

Central Office Cut Highlights House Budget As Details Begin To Emerge

By Adam Pridemore for NCASA

Details of the House 2017-2019 spending plan began to emerge on Thursday morning as portions of the K-12 budget were released and discussed by the House Appropriations Subcommittee on Education. The documents did not include salary and benefits provisions. The full House budget will likely be released over the weekend or early next week, with votes in committee scheduled for next Wednesday and full House floor votes on Thursday and Friday.

As noted below, highlights of the budget as presented thus far include a \$5 million central office allotment cut, an increase of \$80,000 in principal preparation grants, the inclusion of a school calendar flexibility pilot (as previously approved by the House), and no inclusion of the Senate's budget provision of the newest school choice plan, Education Savings Accounts.

Funding highlights include the following:

- \$31.9 million in recurring funds to account for a net **ADM increase** of 9,120. This mirrors the Senate's budget.
- \$10.4 million in non-recurring funds and \$1.1 million in non-recurring funds for **textbooks and digital materials**. The Senate's budget provided for \$10 million in recurring funds and \$1.1 million in non-recurring funds.
- \$11.3 million in recurring funds for **Children with Disabilities** to increase the funding cap for children with disabilities allotment from 12.5% to 13%.
- \$10 million in recurring funds in 2017-2018 and \$21.7 million in recurring funds in 2018-2019 for implementation of the **School Business System Modernization Plan**. The Senate's budget provided \$18.7 million in 2017-2018 and \$10.5 million in 2018-2019 to provide funding for the School Business System Modernization Plan.
- \$2.2 million in recurring funds for the **Digital Learning Plan**.
- \$700,000 in recurring funds for the **Sixth and Seventh Grade Career and Technical Education Grant Program**. This program awards competitive grants to school districts to expand CTE programs to sixth and seventh grade students. This item also budgets \$3.5 million from the At-Risk allotment to support this program in 2018-19. The revised net appropriation for this program is \$700,000 in 2017-18 and \$4.2 million in 2018-19.
- \$2 million in recurring funds to establish the budget for the transfer of the Education and Workforce Innovation Program from the Officer of Governor to DPI.
- \$921,583 in recurring funds to support ten exempt **positions for the Office of State Superintendent**.
- \$200,000 in non-recurring funds for the **Reading Improvement Commission**, charged with reviewing and making recommendations on best practices for public schools in grades 4-12 to ensure students complete high school with literacy skills necessary for college and career readiness.

- \$250,000 in recurring funds for **Early Childhood Education**.
- \$200,000 in recurring funds for **Future Ready Students**.
- \$245,000 in recurring funds to **reimburse the initial teacher licensure application fee** for certain first time applicants. Mirrors the Senate's budget.
- \$450,000 in 2017-2018 and \$6 million in 2018-2019 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. The Senate's budget also contained a provision re-establishing the Teaching Fellows Program
- \$80,000 in recurring funds for the **Principal Preparation Grant program**. These are additional funds for administration of the Principal Preparation Grants program. The program provides competitive grants for school leadership development. The revised net appropriation for this program is \$4.5 million dollars in each year of the biennium.
- \$50,000 in recurring funds in 2017-2018 and \$2 million in recurring funds in 2018-2019 for **High-Achieving Tuition Scholarships**, providing funding for scholarships for high-achieving resident students. Eligible students may receive scholarships for tuition of up to the cost of 16 semester credit hours at a community college for a period not to exceed four semesters.
- \$20 million increase in base budget in 2017-2018 and \$30 million increase in base budget in 2018-2019 account for statutory increases to the **Opportunity Scholarship Grant Fund Reserve** in accordance with G.S. 115C-562.8(b). The Reserve is used to fund scholarships for the subsequent fiscal year. The revised base budget amount for the Opportunity Scholarship Grant Fund Reserve is \$44.8 million in 2017-2018 and \$54.8 million in 2018-2019.
- \$587,207 in non-recurring funds for **Opportunity Scholarship Evaluation**. The funds will provide support to an evaluation of learning gains or losses of students receiving Opportunity Scholarship grants, as well as the competitive effects on public school performance on standardized tests as a result of the program.
- \$5 million reduction in funds to **the central office allotment** in 2017-2018, and \$10 million in 2018-2019. The Senate's budget cut the allotment by \$10 million 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 of the budget presented thus far can be seen in the House money report accompanying the budget [here](#).

In addition to funding changes for the 2018-2019 fiscal year, the House also released a number of law and policy changes that will be found in the budget, called "special provisions." Highlights of the special provisions included in the House budget are:

- **School Calendar Flexibility Pilot Program** – Grants school calendar flexibility to certain LEAs for three years provided no start date before August 10.

- **Opportunity Scholarship Student Assessments/Iowa Test Of Basic Skills** – Requires students which participate in the Opportunity Scholarship Voucher Program to be tested using the Iowa Test of Basic Skills in grades three and higher to enable comparison of student performance.
- **School Performance Grades/ESSA Compliance** – Revises School Performance Grades law to comply with federal ESSA requirements. Makes permanent the current 15-point grading scale. A successful amendment sponsored by Rep. John Fraley (R-Iredell) improved this provision even further to remove schools that met growth from the definition of low-performing schools even if they got a “D” or “F” as their School Performance Grade.
- **Read to Achieve Diagnostic Changes** – Requires the State Board of Education to approve three valid, reliable, formative, and diagnostic reading assessment instruction for selection by LEAs.
- **Joint Legislative Task Force On Education Finance Reform** – Creates the Joint Legislative Task Force on Education Finance Reform to study various weighted student formula funding models and develop a new funding model for K-12 schools based on a weighted student formula.
- **K-3 Class Size Requirements/Building Capacity Report** – Requires LEAs to report on any limitations on capacity of school facilities for each school in the LEA that make it impracticable for the school to meet individual class size requirements for students in kindergarten through third grade without a school facility expansion.
- **Arts Education Requirement** – Requires the State Board of Education to modify State graduation requirements to include one required credit in arts education to be completed by each student at any time in grades six through twelve.
- **North Carolina Innovative School District** – Makes various changes to last year’s Achievement School District, including renaming the program “North Carolina Innovative School District” (ISD). Provides that if a school district transfers a school to the ISD, the LEA may create an innovation zone for 3 continually low-performing schools in that district or all low-performing schools in the district if the LEA has more than 35% of its schools identified as low-performing. Provides that a low-performing school in an innovation zone that does not exceed growth for two of the last five consecutive years be placed in the ISD.
- **Private Alternative Teacher Preparation** – Requires the State Board of Education to approve at least one, but no more than four, alternative, private, for-profit, or nonprofit lateral entry educator preparation programs which meet certain standards.
- **Report on Cursive Writing and Multiplication Tables** – Requires the State Board of Education and DPI to report on the measures taken by each LEA to implement cursive writing and memorization of the multiplication tables requirements.
- **Allotment Transfer Report** – Requires LEAs to report on each allotment transfer that increased or decreased the initial allotment by more than 5%, and specifies the information to be reported.

A few items NCASA opposes that were included in the Senate budget, but were **NOT** included in the House budget provisions today are as follows:

- **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.
- **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.

All special provisions included in the budget can be found [here](#).

NCASA will continue to track and the House budget activity next week and report in next week's *In The Know* on salary and benefit changes, as well as any and all other changes and budget information which is not reflected above.