

Principals, Teachers, & School Personnel See Raises Under Senate Budget Proposal

By Adam Pridemore for NCASA

The Senate tentatively approved a \$22.9 billion dollar budget proposal this week, a 2.5% spending increase over the previously enacted 2016-2017 budget, with final approval expected early Friday morning. [Senate Bill 257](#) provides an additional \$600 million in K-12 spending under the Senate proposal. The budget proposal provides across the board increases for most state employees, including teachers, principals and school personnel. Although North Carolina's projected revenue surplus [grew slightly last week to \\$580.5 million](#), some possible spending may have been offset by inclusion of the Senate's tax plan in the budget which would reduce the personal income-tax rate from 5.499 percent to 5.35 percent while increasing the standard deduction.

Compensation and Benefit highlights in the Senate's budget include the following:

- \$28 million dollars in 2017-2018 and \$33.7 million in 2018-2019, from lottery proceeds, to increase **school-based administrator** pay. The Senate budget also creates new pay plans for both principals and assistant principals, as well as a new bonus program for principals. To read more about the new salary structures and bonus programs, please click [here](#).
- 3.7% average raise for **teachers** in 2017-2018, increasing to an average 9% raise in 2018-2019. There is also appropriated an additional \$700,00 to allow certain highly qualified graduates to receive additional creditable experience so that these graduates will receive a higher salary if they are teaching in a low-performing school or licensed in a STEM field, as outlined in the new Teaching Fellows Program also included in the Senate budget.
- 1.5% or \$750 raise, whichever is higher for **central office personnel and non-certified school personnel**.
- No **cost-of-living increase for retirees** of the Teachers' and State Employees' Retirement System.
- 16.69% **employer contribution rate for retirement**.

To read more on the Senate budget provisions regarding compensation increases, please click [here](#) for an article from Raleigh's *News & Observer*.

Funding highlights include the following:

- \$31.9 million in recurring funds to account for a net **ADM increase** of 9,120.
- \$75 million in recurring lottery proceeds in the **Needs-Based School Capital Fund** which supplements the already \$100 million earmarked from the lottery for school construction.

- \$10 million in recurring funds and \$1.1 million in non-recurring funds for **textbooks and digital materials**. This brings up the total appropriation for textbooks and digital materials to \$66.6 million.
- \$14.9 million in recurring funds in 2018-2019 for **teacher bonuses for teachers of record for students in Advanced Placement or International Baccalaureate courses** and achieving a certain grade on the AP or IB examinations, as well as **to teachers of record for students that complete a CTE class** and pass a related examination leading to industry certifications and/or credentials.
- \$18.7 million in 2017-2018 and \$10.5 million in 2018-2019 to provide funding implementation of the **School Business System Modernization Plan**.
- \$245,000 in recurring funds to **reimburse the initial teacher licensure application fee** for certain first time applicants.
- \$450,000 in 2017-2018 and \$1 million in 2018-2019 establish the **North Carolina Personal Education Savings Account Program**. The program will create scholarship grants for eligible children with disabilities which may be used for qualifying educational expenses including nonpublic school tuition. Parents of special education children could receive up to \$9,000 per year in a personal education account to be used for special education educational expenses, including tuition and other educational services. Funds provided during the first year of the biennium will be used to establish the program, and funds provided in the second year of the biennium will be used for awards, with up to \$250,000 available for administration. The revised net appropriation for personal education savings accounts is \$450,000 in FY 2017-18 and \$1 million in FY 2018-19.
- \$930,000 in recurring funds and \$1 million in non-recurring funds for UNC Teacher and Principal Preparation Program **Lab Schools**.
- \$4.5 million in non-recurring funds from the NC Education Endowment Fund to re-establish the **Teaching Fellows Program**, providing forgivable loans up to \$8,250 per year for up to 4 years to qualifying teachers in special education and STEM licensure areas.
- \$1 million in recurring funds for the **North Carolina New Teacher Support Program**, created to support new teachers across the State through one-on-one coaching.
- \$278,500 in recurring funds to establish the **Future Teachers of North Carolina program**.
- \$ 6 million increase to **NC Pre-K** to serve an additional 1,150 children.
- \$315,000 to expand the **Teacher Assistant Reimbursement Program** to Alamance, Beaufort, Bertie, Duplin, Edenton, Edgecombe, Guilford, Halifax, Nash-Rocky Mount, Northampton, Randolph, Tyrrell, Vance and Washington. Provides tuition assistance to teacher assistants to pursue degree leading to teacher licensure.
- \$10 million reduction in funds to **the central office allotment** in 2017-2018, and \$15 million in 2018-2019.
- \$13.1 million recurring reduction in **DPI operating funds**.
- The budget also eliminates several positions from the State Board of Education including the Executive Director, Legislative and Community Affairs Director, Legislative Specialist, and Associate State School Superintendent.

Full funding highlights can be seen in the Senate money report accompanying the budget [here](#).

A comparison chart, compiled by DPI, of the Governor's proposed budget and the budget proposed by the Senate can be seen [here](#).

In addition to funding changes for the 2018-2019 fiscal year, the Senate budget contains a number of law and policy changes, called "special provisions." Highlights of the special provisions included in the House budget are:

- **Limitations On K-5 Classroom Teacher Positions/Program Enhancement Teachers –** Beginning with the 2017-2018 fiscal year, the funding allotment for classroom teachers in the State Public School Fund shall be replaced with the following funding allotments:
 - Classroom teachers in grades K-5
 - Classroom teachers in grades 6-12.

Funds provided in the K-5 teacher allotment may not be converted for other purposes other than for enhancement teachers serving grades K-5. Provides intent language to fund a new allotment for K-5 program enhancement teachers for LEAs beginning with the 2018-2019 fiscal year.

- **School Boards Can't Sue Counties** - Repealing the statutory authority of a LEA to sue counties over the sufficiency of funds appropriated by the Board of County Commissioners.
- **School Performance Grades/ESSA Compliance** – Provides that there will be one accountability system for the purposes of state and federal requirements. Provides additional indicators in the calculation of A-F grades in compliance with ESSA requirements.
- **Eliminate Retiree Medical Coverage For New Hires** – Eliminates retirement health insurance as a benefit for new hires on or after July 1, 2018. The provision does not impact current retirees or employees.
- **Prohibit Transfer of Limited English Proficiency Funds** - Prohibits the transfer of funds out of the limited English proficiency allotment category.
- **Prohibit Transfer of Textbooks and Digital Resources Funds** – Prohibits the transfer of funds out of the textbooks and digital resources allotment category.
- **Driver Safety Incentive Program** - Changes driver training from Civil Penalty and Forfeiture Fund to General Fund appropriation, but no change in funding level. Reforms driver education to a fee reimbursement program. Requires students to be at least 15 and less than 18 years old and must successfully obtain a learners permit on the first attempt to be eligible for a reimbursement. Provides the maximum reimbursement, which must be applied for from DPI, to be \$275.

All special provisions included in the budget can be found [here](#), with most provisions impacting public education and employees being found in Section 7, Section 8 and Section 35.

The 2017-2018 budget process continues as the House will now begin work on its spending proposal, which is expected to be released in the coming weeks, before the House and Senate hammer out a final compromise budget later this summer.