

House Appropriations Subcommittee on Education

Education Special Provisions in S842: Governor's Budget

June 3, 2014

EDUCATION SPECIAL PROVISIONS

S842: GOVERNOR’S BUDGET

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(b2) Funds that become available from overrealized receipts in General Fund Codes and Highway Fund Codes may be used for new permanent employee positions or to raise the salary of existing employees.

(b3) The Office of State Budget and Management shall report to the Joint Legislative Commission on Governmental Operations and to the Fiscal Research Division of the Legislative Services Office within 30 days after the end of each quarter the General Fund Codes or Highway Fund Codes that did not result in a corresponding reduced allotment from appropriations from that Fund.

...."

SECTION 6.2.(b) G.S. 143C-6-4 reads as rewritten:

"§ 143C-6-4. Budget Adjustments Authorized.

(b) Budget Adjustments. – Notwithstanding ~~the provisions~~ any other provision of law, ~~of G.S. 143C-6-1~~, a State agency may, with approval of the Director of the Budget, spend more than was appropriated in the certified budget by adjusting the authorized budget for all of the following:

(3) Responses to unforeseen circumstances. – A purpose or program not subject to the provisions of subdivision (b)(2) of this subsection, if each of the following conditions is satisfied:

- a. The overexpenditure is required to continue the purpose or programs due to complications or changes in circumstances that could not have been foreseen when the budget for the fiscal period was enacted.
- b. The scope of the purpose or program is not increased.
- c. ~~The overexpenditure is authorized on a one-time nonrecurring basis for one year only, unless the overexpenditure is the result of (i) salary adjustments authorized by law or (ii) the establishment of time limited positions funded with agency receipts.~~

(b1) If the overexpenditure would cause a department's total requirements ~~for a fund to exceed the department's certified budget for a fiscal year for that fund by more than three percent (3%), the Director shall consult with~~ report to the Joint Legislative Commission on Governmental Operations ~~prior to authorizing~~ within 30 days of authorizing the overexpenditure.

(b2) Subsection (b) of this section shall not be construed to authorize budget adjustments that cause General Fund expenditures, excluding expenditures from General Fund receipts, to exceed General Fund appropriations for a ~~department~~ department except as expressly authorized by the Governor.

...."

EDUCATION LOTTERY

SECTION 6.3.(a) Section 6.11(e) of S.L. 2013-360 reads as rewritten:

"SECTION 6.11.(e) The appropriations made from the Education Lottery Fund for the 2013-2015 fiscal biennium are as follows:

	FY 2013-2014	FY 2014-2015
Classroom Teachers	\$ 220,643,188	\$ 220,643,188
Prekindergarten Program	75,535,709	75,535,709
Public School Building Capital Fund	100,000,000	100,000,000

reduced, the amount transferred to the Office of State Budget and Management shall be reduced proportionately.

(1) By request. – An administering State agency may submit a written request to the Office of State Budget and Management for a reduction of the amount withheld. The request must set out the oversight responsibilities of the agency with regard to the grant program and the amount by which the agency is requesting the withholding be reduced from the grant program for the fiscal year. The Office of State Budget and Management shall determine whether it is appropriate to allow a reduction of the withholding under this section and, if so, the amount by which the withholding shall be reduced. The Office of State Budget and Management shall notify the State agency in writing of the approval or disapproval of the request and, if approved, the amount by which the withholding shall be reduced.

(2) Without request. – The Office of State Budget and Management may, without a request by an administering State agency, reduce the amount withheld from a grant program for oversight if it makes a determination that the amount required under subsection (a) of this section is in excess of the amount the administering State agency requires for oversight. The Office of State Budget and Management shall notify the administering State agency in writing of its determination.

(c) Review. – The Office of State Budget and Management shall review the withholding amounts annually and may make adjustments to the withholding at any time in accordance with subdivision (2) of subsection (b) of this section.

(d) Limitations. – Funds shall not be withheld under this section if a grant program is a pass-through of funds granted by an agency of the United States and the terms of the federal grant prohibit the withholding of funds described by this section."

SECTION 6.6.(c) Subsection (b) of this section becomes effective July 1, 2015, and applies to grants awarded on or after that date.

PART VII. PUBLIC SCHOOLS

FUNDS FOR CHILDREN WITH DISABILITIES

SECTION 7.1. The State Board of Education shall allocate additional funds for children with disabilities on the basis of three thousand seven hundred sixty-eight dollars and eleven cents (\$3,768.11) per child. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) twelve and five-tenths percent (12.5%) of its 2014-2015 allocated average daily membership in the local school administrative unit. The dollar amounts allocated under this section for children with disabilities shall also adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities.

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION 7.2. The State Board of Education shall allocate additional funds for academically or intellectually gifted children on the basis of one thousand two hundred thirty-nine dollars and sixty-five cents (\$1,239.65) per child for fiscal year 2014-2015. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2014-2015 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. The dollar amounts allocated under this

section for academically or 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.

FUND OPT-IN PORTION OF HOME BASE FOR LOCAL SCHOOL ADMINISTRATIVE UNITS AND CHARTER SCHOOLS

SECTION 7.3.(a) Section 8.18 of S.L. 2013-360 is repealed.

SECTION 7.3.(b) Four million dollars (\$4,000,000) is appropriated to fund the optional portions of the Home Base Instructional Improvement System (System) for all local school administrative units and charter schools for the 2014-2015 fiscal year.

SECTION 7.3.(c) If funds appropriated pursuant to subsection (b) of this section are not sufficient to cover the cost of the optional portions of the System, the State Board of Education may use funds appropriated to the Department of Public Instruction or State Aid for Public Schools for this purpose.

SECTION 7.3.(d) For each optional service within the System, the Department of Public Instruction shall report on the (1) usage, (2) client satisfaction, (3) system performance, (4) extent to which local school administrative units and charter schools are using other services in place of the System, and (5) information and analysis on why other services are being used in place of the System. This report shall be made to the Office of State Budget and Management, the Fiscal Research Division of the North Carolina General Assembly, the Joint Legislative Education Oversight Committee, and the State Board of Education by December 1, 2014.

SECTION 7.3.(e) Subsection (a) of this section becomes effective June 30, 2014.

CERTAIN TEACHER SALARY SUPPLEMENTS

SECTION 7.4. Section 8.22 of S.L. 2013-360 reads as rewritten:

~~"SECTION 8.22. SECTION 8.22.(a)~~ Notwithstanding Section 35.11 of this act, ~~no only the following~~ teachers or instructional support personnel, ~~except for certified school nurses and instructional support personnel in positions for which a master's degree is required for licensure,~~ personnel shall be paid on the "M" salary schedule or receive a salary supplement for academic preparation at the six-year degree level or at the doctoral degree level for the 2014-2015 school year, unless they were paid on that salary schedule or received that salary supplement prior to the 2014-2015 school year year and subsequent school years:

- (1) Certified school nurses and instructional support personnel in positions for which a master's degree is required for licensure.
- (2) Teachers and instructional support personnel who were paid on that salary schedule or received that salary supplement prior to the 2014-2015 school year.
- (3) Teachers and instructional support personnel who complete a degree for which they completed at least one class prior to July 1, 2013.
- (4) Teachers and instructional personnel who do not qualify under subdivisions (1) through (3) of this subsection but who spend at least seventy percent (70%) of their work time in either of the following:
 - a. Classroom instruction in the field and subject of their graduate academic preparation. Most of the teachers' remaining time shall be spent in one or more of the following: mentoring teachers, doing demonstration lessons for teachers, writing curricula, and developing and leading staff development programs for teachers.

b. Work within the employee's area of graduate academic preparation.
"SECTION 8.22.(b) For teachers who are paid on the "M" salary schedule under subdivision (a)(4) of this section, determination of whether teachers and instructional support personnel shall be paid on the "M" salary schedule or receive a salary supplement for academic preparation shall take place on an annual basis. Teachers and instructional support personnel may be moved off of the "M" salary schedule and/or discontinue receiving salary supplements if they are not instructing classes in field in that year. Teachers and instructional support personnel who earn an advanced degree in school administration shall not be paid on the "M" salary schedule or receive a salary supplement for academic preparation unless they serve as an assistant principal or principal."

TEACHER ASSISTANTS

SECTION 7.5. Funds appropriated for the Teacher Assistant allotment shall be allocated in 2014-2015 to each local school administrative unit in the same amount as was allocated to the local school administrative unit in 2013-2014. The dollar amounts allocated shall also be adjusted in accordance with legislative salary increments and retirement rate adjustments in this act.

EDUCATION AND WORKFORCE INNOVATION PROGRAM

SECTION 7.6.(a) G.S. 115C-64.16(d) reads as rewritten:

"(d) Matching Private and Local Funds. – ~~All funds appropriated by the State must be matched by a combination of private and local funds. All grant applicants must fund twenty five percent (25%) of program costs through local funds. An additional twenty five percent (25%) of program costs must be raised by private funds.~~ All grant applicants must match fifty percent (50%) of all State dollars. Matching funds shall not include other State funds. Matching funds may include in-kind contributions."

SECTION 7.6.(b) G.S. 115C-64.15(e) reads as rewritten:

"(e) The Commission shall publish a report on the Education and Workforce Innovation Program on or before ~~April 30~~ October 1 of each year. The report shall be submitted to the Joint Legislative Education Oversight Committee, the State Board of Education, the State Board of Community Colleges, and the Board of Governors of The University of North Carolina. The report shall include at least all of the following information:"

SECTION 7.6.(c) G.S. 115C-64.16(f) reads as rewritten:

"(f) Reporting Requirements. – No later than ~~March 1~~ September 1 of each year, a grant recipient shall submit to the Commission an annual report for the preceding grant year that describes the academic progress made by the students and the implementation of program initiatives."

SECTION 7.6.(d) Funds appropriated for the Education and Workforce Innovation Program authorized by G.S. 115C-64.16 shall not revert at the end of each fiscal year but shall remain available until expended.

SECTION 7.6.(e) This section becomes effective June 30, 2014.

PAY FOR EXCELLENCE

SECTION 7.7. Section 9.6(g) of S.L. 2013-360 reads as rewritten:

"SECTION 9.6.(g) Beginning September 1, 2013, to June 30, 2014, all superintendents ~~shall~~ may review the performance and evaluations of all teachers who have been employed by the local board for at least three consecutive years. Based on these reviews, the superintendent ~~shall~~ may identify and recommend to the local board twenty-five percent (25%) of those

1 teachers ~~employed by the local board who have taught~~ for at least three consecutive years to be
2 awarded four-year contracts beginning with the 2014-2015 school year. The superintendent
3 ~~shall~~may not recommend to the local board any teacher for a four-year contract unless that
4 teacher has shown effectiveness as demonstrated by proficiency on the teacher evaluation
5 instrument. The local board of education ~~shall~~may review the superintendent's recommendation
6 and may approve that recommendation or may select other teachers as part of the twenty-five
7 percent (25%) to offer four-year contracts, but the local board shall not offer any teacher a
8 four-year contract unless that teacher has shown effectiveness as demonstrated by proficiency
9 on the teacher evaluation instrument. Contract offers shall be made and accepted no later than
10 June 30, 2014. A teacher shall cease to be employed pursuant to G.S. 115C-325 and voluntarily
11 relinquishes career status or any claim of career status by acceptance of a four-year contract as
12 provided in this section."
13

14 **COMPETITIVE GRANTS TO IMPROVE AFTER SCHOOL SERVICES**

15 **SECTION 7.8.(a)** Of the funds appropriated in this act for the 2014-2015 fiscal
16 year for the At-Risk Student Services Alternative School Allotment, the State Board of
17 Education shall use five million dollars (\$5,000,000) for the After School Quality Improvement
18 Grant Program administered by the North Carolina Department of Public Instruction. Of these
19 funds, the Department of Public Instruction may use up to two hundred thousand dollars
20 (\$200,000) to administer the program. The General Assembly intends to appropriate five
21 million dollars (\$5,000,000) for this purpose in each year of the 2015-2017 fiscal biennium.

22 The purpose of the program is to pilot after school learning programs for at-risk
23 students that raise standards for student academic outcomes and that:

- 24 (1) Use an evidence-based model with a proven track record of success.
- 25 (2) Include rigorous, quantitative performance measures to confirm their
26 effectiveness during the grant cycle and at the end-of-grant cycle.
- 27 (3) Are fully integrated with State performance measures and student academic
28 goals.
- 29 (4) Can be expanded for wider use in North Carolina.
- 30 (5) Prioritize science, technology, engineering, and mathematics (STEM)
31 learning opportunities.
- 32 (6) Expand student access to learning activities and academic support that
33 strengthen student engagement and leverage community-based resources,
34 including private sector employer involvement.

35 Local school administrative units and nonprofits working in collaboration with local
36 school administrative units are eligible to receive two-year grants of up to five hundred
37 thousand dollars (\$500,000) a year, based on proposed number of students served, with an
38 option for a third year of funding. At least seventy percent (70%) of students served by the
39 program must qualify for free or reduced-price meals.

40 Grants shall be matched on the basis of three dollars (\$3.00) in grant funds for every
41 one dollar (\$1.00) in nongrant funds. Matching funds shall not include other State funds.
42 Matching funds may include in-kind contributions.

43 **SECTION 7.8.(b)** Grant recipients shall report to the Department of Public
44 Instruction after the first year of funding on the progress of the grant, including alignment with
45 Common Core Standards, data collection for reporting student progress, and other measures,
46 before receiving funding for the next fiscal year. Grant recipients shall report after the second
47 year of funding on key performance data, including statewide test results, attendance rates, and
48 promotion rates. Grant allocations for the third year shall be based on student performance.

SECTION 7.8.(c) The Department of Public Instruction shall provide progress reports on the grant program to the Joint Legislative Education Oversight Committee by September 15, 2015, and September 15, 2016. The Department shall provide a final report on the program by September 15, 2017. The final report shall include the final results of the program and recommendations regarding effective after school program models, standards, and performance measures, based on the experience of the grant recipients.

WORKERS' COMPENSATION FOR SCHOOL EMPLOYEES

SECTION 7.9.(a) G.S. 115C-337 reads as rewritten:

"§ 115C-337. Workers' compensation for school employees.

~~(a) Workers' Compensation Act Applicable to School Employees. The provisions of the Workers' Compensation Act shall be applicable to all school employees, and the State Board of Education shall make arrangements necessary to carry out the provisions of the Workers' Compensation Act applicable to these employees paid from State school funds. Liability of the State for compensation shall be confined to school employees paid by the State from State school funds for injuries or death caused by accident arising out of and in the course of their employment in connection with the state-operated school term. The State shall be liable for this compensation on the basis of the average weekly wage of the employees as defined in the Workers' Compensation Act, to the extent of the proportionate part of each employee's salary that is paid from State funds. The State shall also be liable for workers' compensation for all school employees employed in connection with the teaching of vocational agriculture, home economics, trades and industries, and other vocational subjects, supported in part by State and federal funds, which liability shall cover the entire period of service of these employees, to the extent of the proportionate part of each employee's salary that is paid from State funds. The local school administrative units shall be liable for workers' compensation for school employees, including lunchroom employees, whose salaries or wages are paid by the local units from local or special funds. The provisions of the Workers' Compensation Act shall be applicable to all school employees. The local school administrative units shall be liable for workers' compensation claims for school employees. The local units may provide insurance to cover this compensation liability and to may include the cost of this insurance in their annual budgets. All costs related to workers compensation claims for school employees, including the cost of insurance, shall be paid with non-State funds.~~

The provisions of this subsection shall not apply to any person, firm, or corporation making voluntary contributions to schools for any purpose, and the person, firm, or corporation shall not be liable for the payment of any sum of money under this Chapter.

...."

SECTION 7.9.(b) G.S. 115C-337(b) is repealed.

SECTION 7.9.(c) This section becomes effective July 1, 2014, and applies to workers' compensation claims arising from events occurring on or after that date.

TORT CLAIMS FOR SCHOOL EMPLOYEES

SECTION 7.10.(a) G.S. 115C-42 reads as rewritten:

"§ 115C-42. Liability insurance and immunity.

Any local board of education, by securing liability insurance as hereinafter provided, is hereby authorized and empowered to waive its governmental immunity from liability for damage by reason of death or injury to person or property caused by the negligence or tort of any agent or employee of such board of education when acting within the scope of his authority or within the course of his employment. Such immunity shall be deemed to have been waived

1 by the act of obtaining such insurance, but such immunity is waived only to the extent that said
2 board of education is indemnified by insurance for such negligence or tort. All costs related to
3 any such claims, including the cost of insurance, shall be paid with non-State funds.

4 Any contract of insurance purchased pursuant to this section shall be issued by a company
5 or corporation duly licensed and authorized to execute insurance contracts in this State or by a
6 qualified insurer as determined by the Department of Insurance and shall by its terms
7 adequately insure the local board of education against liability for damages by reason of death
8 or injury to person or property proximately caused by the negligent act or torts of the agents
9 and employees of said board of education or the agents and employees of a particular school in
10 a local administrative unit when acting within the scope of their authority. The local board of
11 education shall determine what liabilities and what officers, agents and employees shall be
12 covered by any insurance purchased pursuant to this section. Any company or corporation
13 which enters into a contract of insurance as above described with a local board of education, by
14 such act waives any defense based upon the governmental immunity of such local board of
15 education.

16 ~~Every local board of education in this State is authorized and empowered to pay as a~~
17 ~~necessary expense the lawful premiums for such insurance.~~

18 Any person sustaining damages, or in case of death, his personal representative may sue a
19 local board of education insured under this section for the recovery of such damages in any
20 court of competent jurisdiction in this State, but only in the county of such board of education;
21 and it shall be no defense to any such action that the negligence or tort complained of was in
22 pursuance of governmental, municipal or discretionary function of such local board of
23 education if, and to the extent, such local board of education has insurance coverage as
24 provided by this section.

25 Except as hereinbefore expressly provided, nothing in this section shall be construed to
26 deprive any local board of education of any defense whatsoever to any such action for damages
27 or to restrict, limit, or otherwise affect any such defense which said board of education may
28 have at common law or by virtue of any statute; and nothing in this section shall be construed
29 to relieve any person sustaining damages or any personal representative of any decedent from
30 any duty to give notice of such claim to said local board of education or to commence any civil
31 action for the recovery of damages within the applicable period of time prescribed or limited by
32 statute.

33 ~~A local board of education may incur liability pursuant to this section only with respect to a~~
34 ~~claim arising after such board of education has procured liability insurance pursuant to this~~
35 ~~section and during the time when such insurance is in force.~~

36 No part of the pleadings which relate to or allege facts as to a defendant's insurance against
37 liability shall be read or mentioned in the presence of the trial jury in any action brought
38 pursuant to this section. Such liability shall not attach unless the plaintiff shall waive the right
39 to have all issues of law or fact relating to insurance in such an action determined by a jury and
40 such issues shall be heard and determined by the judge without resort to a jury and the jury
41 shall be absent during any motions, arguments, testimony or announcement of findings of fact
42 or conclusions of law with respect thereto unless the defendant shall request a jury trial ~~thereon.~~
43 ~~Provided, that this section shall not apply to claims for damages caused by the negligent acts or~~
44 ~~torts of public school bus, or school transportation service vehicle drivers, while driving school~~
45 ~~buses and school transportation service vehicles when the operation of such school buses and~~
46 ~~service vehicles is paid from the State Public School Fund, thereon."~~

47 **SECTION 7.10.(b)** G.S. 115C-255 reads as rewritten:

48 **"§ 115C-255. Liability insurance and waiver of immunity as to certain acts of bus drivers.**

1 The securing of liability insurance and the waiver of immunity as to certain torts of school
2 bus drivers, school transportation service vehicle drivers and school activity bus drivers, is
3 subject to the provisions of ~~G.S. 115C-42, except when such vehicles are operated with funds~~
4 ~~from the State Public School Fund.~~ G.S. 115C-42."

5 **SECTION 7.10.(c)** G.S. 115C-257 reads as rewritten:

6 "**§ 115C-257. Attorney General**~~Local board of education~~ **to pay claims.**

7 ~~The Attorney General~~ A local board of education is hereby authorized to pay reasonable
8 medical expenses, not to exceed three thousand dollars (\$3,000), incurred within one year from
9 the date of accident to or for each pupil who sustains bodily injury or death caused by accident,
10 while boarding, riding on, or alighting from a school bus operated by any local school
11 administrative unit."

12 **SECTION 7.10.(d)** G.S. 115C-258 reads as rewritten:

13 "**§ 115C-258. Provisions regarding payment.**

14 The claims authorized herein may be paid, regardless of whether the injury received by the
15 pupil was due to negligence on the part of the school bus driver, the injured pupil, or any other
16 person. To the extent of payments made under this Article, ~~the Attorney General~~ the applicable
17 local board of education shall be subrogated to the right of the pupil against any third party
18 legally responsible for the injury. Further, any amounts paid shall constitute a credit against any
19 obligation of the local board of education arising under the provisions of the Tort Claims Act as
20 a result of the injury."

21 **SECTION 7.10.(e)** G.S. 115C-259 reads as rewritten:

22 "**§ 115C-259. Claims must be filed within one year.**

23 The right to payment as authorized herein shall be forever barred unless a claim be filed
24 with the ~~Attorney General~~ applicable local school board within one year after the accident."

25 **SECTION 7.10.(f)** The following statutes are repealed: G.S. 115C-318,
26 G.S. 143-300.1, and Article 31B of Chapter 143 of the General Statutes.

27 **SECTION 7.10.(g)** G.S. 130A-310.37(b) reads as rewritten:

28 "(b) Notwithstanding the provisions of the Tort Claims Act, G.S. 143-291 through
29 ~~G.S. 143-300.1~~ G.S. 143-300.1A, or any other provision of law waiving the sovereign immunity
30 of the State of North Carolina, the State, its agencies, officers, employees, and agents shall be
31 absolutely immune from any liability in any proceeding for any injury or claim arising from
32 negotiating, entering, monitoring, or enforcing a brownfields agreement or a Notice of
33 Brownfields Property under this Part or any other action implementing this Part."

34 **SECTION 7.10.(h)** G.S. 143-215.104T(b) reads as rewritten:

35 "(b) Notwithstanding the provision of the Tort Claims Act, G.S. 143-291 through
36 ~~G.S. 143-300.1~~ G.S. 143-300.1A, or any other provision of law waiving the sovereign immunity
37 of the State of North Carolina, the State, its agencies, officers, employees, and agents shall be
38 absolutely immune from any liability in any proceeding for any injury or claim arising from
39 negotiating, entering into, implementing, monitoring, or enforcing a dry-cleaning solvent
40 assessment agreement, a dry-cleaning solvent remediation agreement, or a Notice of
41 Dry-Cleaning Solvent Remediation under this Part or any other action implementing this Part."

42 **SECTION 7.10.(i)** G.S. 143-299.2(a) reads as rewritten:

43 (a) The maximum amount that the State may pay cumulatively to all claimants on
44 account of injury and damage to any one person arising out of any one occurrence, whether the
45 claim or claims are brought under this ~~Article, Article~~ or Article 31A or Article 31B of this
46 Chapter, shall be one million dollars (\$1,000,000), less any commercial liability insurance
47 purchased by the State and applicable to the claim or claims under ~~G.S. 143-291(b),~~
48 ~~143-300.6(c), or 143-300.16(c).~~ G.S. 143-291(b) or G.S. 143-300.6(c)."

NORTH CAROLINA CENTER FOR THE ADVANCEMENT OF TEACHING

SECTION 7.11.(a) G.S. 115C-296.5 and G.S. 115C-296.6 are repealed.

SECTION 7.11.(b) This section becomes effective June 30, 2014.

PANIC ALARMS FUNDS

SECTION 7.12.(a) Section 8.37(b) of S.L. 2013-360 reads as rewritten:

"**SECTION 8.37.(b)** Grants to local school administrative units, regional schools, and charter schools for panic alarm systems in schools shall be matched on the basis of one dollar (\$1.00) in State funds for every one dollar (\$1.00) in local funds and shall be used to supplement and not to supplant State, local, and federal funds for panic alarm systems. Grants to local school administrative units, regional schools, and charter schools awarded in the 2013-2014 fiscal year shall not revert at the end of the fiscal year but shall remain available until June 30, 2015.

The State Board of Education shall include need-based considerations in its criteria for awarding these grants to local school administrative units, regional schools, and charter schools."

SECTION 7.12.(b) This section becomes effective June 30, 2014.

NORTH CAROLINA VIRTUAL PUBLIC SCHOOL SALES

SECTION 7.13.(a) Section 7.22(g) of S.L. 2011-145 reads as rewritten:

"**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 by offering professional development courses to in-state and out-of-state educators.~~ 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, ~~2014~~2014."

NORTH CAROLINA VIRTUAL PUBLIC SCHOOL COMPETE

SECTION 7.14.(a) G.S. 66-58(b) reads as rewritten:

"§ 66-58. **Sale of merchandise or services by governmental units.**

...
(b) The provisions of subsection (a) of this section shall not apply to:

...
(28) The North Carolina Virtual Public School."

SECTION 7.14.(b) G.S. 66-58(c) reads as rewritten:

"(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.~~"

CHARTER APPLICATION FUNDS

SECTION 7.15.(a) G.S. 115C-238.29B(e) reads as rewritten:

"§ 115C-238.29B. **Eligible applicants; contents of applications; submission of applications for approval.**

...
(e) The State Board shall establish reasonable fees of no less than five hundred dollars (\$500.00) and no more than one thousand dollars (\$1,000) for initial and renewal charter applications, in accordance with Article 2A of Chapter 150B of the General Statutes. No application fee shall be refunded in the event the application is rejected or the charter is

1 revoked. Funds generated to the State Board through charter application fees shall not revert to
2 the General Fund."

3 **SECTION 7.15.(b)** This section becomes effective June 30, 2014.
4

5 **CAREER PATHWAYS PILOT PROGRAM**

6 **SECTION 7.16.(a)** Purpose and policy. The Governor and the General Assembly
7 find that it is essential to attract and retain the best people into the teaching profession. A
8 system that is perceived to offer stagnant wages, lifetime contracts, few valuable and
9 job-embedded professional development opportunities, and no extra pay for outstanding
10 performance cannot do that. Therefore, it is the policy of the State of North Carolina to provide
11 an adequate base salary for and to encourage differentiation of teachers based on their
12 contributions to the field; these contributions shall be focused on student achievement,
13 continuous improvement, leadership, and the ability to lead peers to improve their practice.

14 **SECTION 7.16.(b)** In furtherance of this policy, a career pathways pilot program
15 is hereby established. Funds are appropriated in this act for the State Board of Education to
16 begin implementation of a career pathways pilot program for one cohort of eight pilot school
17 districts beginning in 2015-2016 and continuing through 2017-2018, and, subject to
18 availability, a second cohort of eight pilot school districts shall be implemented beginning in
19 2016-2017 and continuing through 2017-2018. This pilot program shall remain in operation
20 through the 2017-2018 school year to enable the State Board and the General Assembly to
21 analyze all facets of each pilot school district's career pathways plan prior to statewide
22 implementation. Based on multiple measures of quality, the most effective pilots will be
23 offered up as "proof points" that can be replicated. It is the intent that this pilot program act as a
24 means of developing career pathways plans that can be implemented statewide in the future.

25 **SECTION 7.16.(c)** (1) Development and implementation of Plan by State Board.
26 — The State Board of Education shall develop, test, modify, and implement in a three-year
27 pilot program, a Career Pathways Plan (The Plan), which may include multiple career pathway
28 options developed by pilot school districts as well as a State default career pathway program
29 for pilot school districts to implement. The Plan shall be designed to improve the quality of
30 classroom instruction, to increase the attractiveness of teaching, and to encourage the
31 recognition, impact, and retention of high-quality teachers. The Plan shall cover teachers and
32 instructional support personnel who require certification by the State Board as a condition of
33 employment.

34 (2) The State Board of Education shall consult with local boards of various sizes
35 throughout the State on a continuous and systematic basis on the continuing development,
36 testing of pilot programs, modification, and implementation of the Plan. The State Board shall
37 also consult with any other public and private agencies, organizations, and professional
38 associations it deems necessary.

39 (3) The Plan shall be based on the North Carolina Teacher Evaluation system—a
40 continuous, comprehensive evaluation of teacher performance as indicated by multiple sources
41 of information. Classroom performance shall be a significant part of the evaluation process and,
42 evaluation shall be based on indicators associated with effective classroom practices and other
43 criteria, including student achievement outcomes.

44 (4) The Plan shall specify a process for administration, periodic review, and evaluation.
45 The criteria and procedures for advancement under the Plan shall be made public, and
46 information shall be provided for teachers about these criteria and procedures prior to the
47 implementation of the Plan.

(5) The career pathways pilot program shall specify a process under which each local school administrative unit may select a career pathways program for use in its schools. The career pathways pilot program will offer school districts a menu of options that include: (i) career pathways programs developed by the pilot school districts and approved by the State Board of Education; (ii) one or more State-created career pathways programs developed based on the experience of pilot school districts; or (iii) a school district-created plan that meets the principles of design set forth by the State Board of Education.

(6) The State Board of Education may adopt rules necessary to carry out the provisions of this section. Notwithstanding Article 2A of Chapter 150B of the General Statutes, the State Board of Education shall be exempt from rulemaking in establishing rules to carry out the provisions of this section.

(7) The State Board of Education, in partnership with the Office of the Governor, shall be responsible for administration of the career pathways pilot program and shall dedicate up to three full-time staff persons in accordance with the following responsibilities:

- a. Career Pathways Administrator 1: Leads oversight of pilot district selection, oversight of career pathway development and piloting, and assessment of pilots for possible statewide implementation. This position keeps the Governor, State Board of Education, and the State Superintendent of Public Instruction informed about progress toward goals of this legislation and any activities that their entities must undertake to implement this legislation.
- b. Career Pathways Administrator 2: Assists with subdivision (1) of this subsection.
- c. Career Pathways Administrator 3: Assists with subdivision (1) of this subsection.

(7) The State Board of Education will approve pilot school district plans. Each of the two pilot school district cohorts shall include two school districts with an average daily membership (ADM) of equal to or less than 4,000; two school districts with an ADM of 4,001 to 10,000; two school districts with an ADM of 10,001 to 30,000; and two school districts with an ADM of 30,001 or more.

SECTION 7.16.(d) Principles to guide local development of career pathways programs. – Career pathways plans approved by the State Board of Education shall meet a set of principles to ensure that these programs advance the purposes of this act. Each district career pathways plan must:

- (1) Create career pathways that enable teachers to progress within their careers by taking on increasing responsibility for students and/or for the development and success of their peers.
- (2) Pay salary supplements of at least ten percent (10%) of the State teacher pay for teachers who have received highly effective ratings consistently and who assume advanced roles. Compensation received by a teacher as a result of the district's participation in the Plan shall be paid as a bonus or supplement to the teacher's regular salary and shall not be included in the average salary calculation used for budgeting State allotments.
- (3) Pay salary supplements of at least twenty-five percent (25%) of the State teacher pay for teachers who have received highly effective ratings consistently and who lead teams of two or more other teachers and are the teachers of record for all students served by the teaching team. Compensation received by a teacher as a result of the school district's participation in the Plan shall be paid as a bonus or supplement to the

teacher's regular salary and shall not be included in the average salary calculation used for budgeting State allotments.

- (4) Achieve financial sustainability for career pathways pay supplements of, at a minimum, the percentages specified above by reallocating local, private, State, and/or federal funds.
- (5) Increase the amount of time each teacher receiving payment from this fund has during the school day for planning, collaboration, and on-the-job development or leadership of others.
- (6) Increase the percentage of students who have a highly effective teacher as their teacher of record in at least English Language Arts, math, social studies, and science to a minimum of seventy-five percent (75%) of students in that subject by the third year of implementation through the roles that constitute the career pathways program and reporting this percentage annually for English Language Arts, math, social studies, and science.
- (7) Establish eligibility requirements to remain in an advanced role no less stringent than those required to attain that role.
- (8) Ensure that teachers assuming advanced or leadership roles may move voluntarily out of these roles. A voluntary departure from a role may not be considered a demotion. If a teacher opts out of the career pathways plan, the teacher's salary shall be the salary applicable to him or her on the State salary schedule.
- (9) Require that if the North Carolina Teacher Evaluation instrument indicates a participating teacher is not maintaining the necessary highly effective ratings for their advanced or leadership role, the teacher's salary shall be the salary applicable to him or her on the State salary schedule.

For purposes of the pilots, receiving highly effective ratings "consistently" means in two out of the past three years, and, in the years after the pilot, "consistently" shall be defined by the State Board of Education in accordance with lessons of each pilot commensurate with the stated purposes of this legislation.

SECTION 7.16.(e) Matching. – The career pathways pilot program provides one hundred dollars (\$100.00) per ADM for teacher salary supplements for up to twenty-five percent (25%) of ADM in each pilot school district. Funding from the career pathways pilot program must be matched with local funds, private funds, and/or reallocation of State and federal allotments to pay supplements to teachers in the career pathways program. Funding from the career pathways pilot program must be matched at a minimum of one dollar (\$1.00) for every one dollar (\$1.00) of State funds pursuant to Section 7.16(b) of this act provided for teacher salary supplements.

SECTION 7.16.(f) Implementation of Pilot Programs. – By September 1, 2014, the State Board of Education shall release a Request for Proposal (RFP) to local school administrative units. By March 1, 2015, proposals shall be reviewed and voted on by the State Board of Education with eight pilot school districts selected as the first cohort for implementation beginning in July 2015. Between July 1, 2015, and July 1, 2018, the pilot school districts selected for the first cohort shall implement their approved career pathways plans. In 2015-2016, subject to fund availability, the State Board of Education shall designate a panel of experts, which may include members of the State Board of Education, to select a second cohort of eight pilot school districts through an RFP process to participate in the pilot program in 2016-2017 and 2017-2018.

SECTION 7.16.(g) Flexible Funding. – For fiscal years beginning with the 2015-2016 fiscal year, notwithstanding G.S. 115C-105.25(5b), the State Board of Education shall increase the flexibility in the use of State funds for pilot school districts by allowing positions allocated for classroom teachers and instructional support personnel to be converted to dollar equivalents for the purpose of increasing compensation for the following: (i) highly effective teachers who become accountable for a greater number of students; (ii) highly effective teachers who assume leadership roles that include accountability for student growth across a team of teachers; and/or (iii) effective or highly effective teachers who are members of teams led by highly effective teachers. These positions shall be converted at the first step of the "A" Teacher Salary Schedule. The dollar equivalents for the converted positions shall be treated as salary supplements and not included in the average salary calculation used for budgeting State allotments. Positions shall only convert under an approved career pathways plan under the policy established by the State Board of Education.

SECTION 7.16.(h) Report to the General Assembly. — Beginning in 2015-2016, the State Board shall report on February 1 of each year to the President of the Senate, the Speaker of the House of Representatives, and the Chairs of the Senate Appropriations/Base Budget Committee, the House Appropriations Committee, the Senate Appropriations/Base Budget Committee on Education, the House Appropriations Subcommittee on Education, and the Fiscal Research Division on the continuing development and the implementation of the Career Pathways Plan.

PART VIII. COMMUNITY COLLEGES

PROCESS FOR PERIODICALLY REVISING ENROLLMENT TIERS

SECTION 8.1. The State Board of Community Colleges shall develop a process for periodically reviewing and revising how courses and programs are classified into tiers in the enrollment funding model. The process shall be developed by March 1, 2015, and reported to the Office of State Budget and Management and the Fiscal Research Division of the North Carolina General Assembly.

The State Board of Community Colleges shall identify those courses and programs in high-need areas and may suggest any revisions to the model. These revisions shall be submitted as part of their budget requests for the 2017-2019 fiscal biennium.

MILITARY VETERANS RESIDENT TUITION

SECTION 8.2. G.S. 115D-5 is amended by adding a new subsection to read:

"(b2) The State Board of Community Colleges shall charge in-State tuition and registration fees to military veterans, who otherwise would not meet the residency requirements set forth in G.S. 116-143.1, if the veteran satisfies the following criteria:

- (1) The veteran was relieved or discharged from service in the Armed Forces, as defined in G.S. 116-143.3(a)(2), under other than dishonorable conditions.
- (2) The veteran served for at least four years, some portion of the time while stationed in North Carolina.
- (3) The veteran has his or her official Home of Record address in North Carolina documented by the Armed Forces or resides in the State at the time of enrollment.
- (4) The veteran enrolls at a North Carolina community college within two years of exiting service from the Armed Forces of the United States."

WORKERS' COMPENSATION

SECTION 8.3.(a) G.S. 115D-23 reads as rewritten:

"§ 115D-23. Workers' Compensation Act applicable to institutional employees.

The provisions of Chapter 97 of the General Statutes of North Carolina, the Workers' Compensation Act, shall apply to all institutional employees. ~~The State Board of Community Colleges shall make the necessary arrangements to carry out those provisions of Chapter 97 which are applicable to employees whose wages are paid in whole or in part from State funds. The State shall be liable for compensation, based upon the average weekly wage as defined in the act, of an employee regardless of the portion of his wage paid from other than State funds.~~

The board of trustees of each institution shall be liable for workers' compensation for ~~employees whose salaries or wages are paid by the board entirely from local public or special funds.~~ employees. Each board of trustees is authorized to purchase insurance to cover workers' compensation liability and ~~to~~may include the cost of insurance in the annual budget of the institution.

The provisions of this section shall not apply to any person, firm or corporation making voluntary contributions to institutions for any purpose, and such a person, firm, or corporation shall not be liable for the payment of any sum of money under the provisions of this section."

SECTION 8.3.(b) G.S. 115D-58.12(a) reads as rewritten:

(a) Boards of trustees may purchase liability insurance only from companies duly licensed and authorized to sell insurance in this State or from other qualified companies as determined by the Department of Insurance. Each contract of insurance must, by its terms, adequately insure the board of trustees against any and all liability for any damages by reason of death or injury to person or property proximately caused by the negligence or torts of the agents and employees of such board of trustees or institution when acting within the scope of their authority or the course of their employment. All costs related to any such claims, including the cost of insurance, shall be paid with non-State funds. Any company which enters into such a contract of insurance with a board of trustees by such act waives any defense based upon the governmental immunity of such board."

SECTION 8.3.(c) G.S. 143-291(a) reads as rewritten:

"(a) The North Carolina Industrial Commission is hereby constituted a court for the purpose of hearing and passing upon tort claims against the State Board of Education, the Board of Transportation, and all other departments, institutions and agencies of the State. The Industrial Commission shall determine whether or not each individual claim arose as a result of the negligence of any officer, employee, involuntary servant or agent of the State while acting within the scope of his office, employment, service, agency or authority, under circumstances where the State of North Carolina, if a private person, would be liable to the claimant in accordance with the laws of North Carolina. If the Commission finds that there was negligence on the part of an officer, employee, involuntary servant or agent of the State while acting within the scope of his office, employment, service, agency or authority that was the proximate cause of the injury and that there was no contributory negligence on the part of the claimant or the person in whose behalf the claim is asserted, the Commission shall determine the amount of damages that the claimant is entitled to be paid, including medical and other expenses, and by appropriate order direct the payment of damages as provided in subsection (a1) of this section, but in no event shall the amount of damages awarded exceed the amounts authorized in G.S. 143-299.2 cumulatively to all claimants on account of injury and damage to any one person arising out of a single occurrence. ~~Community colleges and technical colleges shall be deemed State agencies for purposes of this Article.~~ The fact that a claim may be brought under

more than one Article under this Chapter shall not increase the foregoing maximum liability of the State."

SECTION 8.3.(d) G.S. 143-300.2(4) reads as rewritten:

"(4) "The State" includes all departments, agencies, boards, commissions, institutions, bureaus, and authorities of the State. ~~Community colleges, technical colleges, and occupational~~ Occupational licensing boards regulated by Chapter 93B of the General Statutes shall be deemed State agencies for purposes of this Article."

SECTION 8.3.(e) This section becomes effective July 1, 2014, and applies to workers' compensation claims arising from events occurring on or after that date.

PERMIT NCCCS TO TRANSFER CUSTOMIZED INDUSTRY TRAINING (CIT) FUNDS TO DEPARTMENT OF COMMERCE TO OFFSET APPRENTICESHIP FEES

SECTION 8.4.(a) Using funds appropriated in this act for the Customized Industry Training Program, and pursuant to G.S. 115D-5.1, the State Board of Community Colleges shall transfer three hundred thousand dollars (\$300,000) to the Department of Commerce to offset fee revenue lost when apprenticeship fees assessed under G.S. 94-12 are waived.

SECTION 8.4.(b) This section shall expire June 30, 2015.

MAINTAIN AUDIT SERVICES DIVISION

SECTION 8.5. Section 10.15(a) of S.L. 2013-360 is repealed.

FEES COLLECTED AND ASSESSED BY THE MANUFACTURING SOLUTIONS CENTER AND THE TEXTILE TECHNOLOGY CENTER

SECTION 8.6. The State Board of Community Colleges shall report, no later than March 1, 2015, to the Joint Legislative Education Oversight Committee, the Fiscal Research Division, and the Office of State Budget and Management on the structure of the fees assessed and the total fees collected by the Manufacturing Solutions Center at Catawba Valley Community College and by the Textile Technology Center at Gaston College during the 2012-2013 and 2013-2014 fiscal years.

PART IX. UNIVERSITIES

NC SCHOLARSHIP FOR THE EDUCATION OF RETURNING VETERANS (NC SERV)

SECTION 9.1.(a) North Carolina Scholarship for the Education of Returning Veterans Grants. – In addition to the funds appropriated in Section 6.11(e) of S.L. 2013-360 for the 2013-2015 fiscal biennium, that section, as amended by Section 6.3(a) of this act, appropriates an additional five million dollars (\$5,000,000) to the Board of Governors for the 2014-2015 fiscal year and allocated to the State Education Assistance Authority (SEAA) for grants to support the education of certain recent veterans who do not qualify for the in-State tuition rate under G.S. 116-143.3. The SEAA shall begin awarding grants no later than July 1, 2015, for enrollment at any constituent institution of The University of North Carolina beginning with the 2015-2016 academic year.

SECTION 9.1.(b) Grant Eligibility. – A recent veteran is eligible to receive a grant under this section if the veteran satisfies all of the following criteria:

- (1) The veteran was relieved or discharged from service in the Armed Forces, as defined in G.S. 116-143.3(a)(2), under other than dishonorable conditions.

- (2) The veteran served in the Armed Forces the equivalent of at least four years, some portion of the time while stationed in North Carolina.
- (3) The veteran had a home of record address in North Carolina documented by the Armed Forces or resides within North Carolina at the time of enrollment.
- (4) The veteran enrolls or is accepted for enrollment at a constituent institution of The University of North Carolina as defined in G.S. 116-2(4) within two years of exiting service in the Armed Forces.
- (5) The veteran is classified by the constituent institution as a first-time candidate for a baccalaureate degree in a defined program of study on at least a half-time basis.
- (6) The veteran does not otherwise qualify for the in-State tuition rate at the constituent institution of The University of North Carolina at which the student is enrolled.

SECTION 9.1.(c) Administration of Grants. – The grants provided for in this section shall be administered by the SEAA pursuant to guidelines and procedures established by the SEAA not inconsistent with this section, which guidelines and procedures may include an application deadline, a priority system for awarding grants based on enrollment status, disbursement procedures, and standards for refunding grants when a student withdraws. The minimum amount of the grant for full-time enrollment in the 2015-2016 academic year shall be seven thousand five hundred dollars (\$7,500). The maximum amount of the grant may not exceed the difference between the in-State tuition rate and the out-of-state tuition rate at the constituent institution. In no event, however, shall the amount of the grant, when accounted for in combination with all other grants, educational benefits, and any other financial aid available to the veteran, cause the total of all such assistance to exceed the total cost of attendance at the constituent institution as determined in accordance with Title IV of the Higher Education Act of 1965, as amended. The grant is limited to two semesters and shall not be used for any remedial or developmental coursework. In order for the veteran to remain eligible for the grant for the second semester, the veteran must maintain satisfactory academic progress as determined by the constituent institution.

Subject to the stipulations provided in this section, the SEAA shall have the power to determine the actual grant amounts disbursed and award grants first to eligible veterans enrolling on a full-time basis who apply by the deadline established by the SEAA in the event that there are not sufficient funds to award each eligible veteran the maximum amount for the 2015-2016 academic year. In addition, the SEAA may provide grants to any current member of the Armed Forces who has been charged the out-of-state tuition rate at a constituent institution for the 2015-2016 academic year. Any unexpended grant funds shall not revert and remain available to the SEAA to be awarded for future grants under this section.

The SEAA may use one and one-half percent (1.5%) of the funds appropriated for grants under this section for administrative purposes.

SECTION 9.1.(d) A recent veteran who is eligible to receive a grant under this section shall be considered a resident of North Carolina for the purposes of determining eligibility for the Forgivable Education Loans for Service Program under G.S. 116-209.45(e).

SECTION 9.1.(e) The SEAA shall study the cost and impact of extending eligibility of recent veterans as defined in subsection (b) of this section to receive the Need-Based Scholarships for Students Attending Private Institutions of Higher Education as governed by Article 34 of Chapter 116 of the General Statutes. The SEAA shall report its findings to the Office of State Budget and Management, the Fiscal Research Division of the

North Carolina General Assembly, the Joint Legislative Education Oversight Committee, and the North Carolina Independent Colleges and Universities by October 1, 2014.

UNC TWO PERCENT MANAGEMENT FLEXIBILITY REDUCTION

SECTION 9.2.(a) The management flexibility reduction for The University of North Carolina in the amount of forty-four million thirty-seven thousand two hundred ninety dollars (\$44,037,290) shall not be allocated by the Board of Governors to the constituent institutions and affiliated entities using an across-the-board method but in a manner that recognizes the importance of the academic mission and differences among The University of North Carolina entities.

Before taking reductions in instructional budgets, the Board of Governors and the campuses of the constituent institutions shall consider all of the following:

- (1) Reducing State funding for centers and institutes, speaker series, and other nonacademic activities.
- (2) Faculty workload adjustments.
- (3) Restructuring of research activities.
- (4) Implementing cost-saving span of control measures.
- (5) Reducing the number of senior and middle management positions.
- (6) Eliminating low-performing, redundant, or low-enrollment programs.
- (7) Using alternative funding sources.
- (8) Protecting direct classroom services.

The Board of Governors and the campuses of the constituent institutions also shall review the institutional trust funds and the special funds held by or on behalf of The University of North Carolina and its constituent institutions to determine whether there are monies available in those funds that can be used to assist with operating costs. In addition, the campuses of the constituent institutions also shall require their faculty to have a teaching workload equal to the national average in their Carnegie classification.

SECTION 9.2.(b) In allocating this management flexibility reduction, no reduction in State funds shall be allocated to any of the following:

- (1) Need-Based Financial Aid.
- (2) Aid to Private Colleges.
- (3) University of North Carolina at Asheville.
- (4) University of North Carolina School of the Arts.
- (5) North Carolina School of Science and Mathematics.
- (6) Elizabeth City State University.
- (7) Fayetteville State University.
- (8) Winston-Salem State University.

SECTION 9.2(c) The University of North Carolina shall report on the implementation of the management flexibility reduction as provided by Section 9.2(a) of this act to the Office of State Budget and Management and the Fiscal Research Division no later than October 1, 2014. This report shall identify the following by campus:

- (1) The total number of positions eliminated by type; and
- (2) Low-performing, redundant, and low-enrollment programs that were eliminated.

REPORT ON CFNC FINANCIAL SUSTAINABILITY

SECTION 9.3. No later than December 1, 2014, the State Education Assistance Authority shall report to the Office of State Budget and Management and the Fiscal Research

Division of the General Assembly on its progress toward funding operations of the College Foundation of North Carolina entirely from non-General Fund sources. This report shall include:

- (1) The status of fundraising efforts to date.
- (2) A detailed plan and timeline for generating additional revenues.
- (3) Estimated expenditures and revenues by type for the next four fiscal years.
- (4) Potential reduction measures and alternative funding options should General Fund appropriations not be provided in the next biennium.

REPORT ON INSTITUTIONAL TRUST FUNDS

SECTION 9.4. G.S. 116-36.1(e) reads as rewritten:

"(e) Each institution shall submit such reports or other information concerning its trust fund accounts as may be required by the ~~Board~~ Board and by the Director of the Budget."

UNC CAPITAL PROJECTS FUNDED FROM OPERATING FUNDS

SECTION 9.5.(a) G.S. 143C-8-12 reads as rewritten:

"§ 143C-8-12. University system capital improvement projects from sources that are not General Fund sources: approval of new project or change in scope of existing project.

(a) Notwithstanding any other provision of this Chapter, the Board of Governors of The University of North Carolina may approve: (i) expenditures to plan a capital improvement project of The University of North Carolina the planning for which is to be funded entirely with non-General Fund money, (ii) expenditures for a capital improvement project of The University of North Carolina that is to be funded and operated entirely with non-General Fund money, or (iii) a change in the scope of any previously approved capital improvement project of The University of North Carolina provided that both the project and change in scope are funded entirely with non-General Fund money. The Board of Governors shall report any expenditure made pursuant to this section to the Office of State Budget and Management and to the Joint Legislative Commission on Governmental Operations.

(b) For the purposes of G.S. 143C-8-12(a), the term "non-General Fund money" includes funds carried forward from one fiscal year to another pursuant to G.S. 116-30.3 and G.S. 116-30.3B. These funds shall only be used for projects listed in G.S. 143C-4-3(b)."

SECTION 9.5.(b) G.S. 116-13.1 reads as rewritten:

"§ 116-13.1. Capital facilities; ~~reports; chancellors may authorize certain repair, renovation, and maintenance projects.~~ reports.

...
(c) ~~Approval of Certain Repair and Maintenance Projects. — Notwithstanding G.S. 143C-8-7, the chancellor of a constituent institution may approve the expenditure of available operating funds in an amount not to exceed one million dollars (\$1,000,000) per project for projects that are of a type listed in G.S. 143C-4-3(b) and that are for State facilities and related infrastructure that are supported from the General Fund. Funds contractually obligated to an approved project shall not revert at the end of the fiscal year and will remain available to fund the completion of the project. Projects approved pursuant to this subsection shall in all other respects accord with applicable laws governing capital improvement projects. The chancellor of a constituent institution shall report the approval of an expenditure under this subsection to the Office of State Budget and Management and to the Fiscal Research Division of the Legislative Services Commission within 60 days of the approval.~~

REPORT ON ACADEMIC SUMMER BRIDGE

SECTION 9.6. No later than November 1, 2014, the Board of Governors of the University of North Carolina shall report to the Office of State Budget and Management and the Joint Education Legislative Oversight Committee on the impact of Academic Summer Bridge programs on student outcomes. At a minimum, the report shall include information by institution on graduation rates, average time to degree, and student academic performance at multiple intervals over a four-year course of study.

ASSESS SAME TUITION RATE FOR ALL NONRESIDENT FULL-SCHOLARSHIP STUDENTS

SECTION 9.7.(a) G.S. 116-143.6 is repealed.

SECTION 9.7.(b) This section becomes effective June 30, 2014.

AMEND ENERGY CONSERVATION SAVINGS REQUIREMENTS

SECTION 9.8. G.S. 116-30.3B reads as rewritten:

"§ 116-30.3B. Energy conservation savings.

(a) In addition to the funds carried forward under G.S. 116-30.3, the General Fund current operations appropriations credit balance remaining at the end of each fiscal year for utilities of a constituent institution that is energy savings realized from implementing an energy conservation measure ~~shall~~may be carried forward by the institution to the next fiscal year. Sixty percent (60%) of the energy savings realized shall be utilized for energy conservation measures by that institution. The use of funds under this section shall be limited to onetime capital and operating expenditures that will not impose additional financial obligations on the State. The Director of the Budget, under the authority set forth in G.S. 143C-6-2, shall establish the General Fund current operations credit balance remaining in each budget code of each institution.

(b) It is the intent of the General Assembly that appropriations to the Board of Governors on behalf of a constituent institution not be reduced as a result of the institution's realization of energy savings. Instead, the General Assembly intends that the amount of appropriations be determined as if no energy savings had been realized. The Director of the Budget shall not decrease the recommended continuation budget requirements for utilities for constituent institutions by the amount of energy savings ~~realized~~required to pay total costs associated with from implementing energy conservation measures, including savings achieved through a guaranteed energy savings contract pursuant to Article 3B of Chapter 143 of the General Statutes.

...."

INTERNSHIPS AND CAREER-BASED OPPORTUNITIES FOR HBCU STUDENTS

SECTION 9.9.(a) The sum of three hundred seventeen thousand five hundred dollars (\$317,500) for the 2014-2015 fiscal year shall be used by the Board of Governors of the University of North Carolina to establish a pilot internship program to provide internships and career-based opportunities for students attending Historically Black Colleges and Universities (HBCUs) in North Carolina.

SECTION 9.9.(b) The pilot program shall include Elizabeth City State University and three HBCUs selected through a competitive application process. Of the three institutions selected through a competitive process, one shall be a constituent institution of the University of North Carolina and two shall be private colleges or universities located in North Carolina.

SECTION 9.9.(c) Of the funds made available by this section, the University of North Carolina may use up to five percent (5%) for costs associated with administering this pilot program.

SECTION 9.9.(d) No later than March 1, 2015, the University of North Carolina shall report to the Office of State Budget and Management and the Joint Education Legislative Oversight Committee on the implementation of this pilot program. The report shall include recommendations and a detailed estimate of costs associated with expanding the program to all constituent institutions of the University of North Carolina System designated an HBCU.

UNC BUDGET PREPARATION

SECTION 9.10. G.S. 116-30.7 reads as rewritten:

"§ 116-30.7. Biennial projection of enrollment growth for The University of North Carolina.

By October 15 of each even-numbered year, the General Administration of The University of North Carolina shall provide to the Joint Education Legislative Oversight Committee and to the Office of State Budget and Management a projection of the total student enrollment in The University of North Carolina that is anticipated for the next biennium. The enrollment projection shall be divided into the following categories and shall include the projected growth for each year of the biennium in each category at each of the constituent institutions: undergraduate students, graduate students (students earning master's and doctoral degrees), first professional students, and any other categories deemed appropriate by General Administration. The projection shall also distinguish between on-campus and distance education students. The projections shall be considered by the Director of the Budget when determining the amount the Director proposes to fund as the continuation requirement for the enrollment increase in the university system pursuant to G.S. 143C-3-5(b) appropriate to the University of North Carolina in the Recommended State Budget submitted pursuant to G.S. 143C-3-5(b)."

UNC STRATEGIC PLAN FUNDS

SECTION 9.11. Section 11.13 of S.L. 2013-360 reads as rewritten:

"SECTION 11.13. Of the funds appropriated by this act to the Board of Governors of The University of North Carolina for the 2013-2015 fiscal biennium, the Board of Governors may spend a sum of up to fifteen million dollars (\$15,000,000) ~~for the 2013-2014 fiscal year and a sum of up to fifteen million dollars (\$15,000,000) for the 2014-2015 fiscal year~~ on a recurring basis to implement provisions of The University of North Carolina Strategic Plan as set out in the report "Our Time, Our Future: The University of North Carolina Compact with North Carolina."

STUDENT FINANCIAL AID/SEMESTER LIMIT

SECTION 9.12. Section 11.15(h) of S.L. 2013-360 reads as rewritten:

"SECTION 11.15.(h) The State Education Assistance Authority ~~Authority~~, in consultation with the University of North Carolina, the North Carolina Community College System, and the NC Independent Colleges and Universities, shall study ways to structure its financial aid payment ~~schedules~~ to encourage students to complete an average of 30 credit hours per academic year. The State Education Assistance Authority shall report to the Joint Legislative Education Oversight Committee by ~~March 1, 2014~~, October 1, 2015, regarding the measures implemented by the Authority pursuant to this subsection ~~outcomes of this study~~."

SITE PLANNING FOR SCHOOL OF SCIENCE AND MATH EXPANSION

SECTION 9.13.(a) If the Board of Governors of The University of North Carolina and the North Carolina School of Science and Mathematics (School of Science and Math) jointly determine that an additional School of Science and Math campus is needed, then the School for the Deaf campus in Morganton shall be considered as a potential site.

SECTION 9.13.(b) If it is determined that the School for the Deaf is not a suitable site for the location of a western campus, the Board of Governors and School of Science and Math, in consultation with the Department of Administration, may consider other sites in western North Carolina that are available as a site.

UNC GAME CHANGING RESEARCH

SECTION 9.14. Two million dollars (\$2,000,000) is appropriated in this act to implement game changing research investments as identified in the University of North Carolina Strategic Plan as set out in the report "Our Time, Our Future: The University of North Carolina Compact with North Carolina."

PART X. DEPARTMENT OF HEALTH AND HUMAN SERVICES

FUNDS FOR REPLACEMENT MEDICAID MANAGEMENT INFORMATION SYSTEM/IMPLEMENTATION OF REPLACEMENT MMIS

SECTION 10.1. Section 12A.4.(a) of S.L. 2013-360 reads as rewritten:

"SECTION 12A.4.(a) The Secretary of the Department of Health and Human Services may utilize prior year earned revenue received for the replacement MMIS ~~in the amount of nine million six hundred fifty-eight thousand one hundred fifty-two dollars (\$9,658,152) for the 2013-2014 fiscal year and in the amount of one million six hundred sixty-six thousand six hundred twenty-five dollars (\$1,666,625)~~ six million eight hundred ninety thousand six hundred dollars (\$6,890,600) for the 2014-2015 fiscal year. In the event the Department does not receive prior year earned revenues in the amounts authorized by this section, or funds are insufficient to advance the project, the Department may, with prior approval from the Office of State Budget and Management (OSBM), utilize overrealized receipts and funds appropriated to the Department to achieve the level of funding specified in this section for the replacement MMIS."

FUNDING FOR NORTH CAROLINA FAMILIES ACCESSING SERVICES THROUGH TECHNOLOGY (NC FAST); REPORT ON ELIGIBILITY DETERMINATIONS FOR THE EXCHANGE

SECTION 10.2. Section 12A.6.(a) of S.L. 2013-360 read as rewritten:

"SECTION 12A.6.(a) Funds appropriated in this act in the amount of eight hundred sixty-four thousand six hundred fifty-five dollars (\$864,655) for State fiscal year 2014-2015 along with prior year earned revenue in the amount of four million one hundred thirty-eight thousand two dollars (\$4,138,002) and the cash balance in Budget Code 24410 Fund 2411 for the North Carolina Families Accessing Services through Technology (NC FAST) project shall be used to match federal funds in fiscal ~~years 2013-2014 and year~~ 2014-2015 to expedite the development and implementation of the Eligibility Information System (EIS), Child Care, Low Income Energy Assistance, and Crisis Intervention Programs, and Child Service components of the NC FAST project."

NONPROFIT AND UNIVERSITY CONTRACT REDUCTION