

New Principal Pay Schedule, School Personnel Compensation Increases, Highlight House Budget

By Adam Pridemore for NCASA

As of publication of this week's *In The Know*, the House is scheduled to give approval to its [2017-2019 spending plan](#) in two separate votes to occur later this evening and sometime Friday morning. Like the Senate, the House budget also spends \$22.9 billion, a 2.5% spending increase over the previously enacted 2016-2017 budget. As reflected below, highlights of the House budget include a new principal salary schedule, school personnel compensation increases, 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.

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

- Creates a new **Principal Salary** schedule tied to the teacher salary schedule as the base then supplemented based on a school's average daily membership, percentage of school population receiving free and reduced lunch, and principal's years of experience. Includes intent language to provide for principal pay increases as teacher pay rises in future years. Increases **Assistant Principal salaries** by tying their pay to the teacher schedule, plus 22%. To read more about the new salary structures and bonus programs, proposed by the House and the Senate, please click [here](#).
- Provides for **teacher salary increase** ranging from 1 percent to 6 percent – depending on their years of experience, with an average increase of 3.3% (compared to an average of 3.7% under the Senate plan). The average increase for teachers would be 9.5% over two years, as also proposed under the Senate plan.
- Provides a \$1,000 raise for **central office personnel and non-certified school personnel**. The Senate's plan provides for a 1.5% increase, or \$750, whichever is higher.
- Provides **5 Bonus Leave** days for State and locally supported full-time employees. This provision was not in the Senate plan.
- Provides a one-time 1.6% **cost-of-living increase for retirees** of the Teachers' and State Employees' Retirement System. The Senate plan did not provide a cost-of-living increase.
- **17.21% employer contribution rate for retirement.**
- Maintains Retiree medical benefits, unlike Senate budget which eliminated this benefit for new hires on or after July 1, 2018.
- Continues through 2017-2019 those bonus programs established under last year's budget for qualifying third grade, AP/IB and CTE teachers.

Funding highlights in the House budget 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.
- \$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.
- \$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 would be \$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.
- \$6 million in recurring funds in 2017-2018 for **NC Pre-K** to serve an additional 2,3000 children, and \$12 million in recurring funds in 2018-2019 to serve an additional 4,700 children
- \$1.2 million in recurring funds to **Smart Start Reading Initiative** in 2017-2108 and \$3.9 million in 2018-2019.
- \$250,000 in recurring funds for **Early Childhood Education**.
- \$250,000 in non-recurring funds to support a statewide **school panic alarm pilot** program.
- \$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.

Full funding highlights of the budget presented thus far can be seen in the House money report accompanying the budget [here](#).

By comparison, the Senate money report can be found [here](#).

A comparison chart, compiled by DPI, of the Governor's proposed budget, the Senate's proposed budget, and the budget proposed by the House can be seen [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:

- **Veteran Teacher Retention Bonus Program** – Establishes program to reward eligible veteran teachers to continue teaching. Would provide a \$5,000 bonus to teachers with at least 27 years of experience that agree to teach an additional two years.
- **Clarify Base Budget Definition** – Provides for annual \$10 million increases to the Opportunity Scholarship Grant (Vouchers) Fund Reserve over the next 10 years, topping out at an annual funding level of \$144,840,000 by 2026-2027. The budget directs in future years for the Director of the Budget to include these voucher

appropriation increases in the base budget. The provision mirrors a provision in the Senate budget.

- **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. Specifies all students participating in Friday Institute study on learning gains and losses take the Iowa Test of Basic Skills.
- **School Performance Grades/ESSA Compliance** – Revises School Performance Grades law to comply with federal ESSA requirements. Makes permanent the current 15-point grading scale. Removes schools that met growth from the definition of low-performing schools even if they got a “D” or “F” as their School Performance Grade. Provides that schools will receive separate grades for achievement and student growth. The Senate budget included an ESSA compliance plan but did not include these House changes to the A-F school performance grades system.
- **Class Size Flexibility for Current Pilot Programs and Dual Language Immersion Classes** – Provides that requirements for K-3 class size does not apply to dual language immersion classes.
- **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.
- **Youth Suicide Awareness and Prevention** - Directs the State Board of Education to develop a youth suicide awareness and prevention training program and a model risk referral protocol for LEAs to provide to school personnel who work directly with students in grades 6 through 12. LEAs are required to provide the training to school personnel who work directly with students.
- **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.

- **Charter School Transportation Grant Pilot Program** – Provides \$2.5 million for qualifying charter schools to pay for up to 65% of student transportation costs incurred by the school. To qualify, the charter must have an enrollment of 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.
- **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.
- **Pay-As-You-Go Capital and Infrastructure Fund** – Creates 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 would include public school facility construction and renovation.
- **School Bus Driver Compensation and Employment Study** – Directs DPI to study the compensation, retention, and recruitment of school bus drivers, and to report the findings by April 1, 2018.

A few items that were included in the Senate budget, but were **NOT** included in the House budget provisions, 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.

- **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.
- \$13.1 million recurring reduction in **DPI operating funds**.
- Elimination of several positions from the State Board of Education including the Executive Director, Legislative and Community Affairs Director, Legislative Specialist, and Associate State School Superintendent.

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

By comparison, all special provisions included in the Senate budget can be found [here](#).

Upon final approval of the House budget, the House and Senate will appoint conferees who will begin negotiating the final 2017-2019 budget plan, which legislative leaders hope to complete by the end of the fiscal year on June 30.

NCASA will continue to work with leaders in both the House and Senate to encourage development of a final budget that best meets the needs of K-12 public education in North Carolina.