

Governor's

Recommended Special

Provisions

for FY 2012-13

452 **PART VII. PUBLIC SCHOOLS**

453
454 **RESTORE LEA BUDGET FLEXIBILITY REDUCTION**

455 **SECTION 7.1. (a)** Section 7.20. of Session law 2011-145 is repealed.

456 **SECTION 7.1. (b)** This becomes effective July 1, 2012.

457
458 **LEA BUDGETARY FLEXIBILITY**

459 **SECTION 7.2.** Section 7.21. of Session Law 2011-145 reads as rewritten:

460 **"SECTION 7.21.(a)** For fiscal years ~~2011-2012 and 2012-2013~~, the State Board of
461 Education ~~shall revise is authorized to extend~~ its emergency rules, in accordance with G.S.
462 150B-21.1A, granting ~~maximum~~ unlimited flexibility to local school administrative units regarding
463 the expenditure of State funds. These rules shall not be subject to the limitations on transfers of
464 funds between funding allotment categories set out in G.S. 115C-105.25. However, these rules
465 shall not permit the following transfers:

466 (1) The transfer of funds into central office administration.

467 (2) The transfer of funds from the classroom teachers allotment to any allotment other
468 than teacher assistants allotment.

469 (3) The transfer of funds from the teacher assistants allotment to any allotment other
470 than the classroom teachers allotment.

471 **SECTION 7.21. (b)** For fiscal years ~~2011-2012 and 2012-2013~~, local school
472 administrative units shall make every effort to ~~reduce spending whenever and wherever such~~
473 ~~budget reductions are appropriate,~~ manage spending with the goal of protecting direct classroom
474 services such as teacher assistants and classroom teachers. Class size requirements in grades K-3
475 shall remain unchanged. For fiscal year 2012-13, local school administrative units shall comply
476 with G.S 115C-301 regarding class size restrictions in grades 4-12.

477 **SECTION 7.21.(c)** The restored LEA flexibility reduction shall be used to maintain
478 school-based personnel positions currently supported with the federal funds authorized under the
479 Keep Our Educators Working Act; Title I of Public Law 111-226.

480 **SECTION 7.21 (d)** No later than 30 days of the date this act becomes law, each local
481 school administrative unit shall report to the State Board of Education, Office of State Budget
482 and Management, and the Department of Public Instruction documenting the methods used to
483 protect classroom-based personnel. This report shall include the number of classroom-based
484 personnel retained as required by subsection 7.21. (c)."

485
486 **TESTING AND ASSESSMENT PROGRAM**

487 **SECTION 7.3.(a)** G.S. 115C-174.11 reads as rewritten:

488 **"§ 115C-174.11. Components of the testing and assessment program.**

489 (a) Diagnostic Assessment Instruments for First and Second Grades K-5. – The State
490 Board of Education shall adopt and provide to the local school administrative units
491 developmentally appropriate individualized diagnostic assessment instruments consistent with
492 the Basic Education Program for grades K-5 for first and second grades, rather than standardized
493 tests. The goal of the diagnostic assessments for grades K-5 is to ensure that all students are
494 grade-level proficient in pre-reading/reading skills by the conclusion of the school year. Local
495 school administrative units may use these assessment instruments provided to them by the State
496 Board for first and second grade students, and shall not use standardized tests except as required
497 as a condition of receiving federal grants.

498 (b) Repealed by Session Laws 2009-451, s. 7.20(c), effective July 1, 2009.

499 (c) Annual Testing Program.

500 (1) The State Board of Education shall adopt the tests for grades three through 12

that are required by federal law or as a condition of a federal grant. These tests shall be designed to measure progress toward reading, communication skills, and mathematics for grades three through eight, and toward competencies for grades nine through 12. Students who do not pass the tests adopted for eighth grade shall be provided remedial instruction in the ninth grade.

(2) If the State Board of Education finds that additional testing in grades three through 12 is desirable to allow comparisons with national indicators of student achievement, that testing shall be conducted with the smallest size sample of students necessary to assure valid comparisons with other states.

(3) The State Board of Education shall continue to participate in the development of the Common Core State Standards in conjunction with the consortium of other states, review all national assessments developed by both multistate consortia, and implement the assessments that the State Board deems most appropriate to assess student achievement on the Common Core State Standards.

(4) To the extent funds are made available, the State Board shall plan for and require the administration of the ACT test for all students in the eleventh grade unless the student has already taken a comparable test and scored at or above a level set by the State Board.

(d) Except as provided in subsection (c) of this section, the State Board of Education shall not require the public schools to administer any standardized tests except for those required by federal law or as a condition of a federal grant.

The State Board of Education shall adopt and provide to local school administrative units all tests required by federal law or as a condition of a federal grant."

SECTION 7.3.(b) G.S. 115C-174.20 reads as rewritten:

"Part 4. Student Diagnostic ~~Tests~~Assessments.

"§ 115C-174.22. Tools for student learning.

To the extent funds are made available for this purpose, the State Board shall plan for and require the administration of diagnostic ~~tests~~assessments in the eighth and tenth grades that align to the ACT test in order to help diagnose student learning and provide for students an indication of whether they are on track to be remediation-free at a community college or university.

The State Board of Education shall ensure ongoing support to school personnel to provide appropriate grade level instructional interventions based on individual student diagnostic assessment results for students in grades K-12."

SECTION 7.3. (c) This section applies beginning with 2012-2013 school year.

CAREER AND COLLEGE PROMISE SHALL INCLUDE APPRENTICESHIP OPPORTUNITIES FOR HIGH SCHOOL STUDENTS

SECTION 7.4. (a) The State Board of Education and NC Community College System shall incorporate apprenticeship opportunities for high school students as a component of the Career Technical Pathway in the Career and College Promise Initiative.

SECTION 7.4. (b) The two parties shall complete this incorporation no later than November 1, 2012, so that students will have the opportunity to participate in apprenticeships beginning with spring semester registration in the 2013-14 school year.

NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS

SECTION 7.5. Section 7.22 of Session Law 2011-145 reads as rewritten:

"SECTION 7.22.(a) The North Carolina Virtual Public School (NCVPS) program shall report to the State Board of Education and shall maintain an administrative office at the

Department of Public Instruction.

SECTION 7.22.(b) The Director of NCVPS shall ensure that students residing in rural and low-wealth county local school administrative units have access to e-learning course offerings in order to expand available instructional opportunities. E-learning instructional opportunities shall include courses required as part of the standard course of study for high school graduation and AP offerings not otherwise available.

SECTION 7.22.(c) Section 7.4 of S.L. 2010-31 is repealed.

SECTION 7.22.(d) The State Board of Education shall take the following steps to implement an allotment formula for NCVPS beginning with the 2011-2012 school year:

(1) Project NCVPS student enrollment by semester and year-long course types for each local school administrative unit and charter school.

(2) Establish a per course teacher payment structure for the instructional costs of NCVPS. In establishing this payment structure, the Board shall consider the following:

a. The payment structure is based on a total compensation analysis to ensure NCVPS teacher pay has parity with similar programs. The total compensation analysis shall take into account salaries, benefits, and work effort to ensure valid comparisons between occupations.

b. The effects any change in NCVPS teacher payments may have on the attraction and retention of NCVPS teachers.

(3) Develop a per student fee structure for in-State students that is based on the per course teacher pay structure. The fee structure for in-State students shall ensure that the projected cost for local school administrative units and charter schools equals the projected instructional cost for NCVPS courses.

4) Multiply the per course fees for in-State students by the projected enrollment by course type to determine the total instructional cost for each local school administrative unit and charter school.

(5) Transfer a dollar amount equal to seventy-five percent (75%) of the local school administrative unit's or charter school's projected instructional cost from the classroom teacher allotment to NCVPS.

(6) No later than February 21 of each year, calculate the actual instructional cost for each local school administrative unit and charter school based upon actual NCVPS enrollment as of that date.

(7) Subtract the amount transferred pursuant to subdivision (5) of this subsection from the actual instructional cost for each unit or charter school and transfer the remaining dollar amount owed, up to a maximum of one hundred percent (100%) of the projected cost.

(8) Develop and implement a policy regarding returning funds to local school administrative units and charter schools in cases where the amount transferred pursuant to subdivision (5) of this subsection exceeds the actual instructional costs. NCVPS shall use funds transferred to it to provide the NCVPS program at no cost to all students in North Carolina who are enrolled in North Carolina's public schools, Department of Defense schools, and schools operated by the Bureau of Indian Affairs.

SECTION 7.22.(e) In establishing the fee structure and payment structure for NCVPS, the State Board shall consider recommendations from the eLearning Commission and the NCVPS Advisory Board.

SECTION 7.22.(f) The State Board shall establish a separate per student tuition for out-of-state students, home-schooled students, and private school students, which shall be adjusted upward from the in-State student fee structure by an amount determined appropriate by the State

Board.

SECTION 7.22.(g) The Board shall direct NCVPS to develop a plan to generate revenue from the sale of courses to out-of-state educational entities. Revenue generated by NCVPS shall be used to offset instructional costs to local school administrative units and charter schools. NCVPS shall submit its plan to the Board by September 15, 2011.

SECTION 7.22.(h) Beginning in 2011, the Director of NCVPS shall submit an annual report on NCVPS to the State Board of Education no later than December 1 of each year. The report shall use data from the previous fiscal year and shall include statistics on actual versus projected costs to local school administrative units and charter schools, student enrollment, virtual teacher salaries, and measures of academic achievement. The Director of NCVPS shall continue to ensure the following:

(1) Course quality standards are established and met.

(2) All e-learning opportunities other than virtual charter schools offered by State-funded entities to public school students are consolidated under the NCVPS program, eliminating course duplication.

(3) All courses offered through NCVPS are aligned to the North Carolina Standard Course of Study.

SECTION 7.22.(i) The State Board of Education shall reduce each local school administrative unit's or charter school's classroom teacher allotment, or other allotment, as determined by the State Board of Education, on the basis of ADM in grades 6-12 to provide the sum of two million eight hundred sixty-six thousand nine hundred twenty-three dollars (\$2,866,923) for the State-level operations and administration of NCVPS for the 2011-2012 fiscal year. The allotment reduction for State-level operations and administration shall continue in future fiscal years and be adjusted annually based upon the percentage growth in NCVPS enrollment, ensuring the expansion of services due to increased virtual student enrollment.

SECTION 7.22.(j) For fiscal year 2011-2012, the State Board of Education shall reduce each local school administrative unit's or charter school's classroom teacher allotment, or other allotment, as determined by the State Board of Education, on the basis of ADM in grades 6-12 to provide the sum of two million dollars (\$2,000,000) in order to create an NCVPS enrollment reserve. The NCVPS enrollment reserve shall be used to cover the NCVPS instructional costs of local school administrative units or charter schools with enrollments exceeding projected NCVPS enrollment.

Beginning in fiscal year 2012-2013, and annually thereafter, the State Board of Education shall reduce each local school administrative unit's or charter school's classroom teacher allotment, or other allotment, as determined by the State Board of Education, on the basis of ADM in grades 6-12 an amount that is the difference between two million dollars (\$2,000,000) and the balance of the NCVPS enrollment reserve.

Amounts available in the NCVPS enrollment reserve shall not revert.

~~**SECTION 7.22.(k)** The State Board shall use only funds provided through the North Carolina Virtual Public Schools Allotment Formula and the NCVPS enrollment reserve as set forth in this section to fund instructional costs of NCVPS.~~

SECTION 7.22.(l) G.S. 66-58(c) is amended by adding a new subdivision to read: "(c) The provisions of subsection (a) shall not prohibit:

(20) The sale by the State Board of Education of NCVPS courses to home schools, private schools, and out-of-state educational entities."

RESTORE NORTH CAROLINA TEACHING FELLOWS COMMISSION

SECTION 7.6. Effective July 1, 2012 Section 1.38. of Session Law 2011-266 is repealed.

648
649 **TEACHING FELLOWS ADMINISTRATIVE EXPENDITURES**

650 **SECTION 7.7.** G.S. 115C-363.23A.(f) reads as rewritten:

651 **“§115C-363.23A. Teaching Fellows Program established; administration.**

652 ...
653 (f) All funds appropriated to or otherwise received by the Teaching Fellows Program for
654 scholarships, all funds received as repayment of scholarship loans, and all interest earned on
655 these funds, shall be placed in a revolving loan fund. This revolving loan funds shall be used for
656 scholarship loans granted under the current Teaching Fellows Program. With prior approval of
657 the General Assembly in the Current Operations Appropriations Act, the revolving fund may
658 also be used for campus and summer program support, and costs related to disbursement of
659 awards and collection of loan repayments. The Public School Forum, as administrator for the
660 Teaching Fellows Program, may use up to eight hundred ten thousand dollars (\$810,000) ~~six~~
661 ~~hundred thousand dollars (\$600,000)~~ annually from the fund balance for costs associated with the
662 administration of the Teaching Fellows Program.”

663
664 **RESIDENTIAL SCHOOLS**

665 **SECTION 7.8. (a)** Notwithstanding G.S. 146-30, the Department of Public Instruction
666 shall retain all proceeds generated from the rental of building space on the Governor Morehead
667 School campus.

668 **SECTION 7.8.(b)** The Department of Public Instruction shall use all receipts generated
669 from these leases for the purpose of staffing and operating the North Carolina School for the
670 Deaf, the Eastern North Carolina School for the Deaf, and the Governor Morehead School.
671 Receipts from this source shall not be used to support administrative functions within the
672 Department.

673
674 **TEACHER SALARY PAYMENTS**

675 **SECTION 7.9.(a)** Section 5. of Session Law 2011-379 is repealed.

676 **SECTION 7.9.(b)** This section is effective June 30, 2012.
677

678 **FUNDS FOR CHILDREN WITH DISABILITIES**

679 **SECTION 7.10.** The State Board of Education shall allocate additional funds for
680 children with disabilities on the basis of three thousand seven hundred nine dollars (\$3,709.00)
681 per child. Each local school administrative unit shall receive funds for the lesser of (i) all
682 children who are identified as children with disabilities or (ii) twelve and five-tenths percent
683 (12.5%) of the 2012-2013 allocated average daily membership in the local school administrative
684 unit. The dollar amounts allocated under this section for children with disabilities shall also
685 adjust in accordance with legislative salary increments, retirement rate adjustments, and health
686 benefit adjustments for personnel who serve children with disabilities.
687

688 **FUNDS FOR ACADEMICALLY GIFTED CHILDREN**

689 **SECTION 7.11.** The State Board of Education shall allocate additional funds for
690 academically or intellectually gifted children on the basis of one thousand two hundred twenty-
691 three dollars and ninety-nine cents (\$1,223.99) per child. A local school administrative unit shall
692 receive funds for a maximum of four percent (4%) of its 2012-2013 allocated average daily
693 membership, regardless of the number of children identified as academically or intellectually
694 gifted in the unit. The dollar amounts allocated under this section for academically or
695 intellectually gifted children shall also adjust in accordance with legislative salary increments,

retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children.

UNIFORM EDUCATION REPORTING SYSTEM (UERS) FUNDS

SECTION 7.12. (a) Funds appropriated for the Uniform Education Reporting System shall not revert at the end of the 2011-2012 fiscal year.

SECTION 7.12. (b) This section becomes effective June 30, 2012.

SCHOOL CAPITAL SUPPORT

SECTION 7.13. G.S. 115C-546.2 reads as rewritten:

“§ 115C-546.2. Allocations from the Fund; uses; expenditures; reversion to General Fund; matching requirements.

(a) ~~Of the monies credited to the Fund by the Secretary of Revenue pursuant to G.S. 115C-546.1(b), the State Board of Education may allocate up to one million dollars (\$1,000,000) each year to the Department of Public Instruction. These funds shall be used by the Plant Operation Section of the School Support Division to assist each local school administrative unit with effective energy and environmental management, effective water management, hazardous material management, clean air quality, and engineering support for safe, effective environmental practices. The remainder of the monies in the Fund shall be allocated to the counties on a per average daily membership basis according to the average daily membership for the budget year as determined and certified by the State Board of Education. Interest earned on funds allocated to each county shall be allocated to that county.~~

The Department of Public Instruction shall report to the Joint Legislative Education Oversight Committee by April 15 of each year on the effectiveness of the program in accomplishing its purpose and on any other information requested by the Committee.

(b) Counties shall use monies in the Fund for capital outlay projects including the planning, construction, reconstruction, enlargement, improvement, repair, or renovation of public school buildings and for the purchase of land for public school buildings; for equipment to implement a local school technology plan that is approved pursuant to G.S. 115C-102.6C; or for both. Monies used to implement a local school technology plan shall be transferred to the State School Technology Fund and allocated by that Fund to the local school administrative unit for equipment.

As used in this section, "public school buildings" only includes facilities for individual schools that are used for instructional and related purposes and does not include centralized administration, maintenance, or other facilities.

In the event a county finds that it does not need all or part of the funds allocated to it for capital outlay projects including the planning, construction, reconstruction, enlargement, improvement, repair, or renovation of public school buildings, for the purchase of land for public school buildings, or for equipment to implement a local school technology plan, the unneeded funds allocated to that county may be used to retire any indebtedness incurred by the county for public school facilities.

In the event a county finds that its public school building needs and its school technology needs can be met in a more timely fashion through the allocation of financial resources previously allocated for purposes other than school building needs or school technology needs and not restricted for use in meeting public school building needs or school technology needs, the county commissioners may, with the concurrence of the affected local Board of Education, use those financial resources to meet school building needs and school technology needs and may allocate the funds it receives under this Article for purposes other than school building needs or school technology needs to the extent that financial resources were redirected from such

purposes. The concurrence described herein shall be secured in advance of the allocation of the previously unrestricted financial resources and shall be on a form prescribed by the Local Government Commission.

(c) Monies in the Fund allocated for capital projects shall be matched on the basis of one dollar of local funds for every three dollars of State funds. Monies in the Fund transferred to the State Technology Fund do not require a local match.

Revenue received from local sales and use taxes that is restricted for public school capital outlay purposes pursuant to G.S. 105-502 or G.S. 105-487 may be used to meet the local matching requirement. Funds expended by a county after July 1, 1986, for land acquisition, engineering fees, architectural fees, or other directly related costs for a public school building capital project that was not completed prior to July 1, 1987, may be used to meet the local match requirement.

(d) Of the Monies transferred into the Fund in accordance with Chapter 18C of the General Statutes, the State Board of Education may allocate up to one million five hundred thousand dollars (\$1,500,000) to the Department of Public Instruction. These funds shall be used by the Plant Operation and School Planning Sections of the School Support Division to assist each local school administrative unit with effective energy and environmental management, effective water management, hazardous material management, clean air quality, engineering support for safe, effective environmental practices, evaluation of facility needs, construction site analysis, planning and design technical assistance, and authorization of state funding for school construction. The remainder shall be allocated for capital projects for school construction projects as follows:

- (1) A sum equal to sixty-five percent (65%) of those monies transferred in accordance with G.S. 18C-164 shall be allocated on a per average daily membership basis according to the average daily membership for the budget year as determined and certified by the State Board of Education.
- (2) A sum equal to thirty-five percent (35%) of those monies transferred in accordance with G.S. 18C-164 shall be allocated to those local school administrative units located in whole or part in counties in which the effective county tax rate as a percentage of the State average effective tax rate is greater than one hundred percent (100%), with the following definitions applying to this subdivision:
 - a. "Effective county tax rate" means the actual county rate for the previous fiscal year, including any countywide supplemental taxes levied for the benefit of public schools, multiplied by a three-year weighted average of the most recent annual sales assessment ratio studies.
 - b. "State average effective tax rate" means the average effective county tax rates for all counties.
 - c. "Sales assessment ratio studies" means sales assessment ratio studies performed by the Department of Revenue under G.S. 105-289(h).
- (3) No county shall have to provide matching funds required under subsection (c) of this section.
- (4) A county may use monies in this Fund to pay for school construction projects in local school administrative units and to retire indebtedness incurred for school construction projects.
- (5) A county may not use monies in this Fund to pay for school technology needs."

794 **LOCAL PLANS**

795 **SECTION 7.14.** G.S. 115C-150.7(d) reads as rewritten:

796 **“§G.S. 115C-150.7. Local Plans.**

797 (d) ~~A plan shall remain in effect for no more than three years;~~ The local board of
798 education shall review the plan at least every three years; however, the local board may amend
799 the plan as often as it considers necessary or appropriate. Any changes to a plan shall be
800 submitted to the State Board of Education for its review and comments. The local board shall
801 consider the State Board's comments before it implements the changes.”

802
803 **COOPERATIVE INNOVATIVE HIGH SCHOOL REPORTING**

804 **SECTION 7.15.(a)** Section 7.19(d) of Session Law 2007-323 is repealed.

805 **SECTION 7.15.(b)** Section 7.21. of Session Law 2007-323 is repealed.

806 **SECTION 7.15.(c)** G.S 115C-238.55 reads as rewritten:

807 **“§ 115C-238.55. Evaluation of programs.**

808 The State Board of Education and the governing Boards shall evaluate the success of students
809 in programs approved under this Part. Success shall be measured by high school retention rates,
810 high school completion rates, high school dropout rates, certification and associate degree
811 completion, admission to four-year institutions, postgraduation employment in career or
812 study-related fields, and employer satisfaction of employees who participated in and graduated
813 from the programs. It shall also include (i) an accounting of how funds and personnel resources
814 were utilized and their impact on student achievement, retention, and employability; and (ii)
815 recommendations for improvement of the program. The Boards shall jointly report by January
816 15 of each year to the Joint Legislative Education Oversight Committee on the evaluation of
817 these programs”

818
819 **REPEAL OBSOLETE REPORTS**

820 **SECTION 7.16.(a)** G.S. 115C-276.(t) is repealed.

821 **SECTION 7.16.(b)** Section 7.5.(c) and Section 7.5.(g) of Session Law 2010-31 are
822 repealed.

823 **SECTION 7.16.(c)** Section 7.19 (c) of Session Law 2010-31 is repealed.

824 **SECTION 7.16.(d)** G.S. 115C-12.(26) is repealed.

825
826 **DIGITAL RESOURCES FOR K-12**

827 **SECTION 7.17.(a)** The State Board of Education shall develop a plan to implement
828 the recommendations of Digital Education Resources for K-12 Education Report developed by
829 the eLearning Commission and reported to the State Board of Education in January 2012. The
830 report includes North Carolina transitioning to digital resources as the primary form of
831 educational materials, in place of traditional textbooks and printed supplemental materials, in K-
832 12 schools no later than June 30, 2016.

833 **SECTION 7.17.(b)** The plan shall include:

- 834 (1) Strategies for the Local Education Agencies (LEAs) to transition funding and
835 resources from traditional textbooks to digital media;
836 (2) A priority for curriculum and materials for the national Common Core State
837 Standards for mathematics and English language arts which have been adopted by
838 North Carolina, 45 other states, and the District of Columbia;
839 (3) A timeline for adopting and purchasing mathematics and English language
840 arts textbooks that aligns with the timeline for the adoption of the Common Core
841 State Standards and assessments, since there is a national effort underway to

- 842 develop high-quality digital resources aligned with the Common Core State
843 Standards that will replace traditional textbooks;
- 844 (4) Participation in multi-state consortia to develop high quality, open education
845 digital resources aligned with the Common Core State Standards for efficiency in
846 budget and quality of resources;
- 847 (5) Guidelines and policies for technology requirements for K-12 digital
848 education resources including:
- 849 a. Minimal specifications for the devices to be used by students to access
850 digital resources.
- 851 b. Cost-effective collaborative purchasing of devices for students that
852 support the use of digital resources, building upon the work of the NC K-
853 12 Cloud Computing Collaborative Purchasing working group.
- 854 c. A state level process for the review and approval of digital education
855 resources to ensure that high quality resources are used in North Carolina
856 schools.
- 857
- 858 (6) Support for the development, by North Carolina colleges, schools, and
859 organizations, of open education digital resources to meet specific North Carolina
860 needs; and
- 861 (7) Development of a plan to prepare teachers to make effective use of digital
862 resources and devices to support teaching and learning.

863 **SECTION 7.17.(c)** The plan shall be submitted to the Joint Education Oversight
864 Committee and the Office of the Governor by March 15, 2013.

865 **ADOPTION OF COMMON CORE STATE STANDARDS**

867 **SECTION 7.18.** North Carolina along with 45 other states and the District of Columbia
868 have voluntarily committed to adopting the K-12 Common Core State Standards to help ensure
869 that high school students graduate prepared to succeed in college and in a modern workforce.
870 These standards and the supporting assessments ensure that North Carolina is using national
871 standards to measure our students' progress. The State Board of Education has adopted the
872 Mathematics and English Language Arts standards and shall continue to adopt the other
873 curriculum area national standards developed in collaboration with the other states, as they
874 become available.

875 **INVESTING IN INNOVATION GRANT**

877 **SECTION 7.19.(a)** The federal Investing in Innovation Fund Grant: Validating Early
878 College Strategies for Traditional Comprehensive High Schools awarded to the North Carolina
879 New Schools Project for 2012-2017, requires students to enroll in a community college course in
880 the 10th grade. Notwithstanding any other provision of law, specified local school administrative
881 units may offer one community college course to participating sophomore (10th grade) students.
882 Participating local school administrative units are Alleghany, Beaufort, Hertford, Jones, Madison,
883 Richmond, Rutherford, Sampson, Surry, Wilkes and Yancey County Schools.

884 **SECTION 7.19.(b)** Grant funds shall be used to pay for all costs incurred by the local
885 school administrative units and the community college partners to implement the grant, including
886 community college FTE. Community Colleges shall not earn budget FTE for student course
887 enrollments supported with this grant.

SECTION 7.19.(c) Research for the project shall address the effects of Early College strategies in preparing students for Career and College Promise. The North Carolina New Schools Project shall report on the implementation of the grant to the State Board of Education, State Board of Community Colleges, Office of the Governor, and the Joint Education Oversight Committee no later than March 15, 2013 and annually thereafter until the end of the grant period.

PART VIII. COMMUNITY COLLEGES

REPORT ON CURRENT AND FUTURE EFFORTS REGARDING DEVELOPMENTAL EDUCATION

SECTION 8.1.(a) The North Carolina Community College System shall report, no later than March 1, 2013, to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management on its developmental education offerings. This report shall include, but is not limited to, developmental math and science courses, Basic Skills Plus, and other remedial coursework.

SECTION 8.1.(b) This report shall include the following:

- (1) Number of students enrolled in developmental education for the last four years (beginning with fiscal year 2008-09).
- (2) The costs of developmental education, in total and by program.
- (3) The types, number, and costs of diagnostic assessments taken by students prior to being placed in a developmental course.
- (4) The impact of developmental education on a student's success in subsequent educational pursuits, including the time taken to earn an associate's degree.
- (5) Cooperative efforts with high schools and the NC Department of Public Instruction to identify or reduce a student's need for developmental education prior to earning a high school diploma.
- (6) Recent changes and proposed reforms to developmental education in the North Carolina Community College System.

REPEAL OBSOLETE REPORTS

SECTION 8.2.(a) G.S. 116D-3(c) is repealed.

SECTION 8.2.(b) Session Law 1999-237, Section 9.11(e) is repealed.

SECTION 8.2.(c) Session Law 2007-484, Section 35 reads as rewritten:

"Section 5. This act is effective when it becomes law. Section 1 of this act applies to provisional teaching certificated issues on or after that date. ~~Section 2, 3 and~~ Section 4 of this act expires July 1, 2011."

FINANCIAL AID PROGRAM ADMINISTRATIVE COSTS

SECTION 8.3. G.S. 115D-40.1 reads as rewritten:

"(c) Administration of Program. – The State Board shall adopt rules and policies for the disbursement of the financial assistance provided in subsections (a) and (b) of this section. Degree, diploma, and certificate students must complete a Free Application for Federal Student Aid (FAFSA) to be eligible for financial assistance. The State Board may contract with the State Education Assistance Authority for administration of these financial assistance funds. These funds shall not revert at the end of each fiscal year but shall remain available until expended for need-based financial assistance. The interest earned on the funds provided in subsections (a) and (b) of this section may be used to support the costs of administering the Community College

Grant Program. If these interest earnings are not adequate to support the administrative costs, up to one percent of funds provided in subsection (a) of this section may be used to support the costs of administering the Community College grant program.”

PART IX: UNIVERSITIES

RESIDENT TUITION FOR MILITARY VETERANS AND THEIR DEPENDENTS

SECTION 9.1. G.S.116-143.3 is amended by adding a new subsection to read:

“(c1) Military veterans honorably discharged on or after July 1, 2011 shall be considered in-state residents for tuition purposes provided they were last assigned to a permanent duty station in North Carolina. Any dependent relative of an eligible veteran shall also be considered a resident for tuition purposes. To continue being classified a North Carolina resident, a participating veteran or dependent relative must provide proof of establishing residency in North Carolina within twelve months of initial enrollment.”

NORTH CAROLINA TEACHER INSTITUTE ON TEACHER TRAINING AND PROFESSIONAL DEVELOPMENT

SECTION 9.2.(a). The North Carolina Teacher Institute on Teacher Training and Professional Development is created at the Friday Institute for Education Innovation at North Carolina State University. The purpose of the Institute is to establish a statewide network of online and in-person high-quality, comprehensive professional development for teachers so they will have the knowledge and skills necessary to use 21st century tools and resources to teach 21st century content skills. This network shall ensure that teachers are integrally involved in the development and delivery of professional development.

SECTION 9.2.(b). The Institute shall be advised by the North Carolina Teacher Institute Advisory Council. The Governor shall appoint the members of the Council. The Council will be established as follows:

- (1) The Council shall be composed of up to twenty-five members appointed by the Governor. Members shall be active classroom teachers serving in a North Carolina public school. Members should represent diverse demographic and geographic regions of the state, grade levels, and subject areas.
- (2) The Governor’s Teacher Advisor or designee shall serve as the Chair of the Council. The Council shall select a Vice-Chair from its membership.
- (3) The Council shall include the North Carolina Teacher of the Year as a voting member. The Teacher of the Year will serve as a liaison between the Council and the State Board of Education.
- (4) The Executive Director of the Friday Institute and the Dean of the NC State University College of Education shall also serve as members of the Council.
- (5) The Council also may include as voting members the president or designee of state affiliates to the following National Teacher Organizations: the North Carolina Association of Educators and the American Federation of Teachers – North Carolina.
- (6) The State Superintendent of Education, or his or her designee, will serve on the Council.
- (7) Council members shall serve terms of two years and may be reappointed to successive terms. Council members serve at the pleasure of the Governor.

SECTION 9.2.(c). The Chief Administrative Officer of the Institute shall be appointed by the Executive Director of the Friday Institute in consultation with the North Carolina Teacher Institute Advisory Council and the Governor.

SECTION 9.2.(d). The Teacher Institute shall develop an implementation plan for blended (online and in-person) professional development that includes, but is not limited to, the following:

(1) Ensures fiscal efficiency, local implementation, and sustainability at the local level including:

- a. Conduct needs assessments to ensure that professional development programs directly address local education agency (LEA), school, and teacher needs;
- b. Build resources centrally, build human capacity throughout the state, and implement professional development locally and regionally;
- c. Take full advantage of economies of scale, by effective and efficient centralization of services, while planning to support local, regional, and central capacity building for sustainability;
- d. Consider the needs of different types of districts, ranging from large urban to small rural as well as other types of multi-district collaborations;
- e. Develop models of professional development based on researched best practices that have shown to be effective, include resources to test new and emerging approaches, with evaluations of their effectiveness;
- f. Leverage the expertise, resources, and connections to a multi-state collaborative available through the eLearning for Educators Collaborative, the Southern Regional Education Board, and other networks; and
- g. Leverage the expertise and resources of the multiple groups within North Carolina that already provide professional development in Science, Technology, Engineering, and Mathematics (STEM) areas.

(2) Utilizes the resources developed by the state investments made by the NC Teacher Academy including:

- a. Staff development programs and resources in continuous school improvement, mathematics and elementary science curriculum, differentiated instruction and learning, instructional technology, and literacy;
- b. Cadres or networks of professionally staff development trainers located strategically across the state in the eight Education Regions; and
- c. Academies for school-level teams that provide customized professional development based on the instructional needs of the school.

(3) Develops On-line Professional Development (OPD) resources including:

- a. Design in modular, modifiable forms, consistent with technical and design standards, so materials can be adapted for other purposes;
- b. Coordinate with Colleges of Education (CEDs) so that the OPD resources are used there also, and that resources from the CEDs are adapted for professional development in the LEAs;
- c. Use the pedagogy and the tools participants need to learn as part of the online experience;
- d. Provide for use of mobile devices, tablets, and other technologies to provide increased access and flexibility for participants;
- e. Consider different types of online interactions including cohort-based facilitated workshops to engage educators in learning content and teaching strategies and on-demand professional development accessible by individuals as needed to support day-to-day teaching and learning; and
- f. Design online resources so they can be easily updated, revised, repurposed, and moved to different emerging technologies.

SECTION 9.2.(e). Reporting Requirements. The Friday Institute shall report on its plan to the State Board of Education, the Joint Education Oversight Committee, and the Office of the Governor by March 15, 2013.

CHANGE REPORT DATE ON PROGRESS OF NORTH CAROLINA GRADUATES ENTERING PRIMARY CARE CENTERS

SECTION 9.3. G.S. 143-613(d) reads as rewritten:

“(d) The progress of the private and State-operated medical schools and State-operated health professional schools towards increasing the number and proportion of graduates entering primary care shall be monitored annually by the Board of Governors of The University of North Carolina. Monitoring data shall include (i) the entry of State-supported graduates into primary care residencies and clinical training programs, and (ii) the specialty practices by a physician and each midlevel provider who were State-supported graduates as of a date five years after graduation. The Board of Governors shall certify data on graduates, their residencies and clinical training programs, and subsequent careers by ~~October 1~~November 15 of each calendar year, ~~beginning in October of 1995,~~ to the Fiscal Research Division of the Legislative Services ~~Office~~Office, to the Office of State Budget and Management, and to the Joint Legislative Education Oversight Committee.”

PERMANENT TRANSFER OF FUNDING FOR MILITARY ONE-STOP & BRAC OUTREACH

SECTION 9.4. The Military One-Stop & BRAC Outreach program is transferred from Fayetteville State University to the University of North Carolina General Administration by a Type I transfer as defined in G.S. 143A-6, with all the elements of such a transfer. The program transfer shall include the sum of two hundred fifty one thousand five hundred dollars (\$251,500).

CENTER FOR DESIGN INNOVATION DIGITAL TECHNOLOGIES PILOT

SECTION 9.5.(a) The Center for Design Innovation shall use funds appropriated in this Act to establish a pilot program in digital technologies, in cooperation with the UNC School of the Arts, Winston-Salem State University, Forsyth Technical Community College, and high schools located in Forsyth County. Once this course of study has been developed, it shall be submitted for consideration as a career pathway in Career and College Promise.

SECTION 9.5.(b) The University of North Carolina shall report on this pilot, no later than March 1, 2017, to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management. This report shall include:

- 1) The number of students enrolled in the program, by year admitted.
- 2) The completion rate of enrolled students.
- 3) The placement of graduating students in industries and companies that utilize technologies taught in this program.
- 4) The satisfaction of employers with the performance of graduates of this program.

THE UNIVERSITY OF NORTH CAROLINA PERFORMANCE ACCOUNTABILITY FUNDING

SECTION 9.6.(a) The University of North Carolina Board of Governors shall design and implement a Performance Accountability Funding program. For the purpose of distributing funds, the Board shall consider statistically valid measures of retention, graduation, efficiency and financial data and shall set performance targets for each UNC institution. Performance funding criteria shall be adopted prior to the release of funds appropriated in this Act.

SECTION 9.6.(b) The University shall report annually, beginning January 1st 2013, to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management on its Performance Accountability Funding program. This report shall include the following:

- (1) A description of the performance measures used for funding allocation.
- (2) The performance measure target for each institution.
- (3) Data on each measure for each UNC institution.
- (4) The amount of performance funding awarded to each UNC institution.
- (5) Historical performance data and funding amounts for the previous three years, as available.
- (6) The use of funds allocated for performance accountability.

SECTION 9.6.(c) The UNC Board of Governors and each institution shall prominently display their performance targets and level of attainment on their public websites and in all future funding requests made to the General Assembly and the Governor.

ESTABLISH UNC RESEARCH COMMERCIALIZATION FUND

SECTION 9.7.(a) There shall be appropriated two million dollars (\$2,000,000) to The University of North Carolina General Administration to establish a UNC Research Commercialization Fund. Monies in the Fund shall be awarded on a competitive basis and used to support activities that accelerate the development and launch of commercial products derived from university research. Specific activities that may be funded include:

- (1) Investing in market assessment services to more accurately determine whether a product will be successful.
- (2) Supporting proof of concept activities, including the development of prototypes.
- (3) Covering relevant operational costs, including patent fees or faculty release time.
- (4) Enhancing work currently being done with the Blackstone Entrepreneurs Network.

SECTION 9.7.(b) The University of North Carolina General Administration shall monitor and report the technology transfer activities resulting from investments made from the UNC Research Commercialization Fund. This report shall be made annually by December 1 of each year to the Joint Legislative Education Oversight Committee and to the Office of State Budget and Management and shall discuss expenditures from the Fund. Components of the report shall include:

- (1) A detailed accounting of the expenditure of funds and specific services provided.
- (2) Measures of impact to the State's economy in the creation of jobs, intellectual property, infrastructure investment and start-up companies.
- (3) The specific research and development projects funded at UNC.
- (4) Other measures directly related to enhancing North Carolina's economy.

SECTION 9.7.(c) In addition to the report required in Section 9.7.(b), the University of North Carolina General Administration shall submit, by December 1, 2012, a comprehensive report of all technology transfer activities across the UNC System, including such activities as spin-off companies created, patents received for research inventions and innovations, products developed, and other agreements to share research between the University of North Carolina and its partners.

LOWER COST OF INDEBTEDNESS ON CAPITAL PROJECTS

1131 **SECTION 9.8.(a)** Article 3 of Chapter 116D is amended to add a new section that reads:
1132 **“§116D-32. Timely payment of special obligation bonds.**

1133 (a) This section applies to the special obligation bonds issued by the Board where (1) in
1134 the bond resolution or trust agreement authorizing or securing such bonds and at the time of
1135 issuance of the bonds, the Board has expressly and irrevocably elected to have the provisions
1136 of this section apply and (2) the debt service schedule for such bonds has been received by
1137 the Director of the Budget. This section does not apply to bonds for which no such election
1138 is made or any other obligations of the Board or the institutions.

1139 (b) Whenever the paying agent for the bonds has not received payment of principal of or
1140 interest on bonds to which this section applies on the business day immediately before the
1141 date on which such payment is due, the paying agent shall notify the Director of the Budget
1142 and the Board, by telephone, facsimile, or other similar communication, followed by written
1143 verification, of such payment status. The Director of the Budget shall immediately contact
1144 the Board and determine whether the Board will make the payment by the date on which it is
1145 due.

1146 (c) If the Board indicates that the institution will not make the payment by the date on
1147 which it was due, the Director of the Budget shall forward the amount in immediately
1148 available funds necessary to make the payment of principal of or interest on the bonds to the
1149 paying agent and shall withhold such amount, in the following order of priority, from:

1150 (1) the next succeeding appropriations payment designated for the continuing
1151 operation of the institution or institutions for whose benefit the Board issued
1152 the bonds pursuant to an appropriation under Section 116-11(9)b of this
1153 Chapter, which appropriation was based upon a budget recommendation
1154 described in Section 116-11(9)a(i) of this Chapter ;

1155 (2) the next succeeding appropriations payment allocated by the Board to the
1156 institution or institutions for whose benefit the Board issued the bonds
1157 pursuant to an appropriation to the Board under Section 116-11(9)b of this
1158 Chapter, which appropriation was based upon a budget recommendation
1159 described in Section 116-11(9)a(iii) of this Chapter; and

1160 (3) the next succeeding appropriations payment of any other amounts
1161 appropriated to the Board and payable to or otherwise designated for the
1162 continuing operation of all institutions equally.

1163 If the amount of all such next succeeding appropriations payments in subparts (1) through
1164 (3) is insufficient to pay the amount necessary, the Director of the Budget shall withhold
1165 amounts from each succeeding appropriations payments in the order set forth in this
1166 subparagraph, including payments to be made in succeeding fiscal years [but not to
1167 include more than twelve months of payments], until the total payment of principal and
1168 interest has been withheld.

1169 (d) The amounts forwarded to the paying agent by the Director of the Budget shall be
1170 applied by the paying agent solely to the payment of the principal of and interest on the
1171 bonds of the Board for which the amounts were forwarded. The Director of the Budget
1172 shall notify the Board, the chief financial officer or officers of the institution or
1173 institutions whose appropriations have been withheld and payments made pursuant to this
1174 section.

1175 (e) The Board shall, for bonds to which this section applies, file with the Director of
1176 the Budget a notice that sets forth the name and amount of the bonds, the institution for
1177 whose benefit the Board issued the bonds, the scheduled debt service for the bonds and
1178 the name, address and telephone number of the paying agent for the bonds. The Board
1179 shall provide to the Director of the Budget such additional information and

documentation as the Director of the Budget may request from time to time regarding such bonds. The failure of the Board to file such notice and information shall not affect the obligation of the Director of the Budget to pay the appropriation payments as set forth in paragraph (c) of this section.

(f) The State hereby covenants with the purchasers and beneficial owners of bonds issued by the Board that it will not repeal, revoke or rescind the provisions of this section or modify or amend the same so as to limit or impair the rights and remedies granted by this section for so long as the bonds covered by this section are outstanding; but nothing in this paragraph (f) shall be deemed or construed to require the State to continue the payment of State appropriations to the Board or any institution or to limit or prohibit the State from repealing, amending or modifying any law relating to the amount of State appropriations to the Board or any institution or the manner of payment or timing thereof. Nothing in this section shall be deemed or construed to create a debt of the State with respect to such bonds within the meaning of any State constitutional provision or to create any liability except to the extent provided in this section.

(g) Whenever the Director of the Budget is required by this section to make a payment of principal of or interest on bonds on behalf of the Board, the Director of the Budget, or the Director's designee, shall initiate a review of the institution or institutions for whose benefit such bonds were issued to determine the reason for the nonpayment and to assist the Board and such institution or institutions, if necessary, in developing and implementing measures to assure that future payments will be made when due.

(h) To the extent permitted by the bond resolution or trust agreement to which this section applies, whenever the Director of the Budget is required by this section to make a payment of principal of or interest on bonds on behalf of the Board from appropriations to the Board and the institution or institutions and the debt service deficiency resulted because of a failure to collect revenues, the Board may, upon collection of the delinquent revenues, transfer such delinquent revenues later out of the revenue fund created under the bond resolution or trust agreement to the constituent institution."

REPEAL OBSOLETE REPORTS

SECTION 9.9.(a) G.S. 116-11(10a) is repealed.

SECTION 9.9.(b) G.S. 116-11(12a) is repealed.

SECTION 9.9.(c) Session Law 1991-346 is repealed.

SECTION 9.9.(d) G.S. 116D-3(a)(1) is repealed.

SECTION 9.9.(e) Session Law 2001-496, Section 13 is repealed.

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

ADMINISTRATIVE ALLOWANCE FOR COUNTY DEPARTMENTS OF SOCIAL SERVICES

SECTION 10.1. The Division of Child Development and Early Education of the Department of Health and Human Services shall fund the allowance that county departments of social services may use for administrative costs at ~~four~~ three percent (4 3%) of the county's total child care subsidy funds allocated in the Child Care Development Fund Block Grant plan.

NC PRE-KINDERGARTEN PROGRAM