b. Has not enrolled in a postsecondary institution
- c. Is a child with a disability

Funds to be awarded each year up to \$9,000 per eligible student for the fiscal year in which the application is received. Recipients will receive scholarship funds deposited in equal amounts to a Personal Education Savings Account (PESA) in each quarter of the fiscal year. The parent of the eligible student will then receive a debit card with the prepaid funds loaded on the card at the beginning of the fiscal year. After the initial disbursement of funds, each subsequent, quarterly disbursement of funds will be subject to the submission by the parent of an expense report. The expense report must be submitted electronically and include documentation that the student received an education, no less than 35 days of the applicable quarter. Any funds remaining on the card at the end of the fiscal year may be carried forward to the next fiscal year if the card is renewed. Any funds remaining on the card if an agreement is not renewed revert.

A student is eligible PESA funds remains eligible for the Opportunity Scholarship vouchers as well as the special education vouchers if the student has one or more of the following disabilities:

- a. Autism.
- b. Developmental disability.
- c. Hearing impairment.
- d. Moderate or severe intellectual disability.
- e. Multiple, permanent orthopedic impairments.
- f. Visual impairment.

Specifies the items and services for which the funds may and may not be spent

Requires the assessment of students to determine ongoing eligibility for the program at least every three years through LEA assessment, psychologist assessment or psychiatrist assessment.

Appropriates \$450,000 for the program in 2017-2018 and \$3,000,000 for 2018-2019.

SECTION 10A.5 – Amend Transforming Principal Preparation – Amends the Transforming Principal Preparation program established in 2015 by allowing the nonprofit corporation providing the grants to give priority to entities which prepare principals in service areas underserved by existing principal preparation programs.

Requires grant recipients operating a school leader preparation program to provide the opportunity for all candidates to earn a master’s degree and principal licensure.

Directs the nonprofit corporation distributing grants to develop a process with the State Education Assistance Authority for early retrieval of grant funds from grant recipients due to noncompliance with grant terms. Requires grant recipients to participate in all evaluation activities required by the nonprofit and comply with any additional reporting requirements of the nonprofit.

Clarifies that candidates for principal licensure must hold a master’s degree.

Clarifies that a grant applicant’s minimum of five months of full-time clinical practice must be paid and contain at least 750 hours.

Appropriates \$380,000 for grant administration and \$4,200,000 for grant awards in the 2017-2018 fiscal year.

SECTION 10A.6 – Study of Opportunity Scholarship Student Evaluations – Directs the State Education Assistance Authority, in collaboration with the Department of Administration, Division of Nonpublic Education, and the Department of Public Instruction, to establish a task force to study the evaluation of students receiving scholarship grants through the Opportunity Scholarship Grant Program (vouchers). The task force is to include representatives from various stakeholders and interested parties, including public school leaders, such as local superintendents and principals. The task force will study the most effective, valid, and reliable method of evaluating learning gains or losses of students receiving scholarship grants and comparing the learning gains or losses of those students to public school students with similar socioeconomic backgrounds, including the potential for adoption of a nationally normed common test for students participating in the evaluation. Additionally, the task force must also consider the most reliable manner of establishing causal relationships to student performance outcomes while achieving minimal interference with the operation of the participating nonpublic and public schools, including limited sampling and other suitable research design methods.

A report to the Joint Legislative Education Oversight Committee on the results of the study is due by March 1, 2018.

SUBPART XI-B. DIVISION OF CHILD DEVELOPMENT AND EARLY EDUCATION (DHHS)

SECTION 11B.1 – NC Pre-K Program/Standards for Four- and Five-Star Rated Facilities – Directs the Department of Health and Human Services, Division of Child Development and Early Education, to continue implementing NC Pre-K. Makes no changes to eligibility or other program changes from previous years.

SUBPART XI-E. DIVISION OF Public Health (DHHS)

SECTION 11E.1 – Funds for School Nurses – Directs that the funds appropriated in the budget for the School Nurse Funding Initiative be used to supplement and not supplant other State, local, or federal funds appropriated or allocated for this purpose. Directs communities to maintain their current level of effort and funding for school nurses. Prohibits the funds from being used to fund nurses for State agencies. Delineates funding formula.

Directs the Division of Public Health to ensure that school nurses funded with State funds (i) do not assist in any instructional or administrative duties associated with a school's curriculum and (ii) outlines the duties with respect to school health programs which the nurse is to

SUBPART XI-L. DHHS BLOCK GRANTS

SECTION 11L.1. (aa) – Maternal and Child Health Block Grants – Provides if federal funds are received under the Maternal and Child Health Block Grants for abstinence during the 2017-2019 fiscal biennium, those funds must be transferred to the State Board of Education for administration by the Department of Public Instruction (DPI). Directs DPI to use the funds to establish an abstinence until marriage education program.

PART XV. DEPARTMENT OF COMMERCE

SECTION 15.13 – ApprenticeshipNC/Transfer State Apprenticeship Program – Transfers management and oversight of the State's apprenticeship program from the Department of Commerce to the North Carolina Community College System.

SUBPART XVI-D. DIVISION OF JUVENILE JUSTICE

SECTION 16D.4(aa) – School-Justice Partnerships to Reduce School-Based Referrals to Juvenile Courts – Directs the Director of Administrative Office of the Courts to prescribe policies and procedures for chief district court judges to establish school-justice partnerships with local law enforcement agencies, local boards of education, and local school administrative units with the goal of reducing in-school arrests, out-of-school suspensions, and expulsions.

PART XXXIV. DEPARTMENT OF TRANSPORTATION

SECTION 34.6A – Road Improvements Adjacent To Schools – Asserts the Department of Transportation is financially responsible for upgrades and construction on State-maintained road that are adjacent to schools or school buildings. Asserts that municipalities are financially responsible for upgrades and construction on roads that are adjacent to schools or school buildings and are owned by the municipality.

Effective August 1, 2017 and applies to school openings, relocations, and expansions on or after that date.

PART XXXV. SALARIES AND BENEFITS

SECTION 35.10 – State Agency Teachers – Provides that teachers employed in schools operated by the Department of Health and Human Services, the Department of Public Safety, the State Board of Education, and School of Science and Mathematics will be paid on the teacher salary schedule as outlined in Section 8.1 above.

SECTION 35.11 – All State-Supported Personnel – Specifies that the salary increases as provided for in the budget do not apply to anyone separated from service due to resignation, dismissal, reduction in force, death, or retirement or whose last workday is prior to July 1, 2017.

SECTION 35.16 – Mitigate Bonus Leave – Provides that during the 2017-2019 fiscal biennium, there is the opportunity for State employees to use or cash in special bonus leave accrued in 2003 and 2005, so long as the following conditions are met:

1. Employee participation in the program must be voluntary.
2. Special leave that is liquidated for cash payment to an employee must be valued at the amount based on the employee's current annual salary rate.
3. By September 1, 2019, a report on the demographic information shall be submitted to the respective agency head or employing agency and to the Fiscal Research Division.

SECTION 35.17 – Establish Pay Plan Reserve/Funds – Creates the Pay Plan Reserve fund within the General Fund to statutory and scheduled pay expenses to teachers, principals and assistant principals.

SECTION 35.18A – Special Annual Leave Bonus – Provides any person who is a full-time, permanent employee of the State, community college, or a LEA on July 1, 2017, and who is eligible to earn annual leave, received a one-time additional three days of annual leave credited on July 1, 2017. Provides the leave remains available during the length of the employee's employment and may be carried forward. Specifies the leave has no cash value and may not be cashed in.

SECTION 35.19 – Salary-Related Contributions – Provides the state's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2017-2018 fiscal year is 17.13% for the Teachers' and State Employees' Retirement System.

Provides the state's employer contribution rates budgeted for retirement and related benefits as a percentage of covered salaries for the 2018-2019 fiscal year is 18.44% for the Teachers' and State Employees' Retirement System.

Provides the maximum annual employer contributions, payable monthly, by the state for each covered employee or retiree for the 2017-2018 fiscal year to the State Health Plan for Teachers and State Employees are (i) Medicare eligible employees and retirees – \$4,560, and (ii) non-Medicare eligible employees and retirees – \$5,869.

Provides the maximum annual employer contributions, payable monthly, by the state for each covered employee or retiree for the 2018-2019 fiscal year to the State Health Plan for Teachers

and State Employees are (i) Medicare eligible employees and retirees – \$4,743, and (ii) non-Medicare eligible employees and retirees – \$6,104.

SECTION 35.19A – Provide Cost-of-Living Adjustment for Retirees Of The Teachers’ and State Employees’ Retirement System, The Consolidated Judicial Retirement System, and the Legislative Retirement System – Provides a 1% cost-of-living increase for retirees of the Teachers’ and State Employees’ Retirement System whose retirement commenced on or before July 1, 2016. Retirees whose retirement commenced between July 1, 2016 and June 30, 2017 will receive a prorated increase.

SECTION 35.21 – Study State Employee Compensation and Benefits/Reduce Long-Term Unfunded Health Care Liabilities – Provides that employees hired on or after January 1, 2021 will not be eligible for health benefits through the State Health plan upon retirement.

Creates the State Employee Compensation and Benefits Committee to study the compensation and benefits of State employees.

PART XXXVI. CAPITAL APPROPRIATIONS

SECTION 36.12 – Pay-As-You-Go-Capital and Infrastructure Fund Established July 1, 2019 – Creates, Effective July 1, 2019, the State Capital and Infrastructure Fund that will utilize debt service saving for the purpose of additional debt service obligations, capital improvements, economic development, and early debt repayment for allowable purposes that could include public school facility construction and renovation

PART XXXIX. MISCELLANEOUS PROVISIONS

SECTION 39.7 – Effective Date – Except as otherwise provided, this act becomes effective July 1, 2017.