House Appropriations Committee on Education

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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 four thousand one hundred twenty-five dollars and twenty-seven cents ($4,125.27) per child for fiscal years 2017-2018 and 2018-2019. Each local school administrative unit shall receive funds for the lesser of (i) all children who are identified as children with disabilities or (ii) thirteen percent (13%) of its 2017-2018 allocated average daily membership in the local school administrative unit. The dollar amounts allocated under this section for children with disabilities shall also be adjusted 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 three hundred fourteen dollars and fifty-six cents ($1,314.56) per child for fiscal years 2017-2018 and 2018-2019. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2017-2018 fiscal year 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 be adjusted in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children.
SUPPLEMENTAL FUNDING IN LOW-WEALTH COUNTIES

SECTION 7.3.(a) Use of Funds for Supplemental Funding. – All funds received pursuant to this section shall be used only (i) to provide instructional positions, instructional support positions, teacher assistant positions, clerical positions, school computer technicians, instructional supplies and equipment, staff development, and textbooks and digital resources and (ii) for salary supplements for instructional personnel and instructional support personnel. Local boards of education are encouraged to use at least twenty-five percent (25%) of the funds received pursuant to this section to improve the academic performance of children who are performing at Level I or II on either reading or mathematics end-of-grade tests in grades three through eight.

SECTION 7.3.(b) Definitions. – As used in this section, the following definitions apply:

1. Anticipated county property tax revenue availability. – The county-adjusted property tax base multiplied by the effective State average tax rate.

2. Anticipated total county revenue availability. – The sum of the following:
   a. Anticipated county property tax revenue availability.
   b. Local sales and use taxes received by the county that are levied under Chapter 1096 of the 1967 Session Laws or under Subchapter VIII of Chapter 105 of the General Statutes.
   c. Fines and forfeitures deposited in the county school fund for the most recent year for which data are available.

3. Anticipated total county revenue availability per student. – The anticipated total county revenue availability for the county divided by the average daily membership of the county.

4. Anticipated State average revenue availability per student. – The sum of all anticipated total county revenue availability divided by the average daily membership for the State.

5. Average daily membership. – Average daily membership as defined in the North Carolina Public Schools Allotment Policy Manual adopted by the State Board of Education. If a county contains only part of a local school administrative unit, the average daily membership of that county includes all students who reside within the county and attend that local school administrative unit.

6. County-adjusted property tax base. – Computed as follows:
   a. Subtract the present-use value of agricultural land, horticultural land, and forestland in the county, as defined in G.S. 105-277.2, from the total assessed real property valuation of the county.
   b. Adjust the resulting amount by multiplying by a weighted average of the three most recent annual sales assessment ratio studies.
   c. Add to the resulting amount the following:
1. Present-use value of agricultural land, horticultural land, and
   forestland, as defined in G.S. 105-277.2.
2. Value of property of public service companies, determined in
   accordance with Article 23 of Chapter 105 of the General
   Statutes.
3. Personal property value for the county.

(7) County-adjusted property tax base per square mile. – The county-adjusted
   property tax base divided by the number of square miles of land area in the
   county.

(8) County wealth as a percentage of State average wealth. – Computed as
   follows:
   a. Compute the percentage that the county per capita income is of the
      State per capita income and weight the resulting percentage by a
      factor of five-tenths.
   b. Compute the percentage that the anticipated total county revenue
      availability per student is of the anticipated State average revenue
      availability per student and weight the resulting percentage by a
      factor of four-tenths.
   c. Compute the percentage that the county-adjusted property tax base
      per square mile is of the State-adjusted property tax base per square
      mile and weight the resulting percentage by a factor of one-tenth.
   d. Add the three weighted percentages to derive the county wealth as a
      percentage of the State average wealth.

(9) Effective county tax rate. – The actual county tax rate multiplied by a
   weighted average of the three most recent annual sales assessment ratio
   studies.

(10) Effective State average tax rate. – The average of effective county tax rates
     for all counties.

(11) Local current expense funds. – The most recent county current expense
     appropriations to public schools, as reported by local boards of education in
     the audit report filed with the Secretary of the Local Government
     Commission pursuant to G.S. 115C-447.

(12) Per capita income. – The average for the most recent three years for which
     data are available of the per capita income according to the most recent
     report of the United States Department of Commerce, Bureau of Economic
     Analysis, including any reported modifications for prior years as outlined in
     the most recent report.

(13) Sales assessment ratio studies. – Sales assessment ratio studies performed by
     the Department of Revenue under G.S. 105-289(h).

(14) State average adjusted property tax base per square mile. – The sum of the
     county-adjusted property tax bases for all counties divided by the number of
     square miles of land area in the State.

(15) State average current expense appropriations per student. – The most recent
     State total of county current expense appropriations to public schools, as
     reported by local boards of education in the audit report filed with the
     Secretary of the Local Government Commission pursuant to G.S. 115C-447.

(16) Supplant. – To decrease local per student current expense appropriations
     from one fiscal year to the next fiscal year.

(17) Weighted average of the three most recent annual sales assessment ratio
     studies. – The weighted average of the three most recent annual sales
     assessment ratio studies in the most recent years for which county current

expense appropriations and adjusted property tax valuations are available. If real property in a county has been revalued one year prior to the most recent sales assessment ratio study, a weighted average of the two most recent sales assessment ratios shall be used. If property has been revalued the year of the most recent sales assessment ratio study, the sales assessment ratio for the year of revaluation shall be used.

SECTION 7.3.(c) Eligibility for Funds. – Except as provided in subsection (g) of this section, the State Board of Education shall allocate these funds to local school administrative units located in whole or in part in counties in which the county wealth as a percentage of the State average wealth is less than one hundred percent (100%).

SECTION 7.3.(d) Allocation of Funds. – Except as provided in subsection (f) of this section, the amount received per average daily membership for a county shall be the difference between the State average current expense appropriations per student and the current expense appropriations per student that the county could provide given the county's wealth and an average effort to fund public schools. To derive the current expense appropriations per student that the county could be able to provide given the county's wealth and an average effort to fund public schools, multiply the county's wealth as a percentage of State average wealth by the State average current expense appropriations per student. The funds for the local school administrative units located in whole or in part in the county shall be allocated to each local school administrative unit located in whole or in part in the county based on the average daily membership of the county's students in the school units. If the funds appropriated for supplemental funding are not adequate to fund the formula fully, each local school administrative unit shall receive a pro rata share of the funds appropriated for supplemental funding.

SECTION 7.3.(e) Formula for Distribution of Supplemental Funding Pursuant to This Section Only. – The formula in this section is solely a basis for distribution of supplemental funding for low-wealth counties and is not intended to reflect any measure of the adequacy of the educational program or funding for public schools. The formula is also not intended to reflect any commitment by the General Assembly to appropriate any additional supplemental funds for low-wealth counties.

SECTION 7.3.(f) Minimum Effort Required. – A county shall receive full funding under this section if the county (i) maintains an effective county tax rate that is at least one hundred percent (100%) of the effective State average tax rate in the most recent year for which data are available or (ii) maintains a county appropriation per student to the school local current expense fund of at least one hundred percent (100%) of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools. A county that maintains a county appropriation per student to the school local current expense fund of less than one hundred percent (100%) of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools shall receive funding under this section at the same percentage that the county's appropriation per student to the school local current expense fund is of the current expense appropriations per student to the school local current expense fund that the county could provide given the county's wealth and an average effort to fund public schools.

SECTION 7.3.(g) Nonsupplant Requirement. – A county in which a local school administrative unit receives funds under this section shall use the funds to supplement local current expense funds and shall not supplant local current expense funds. For the 2017-2019 fiscal biennium, the State Board of Education shall not allocate funds under this section to a county found to have used these funds to supplant local per student current expense funds. The State Board of Education shall make a finding that a county has used these funds to supplant
local current expense funds in the prior year, or the year for which the most recent data are
available, if all of the following criteria apply:

(1) The current expense appropriations per student of the county for the current
year is less than ninety-five percent (95%) of the average of local current
expense appropriations per student for the three prior fiscal years.

(2) The county cannot show (i) that it has remedied the deficiency in funding or
(ii) that extraordinary circumstances caused the county to supplant local
current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement the requirements of
this subsection.

SECTION 7.3.(h) Counties Containing a Base of the Armed Forces. – Notwithstanding any other provision of this section, for the 2017-2019 fiscal biennium, counties containing a base of the Armed Forces of the United States that have an average daily membership of more than 23,000 students shall receive the same amount of supplemental funding for low-wealth counties as received in the 2012-2013 fiscal year.

SECTION 7.3.(i) Funds for EVAAS Data. – Notwithstanding the requirements of subsection (a) of this section, local school administrative units may utilize funds allocated under this section to purchase services that allow for extraction of data from the Education Value-Added Assessment System (EVAAS).

SECTION 7.3.(j) Reports. – For the 2017-2019 fiscal biennium, the State Board of Education shall report to the Fiscal Research Division prior to May 15 of each year if it determines that counties have supplanted funds.

SECTION 7.3.(k) Department of Revenue Reports. – The Department of Revenue shall provide to the Department of Public Instruction a preliminary report for the current fiscal year of the assessed value of the property tax base for each county prior to March 1 of each year and a final report prior to May 1 of each year. The reports shall include for each county the annual sales assessment ratio and the taxable values of (i) total real property, (ii) the portion of total real property represented by the present-use value of agricultural land, horticultural land, and forestland, as defined in G.S. 105-277.2, (iii) property of public service companies determined in accordance with Article 23 of Chapter 105 of the General Statutes, and (iv) personal property.
STATEMENT OF ASSEMBLY OF NORTH CAROLINA
Session 2017
Drafting SPECIAL PROVISION
Department of Public Instruction
House Appropriations, Education

SMALL COUNTY SCHOOL SYSTEM SUPPLEMENTAL FUNDING

SECTION 7.4.(a) Allotment Schedule for the 2017-2019 Fiscal Biennium. – Except as otherwise provided in subsection (d) of this section, each eligible county school administrative unit shall receive a dollar allotment according to the following schedule:

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<th>Allotted ADM</th>
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<tr>
<td>0-600</td>
<td>$1,710,000</td>
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<tr>
<td>601-1,300</td>
<td>$1,820,000</td>
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<td>$1,498,000</td>
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<tr>
<td>2,801-3,200</td>
<td>$1,548,000</td>
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SECTION 7.4.(b) Phase-Out Provision for the 2017-2018 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section in the 2017-2018 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local school administrative units shall be reduced in equal increments in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the local school administrative unit becomes ineligible.

Allotments for eligible local school administrative units under this subsection shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2016-2017 in any fiscal year. A local school administrative unit shall not become ineligible for funding if either the highest of the first two months total projected average daily membership for the current year or the higher of the first two months total prior year average daily membership would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this section.

SECTION 7.4.(c) Phase-Out Provision for the 2018-2019 Fiscal Year. – If a local school administrative unit becomes ineligible for funding under the schedule in subsection (a) of this section in the 2018-2019 fiscal year, funding for that unit shall be phased out over a five-year period. Funding for such local school administrative units shall be reduced in equal increments in each of the five years after the unit becomes ineligible. Funding shall be eliminated in the fifth fiscal year after the local administrative unit becomes ineligible.

Allotments for eligible local school administrative units under this subsection shall not be reduced by more than twenty percent (20%) of the amount received in fiscal year 2017-2018 in any fiscal year. A local school administrative unit shall not become ineligible for funding if either the highest of the first two months total projected average daily membership for the current year or the higher of the first two months total prior year average daily membership would otherwise have made the unit eligible for funds under the schedule in subsection (a) of this section.

SECTION 7.4.(d) Nonsupplant Requirement for the 2017-2019 Fiscal Biennium. – A county in which a local school administrative unit receives funds under this section shall use
the funds to supplement local current expense funds and shall not supplant local current
expense funds. For the 2017-2019 fiscal biennium, the State Board of Education shall not
allocate funds under this section to a county found to have used these funds to supplant local
per student current expense funds. The State Board of Education shall make a finding that a
county has used these funds to supplant local current expense funds in the prior year or the year
for which the most recent data are available, if all of the following criteria apply:
(1) The current expense appropriation per student of the county for the current
year is less than ninety-five percent (95%) of the average of local current
expense appropriation per student for the three prior fiscal years.
(2) The county cannot show (i) that it has remedied the deficiency in funding or
(ii) that extraordinary circumstances caused the county to supplant local
current expense funds with funds allocated under this section.

The State Board of Education shall adopt rules to implement the requirements of
this subsection.

SECTION 7.4.(e) Reports. – For the 2017-2019 fiscal biennium, the State Board of
Education shall report to the Fiscal Research Division prior to May 15 of each fiscal year if it
determines that counties have supplanted funds.

SECTION 7.4.(f) Use of Funds. – Local boards of education are encouraged to use
at least twenty percent (20%) of the funds they receive pursuant to this section to improve the
academic performance of children who are performing at Level I or II on either reading or
mathematics end-of-grade tests in grades three through eight.

Local school administrative units may also utilize funds allocated under this section
to purchase services that allow for extraction of data from the Education Value-Added
Assessment System (EVAAS).
DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING (DSSF)

SECTION 7.5.(a) Funds appropriated in this act for disadvantaged student supplemental funding shall be used, consistent with the policies and procedures adopted by the State Board of Education, only to do the following:

1. Provide instructional positions or instructional support positions.
2. Provide professional development.
3. Provide intensive in-school or after-school remediation, or both.
4. Purchase diagnostic software and progress-monitoring tools.
5. Provide funds for teacher bonuses and supplements. The State Board of Education shall set a maximum percentage of the funds that may be used for this purpose.

The State Board of Education may require local school administrative units receiving funding under the Disadvantaged Student Supplemental Fund to purchase the Education Value-Added Assessment System (EVAAS) in order to provide in-depth analysis of student performance and help identify strategies for improving student achievement. This data shall be used exclusively for instructional and curriculum decisions made in the best interest of children and for professional development for their teachers and administrators.

SECTION 7.5.(b) Disadvantaged student supplemental funding (DSSF) shall be allotted to a local school administrative unit based on (i) the unit's eligible DSSF population and (ii) the difference between a teacher-to-student ratio of 1:21 and the following teacher-to-student ratios:

1. For counties with wealth greater than ninety percent (90%) of the statewide average, a ratio of 1:19.9.
2. For counties with wealth not less than eighty percent (80%) and not greater than ninety percent (90%) of the statewide average, a ratio of 1:19.4.
3. For counties with wealth less than eighty percent (80%) of the statewide average, a ratio of 1:19.1.
4. For local school administrative units receiving DSSF funds in fiscal year 2005-2006, a ratio of 1:16. These local school administrative units shall receive no less than the DSSF amount allotted in fiscal year 2006-2007.

For the purpose of this subsection, wealth shall be calculated under the low-wealth supplemental formula as provided for in this act.

SECTION 7.5.(c) If a local school administrative unit's wealth increases to a level that adversely affects the unit's disadvantaged student supplemental funding (DSSF) allotment ratio, the DSSF allotment for that unit shall be maintained at the prior year level for one additional fiscal year.
1  UNIFORM EDUCATION REPORTING SYSTEM (UERS) FUNDS
2  SECTION 7.6. Funds appropriated in this act for the Uniform Education Reporting System (UERS) for the 2017-2019 fiscal biennium shall not revert at the end of each fiscal year but shall remain available until expended.
DPI/ALIGNMENT OF FEDERAL FUNDS

SECTION 7.8. The Department of Public Instruction, in consultation with the Office of State Budget and Management, shall align federal funds to accurately reflect the amount projected to be spent by the Department in each year of the 2017-2019 fiscal biennium in accordance with the State Budget Act, Chapter 143C of the General Statutes, as part of the certification of the budget for the 2017-2019 fiscal biennium.
ADDITIONAL OF THE EXCELLENT PUBLIC SCHOOLS ACT

SECTION 7.9.(a) From the funds appropriated to implement Section 7A.1 of S.L. 2012-142, as amended, for the 2017-2019 fiscal biennium only, the Department of Public Instruction shall use those funds for the following 13 time-limited positions that support the kindergarten through third grade assessments pursuant to G.S. 115C-174.11:

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<thead>
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<td>65017164</td>
<td>Project Administrator</td>
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<td>Project Lead</td>
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</tr>
<tr>
<td>65017251</td>
<td>Western Consultant</td>
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<tr>
<td>65021990</td>
<td>Project Coordinator</td>
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SECTION 7.9.(b) The positions listed in subsection (a) of this section shall be in addition to the 11 permanent, full-time positions authorized by Section 7A.12 of S.L. 2012-142.

SECTION 7.9.(c) This section expires June 30, 2019.
SUPERINTENDENT OF PUBLIC INSTRUCTION SUPPORT STAFF

SECTION 7.10. Of the funds appropriated by this act to the Department of Public Instruction for the 2017-2019 fiscal biennium, the Superintendent of Public Instruction may use up to nine hundred twenty-one thousand five hundred eighty-three dollars ($921,583) to appoint, in addition to any other personnel appointed by the Superintendent, up to 10 full-time equivalent exempt policy-making positions, as defined in G.S. 126-5(b)(3), to staff the office of the Superintendent and assist in the administration of the Superintendent's duties under Article III and Section 4(2) of Article IX of the North Carolina Constitution as an elected officer and member of the Council of State and as secretary and chief administrative officer of the State Board of Education. Personnel appointed to these positions shall be exempt from the North Carolina Human Resources Act and shall report solely to the Superintendent of Public Instruction. The Superintendent of Public Instruction shall fix the salaries of the personnel for the office of the Superintendent within the funds available as provided by this section. The personnel for the office of the Superintendent of Public Instruction within the Department of Public Instruction shall be in addition to any staff appointed to the Department in accordance with G.S. 115C-21(a)(1). The appointments shall not be subject to approval or disapproval by the State Board of Education.
GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2017

SPECIAL PROVISION 2017-DPI-H41(S7.11)-P

Department of Public Instruction
House Appropriations, Education

CARRYFORWARD OF CERTAIN DPI FUNDS

SECTION 7.11.(a) Section 8.7(g) of S.L. 2016-94 reads as rewritten:
"SECTION 8.7(g) Of the funds appropriated to the Department of Public Instruction by this act for the 2016-2017 fiscal year to support teacher compensation models and advanced teaching roles, the Department may use up to two hundred thousand dollars ($200,000) for the State Board of Education to contract with an independent research organization for the pilot evaluations. Any remaining funds may be used to award funds to selected local school administrative units for the implementation of the pilots in accordance with this section. Funds appropriated to the Department of Public Instruction for the 2016-2017 fiscal year for the pilot and for the evaluation of the pilot shall not revert at the end of the fiscal year but shall remain available until expended."

SECTION 7.11.(b) Section 8.27(i) of S.L. 2016-94 reads as rewritten:
"SECTION 8.27.(i) Use of Funds. – Of the funds appropriated to the Department of Public Instruction for the 2016-2017 fiscal year to implement the LATP programs, the Department may use up to two hundred thousand dollars ($200,000) in nonrecurring funds for the State Board of Education to contract with the independent research organization as required by this section. Any remaining funds shall be used to award one-year grants to each LATP program selected under subsection (c) of this section for the purposes of implementing the program. Each selected LATP program shall be awarded a proportional amount of the funds available. Funds appropriated to the Department of Public Instruction for the 2016-2017 fiscal year to implement the LATP programs and for the evaluation of the LATP programs shall not revert at the end of the fiscal year but shall remain available until expended."

SECTION 7.11.(c) Section 5 of S.L. 2016-110 reads as rewritten:
"SECTION 5. There is appropriated from the General Fund to the Department of Public Instruction four hundred thousand dollars ($400,000) in recurring funds for the 2016-2017 fiscal year for salary and benefits for the ASD-ISD Superintendent, staff, and other expenses associated with the ASD-ISD. Any funds appropriated for this purpose that are unexpended at the end of the 2016-2017 fiscal year shall not revert but shall remain available for one-time, start-up expenses of the ISD until the end of the 2017-2018 fiscal year. There is appropriated from the General Fund to the Department of Public Instruction five hundred thousand dollars ($500,000) for the 2016-2017 fiscal year to contract with an independent research organization to conduct the evaluation required in Section 4 of this act. Funds appropriated to the Department of Public Instruction for the 2016-2017 fiscal year for the evaluation shall not revert at the end of the fiscal year but shall remain available until expended."

SECTION 7.11.(d) This section becomes effective June 30, 2017.
CLASS SIZE FLEXIBILITY FOR CURRENT PILOT PROGRAMS AND DUAL LANGUAGE IMMERSION CLASSES

SECTION 7.15.(a) Section 8.7(i) of S.L. 2016-94 is repealed.

SECTION 7.15.(b) Notwithstanding G.S. 115C-301 or Section 1(b) of S.L. 2017-9, local school administrative units approved by the State Board of Education to participate in the teacher compensation models and advanced teaching roles pilot program established under Section 8.7 of S.L. 2016-94 may allow a certain number of schools that were identified in their proposals to exceed individual class size requirements in kindergarten through third grade for the duration of the pilot program ending with the 2019-2020 school year as follows:

(1) Chapel-Hill Carrboro City Schools: 20 schools.
(2) Charlotte-Mecklenburg Schools: 46 schools.
(3) Edgecombe County Schools: 14 schools.
(4) Pitt County Schools: four schools.
(5) Vance County Schools: three schools.
(6) Washington County Schools: five schools.

SECTION 7.15.(c) In addition to the schools listed in subsection (b) of this section, schools participating in the existing Project LIFT, Inc., program in Charlotte-Mecklenburg Schools (CMS) may exceed individual class size requirements in kindergarten through third grade for the duration of that program. The schools participating in the Project LIFT, Inc., program are those schools within the feeder area for West Charlotte High School governed by the collaborative agreement between the CMS Board of Education and Project Leadership and Investment for Transformation.

SECTION 7.15.(d) G.S. 115C-301, as amended by Section 2 of S.L. 2017-9, reads as rewritten:

§ 115C-301. Allocation of teachers; class size.

... 

(c) Maximum Class Size for Kindergarten Through Third Grade. — The average class size for kindergarten through third grade in a local school administrative unit shall at no time exceed the funded allotment ratio of teachers to students in kindergarten through third grade. At the end of the second school month and for the remainder of the school year, the size of an individual class in kindergarten through third grade shall not exceed the allotment ratio by more than three students. The funded class size allotment ratio for kindergarten through third grade shall be as follows:

(1) For kindergarten, one teacher per 18 students.
(2) For first grade, one teacher per 16 students.
(3) For second grade, one teacher per 17 students.
(4) For third grade, one teacher per 17 students.

In grades four through 12, local school administrative units shall have the maximum flexibility to use allotted teacher positions to maximize student achievement.
(c1) Class size requirements for kindergarten through third grade provided in subsection (c) of this section shall not apply to dual language immersion classes. For the purposes of this subsection, dual language immersion classes are classes in which (i) at least one-third of the students' dominant language is English, (ii) at least one-third of the students' dominant language is not English, but is the same non-English language, and (iii) instruction involves both languages in order to promote dual language proficiency for all students.

SECTION 7.15.(e) Subsection (b) of this section expires June 30, 2020. Subsection (d) of this section applies beginning with the 2017-2018 school year.
ARTS EDUCATION REQUIREMENT

SECTION #.(a) The State Board of Education shall modify the State graduation requirements to include one required credit in arts education to be completed by each student at any time in grades six through 12.

The State Board of Education shall implement this arts education graduation requirement beginning with students entering the sixth grade in 2018. The State Board shall include an exemption from the arts education graduation requirement for students transferring into a North Carolina public school beginning in the ninth grade or later if such requirement would prevent a student from graduating with the graduation cohort to which the student was assigned when transferring.

SECTION #.(b) The State Board of Education shall do the following:

(1) Establish procedures and a time line for a phased-in implementation of the arts education graduation requirement.

(2) Establish the minimum criteria to meet the arts education graduation requirement.

(3) By December 15, 2018, report to the Joint Legislative Education Oversight Committee on the following:

a. The statewide implementation of the three interdependent components of comprehensive arts education (arts education, arts integration, and arts exposure).

b. The graduation requirement set forth in this act.
GENERAL ASSEMBLY OF NORTH CAROLINA
Session 2017

IMPROVE EDUCATION FINANCIAL AND INFORMATION TRANSPARENCY

SECTION 7.16.(a) The Department of Public Instruction shall implement the School Business System Modernization Plan, as proposed by the State Board of Education in the report required by Section 8.15(b) of S.L. 2016-94, using the funds appropriated by this act for that purpose. It is the intent of the General Assembly to fund a multiphase, multiyear project to (i) modernize State and local education financial, human capital, and school information systems, (ii) provide for a common reporting system and analytics system, (iii) integrate financial, payroll, human resources, and related human capital systems through the use of a new software as a service enterprise resource planning (ERP) solution, make enhancements to existing local systems, or both, and (iv) link the State licensure system with the upgraded local systems. The State Superintendent of Public Instruction (State Superintendent) shall review and improve business processes in the Department of Public Instruction, as appropriate, and modernize State systems at the Department.

SECTION 7.16.(b) The State Superintendent shall work with the Friday Institute for Educational Innovation at North Carolina State University, the Government Data Analytics Center (GDAC), local superintendents, charter school leadership, and local school administrative unit personnel administrators and finance officers to establish common data reporting requirements consistent with the Uniform Education Reporting System established by the State Board of Education. All local school administrative units and charter schools shall comply with the reporting requirements.

SECTION 7.16.(b1) The State Superintendent shall work with the Friday Institute for Educational Innovation at North Carolina State University, GDAC, and other State agencies to improve communication between computer systems. The State Superintendent shall ensure, to the extent practicable, that its modernized computer systems are able to share data with computer systems at other State agencies, community colleges, and constituent institutions of The University of North Carolina.

SECTION 7.16.(c) Of the funds appropriated to the Department of Public Instruction by this act for the school business system modernization plan for the 2017-2019 fiscal biennium, the Department may use the sum of up to one million four hundred thirty thousand dollars ($1,430,000) in the 2017-2018 fiscal year and one million four hundred twenty thousand dollars ($1,420,000) in the 2018-2019 fiscal year to establish positions, to contract for services, or both for business-specific project management. The State Superintendent shall be responsible for the implementation of the activities specified under this subsection and may appoint one of the positions established pursuant to Section 7.10 of this act to oversee the business-specific project management required to implement the school business system modernization plan and other operating costs as necessary.

SECTION 7.16.(d) Of the funds appropriated to the Department of Public Instruction by this act for the school business system modernization plan for the 2017-2019 fiscal biennium, the Department shall transfer up to three million two hundred fifty thousand dollars ($3,250,000) for the 2017-2018 fiscal year and up to two hundred fifty thousand dollars ($250,000) for the 2018-2019 fiscal year to GDAC to leverage existing public-private
partnerships for the development and deployment of a data integration service that consolidates data from financial, human resources, licensure, student information, and related systems. Implementation shall also include development and deployment of a modern analytical platform and reporting environment. By December 1, 2017, GDAC shall execute any contractual agreements and interagency data sharing agreements necessary to develop the reporting system established by this section.

**SECTION 7.16.(e)** As required by Section 8.15(c) of S.L. 2016-94, the State Superintendent shall issue a Request for Proposal for an ERP software as a service solution by October 1, 2017. The State Superintendent may issue additional requests for proposals as needed to complete the requirements of subsection (a) of this section. The State Superintendent shall select the vendors for the development and implementation of the ERP and other enhancement solutions.

**SECTION 7.16.(f)** Prior to executing any contractual agreements and interagency data sharing agreements necessary to develop the financial reporting system as provided for in this section, the State Superintendent shall submit to the Joint Legislative Education Oversight Committee (Committee) and the Fiscal Research Division an initial report by September 15, 2017, on the progress of GDAC’s development and deployment of a data integration service that consolidates data from financial, human resources, licensure, student information, and related systems. The State Superintendent shall also submit an interim report to the Committee and the Fiscal Research Division by January 30, 2018, on the selection of a vendor for an ERP software as a service solution. Thereafter, the State Superintendent shall submit annual reports to the Committee and the Fiscal Research Division by March 15 of each year on the expenditure of funds for the project and progress of implementation until the completion of the project.

**SECTION 7.16.(g)** Funds appropriated to the Department of Public Instruction for the 2017-2019 fiscal biennium to implement the school business modernization system shall not revert at the end of the fiscal year but shall remain available until expended.
OFFICE OF CHARTER SCHOOLS/WEB-BASED RECORD AND DATA MANAGEMENT

SECTION 7.17.(a) The Department of Public Instruction shall use up to two hundred thousand dollars ($200,000) each fiscal year of the 2017-2019 fiscal biennium to support the purchase of a Web-based electronic records and data reporting management system to automate and streamline reporting and accountability requirements to assist the Office of Charter Schools (OCS) in complying with the annual reporting obligations of charter schools from the following available funds:

(1) For the 2017-2018 fiscal year, the Department shall use funds appropriated to the Department for the Uniform Education Reporting System (UERS) by S.L. 2015-241 for the 2016-2017 fiscal year that were unexpended and did not revert at the end of the 2016-2017 fiscal year in accordance with Section 8.7 of that act.

(2) For the 2018-2019 fiscal year, the Department shall use funds appropriated to the Department for UERS by this act for the 2017-2018 fiscal year that are unexpended and do not revert at the end of the 2017-2018 fiscal year in accordance with Section 7.6 of this act.

SECTION 7.17.(b) The Department shall purchase a system pursuant to subsection (a) of this section that meets all of the following requirements:

(1) Allows OCS to develop and assign submission types to manage compliance with applicable law, control document transparency reporting, and create and manage users and roles throughout the system.

(2) Controls collections of documents to assist in core authorizing functions, including the charter school application and charter school renewal processes.

(3) Provides for the visualization of academic, financial, and demographic information for either an individual school or a portfolio of charter schools.

(4) Provides for the safe and secure electronic storage of documents in a Tier 3 datacenter that meets the following standards:
   a. Sarbanes-Oxley Act (SOX) compliant, including Statement on Auditing Standards (SAS) No. 70, Statement on Standards for Attestation Engagements (SSAE) No. 16, Service Organization Control (SOC) No. 1, and SOC No. 2.
   b. Health Insurance Portability and Accountability Act (HIPAA) compliant, including the Office for Civil Rights (OCR) HIPAA Audit Protocol.
   d. Safe Harbor certification program compliant.
COOPERATIVE INNOVATIVE HIGH SCHOOL FUNDING CHANGES

SECTION 7.22.(a) Legislative Findings. – The General Assembly finds the following in regard to the State's long-term, ongoing investment in providing high school students with opportunities to obtain postsecondary credit and career credentials at no cost to the student in order to maximize cost savings to students in obtaining a postsecondary education:

1. Dual enrollment opportunities for high school students have been available in the State for many years but began to significantly grow in the early- to mid-2000s as a result of the General Assembly's enactment of the Innovative Education Initiatives Act and the establishment of the cooperative innovative high school program pursuant to Part 9 of Article 16 of Chapter 115C of the General Statutes. This act demonstrated the State's commitment in prioritizing cooperative efforts between secondary schools and institutions of higher education so as to reduce the high school dropout rate, increase high school and college graduation rates, decrease the need for remediation in institutions of higher education, and raise certificate, associate, and bachelor degree completion rates.

2. To ensure continued efficiency in the investment of State funds to provide postsecondary dual enrollment programs for high school students, the General Assembly directed the State Board of Education and the State Board of Community Colleges to jointly establish the Career and College Promise Program pursuant to Section 7.1A of S.L. 2011-145, effective January 1, 2012, to consolidate existing cooperative efforts between secondary schools and institutions of higher education by providing (i) for specific pathways for obtaining college credit that is transferable to community colleges and institutions of higher education, (ii) for college credit leading to a subject-area certificate, diploma, or degree, and (iii) through enrollment at a cooperative innovative high school, enabling students to concurrently obtain a high school diploma and to begin or complete an associate degree program, master a certificate or vocational program, or earn up to two years of college credit within five years.

3. The recent growth in the establishment of cooperative innovative high school programs has resulted in a steady increase in full-time equivalent (FTE) student enrollment at community colleges due to the maturation of those programs, including an increase of one hundred forty percent (140%) in FTE enrollment for these students between 2008-2009 and 2013-2014.

4. The implementation of other Career and College Promise pathways enabling certain traditional high school students to concurrently enroll in postsecondary courses leading to a defined academic goal has also resulted in a recent rise in student enrollment at community colleges with a thirty percent (30%) increase in the College Transfer pathway and a twenty-one
percent (21%) increase in the Career and Technical Education pathway between 2012-2013 and 2013-2014.

(5) For the 2013-2014 academic year, the General Assembly appropriated fifty-seven million dollars ($57,000,000) in State funds to cover community college FTE for 11,389 students during the first year of full implementation of the Career and College Promise Program.

(6) For the 2015-2016 fiscal year, the General Assembly appropriated the following amounts to cover the cost of cooperative innovative high schools and other Career and College Promise programs as follows:

a. For the cooperative innovative high school allotment, the sum of twenty-five million four hundred eighty-eight thousand seven hundred twenty-five dollars ($25,488,725).

b. For community college FTE for the following:

1. For students enrolled in cooperative innovative high schools, the sum of forty-two million two hundred ninety-one thousand three hundred eighty-six dollars ($42,291,386).

2. For students enrolled in courses that count toward the College Transfer pathway, the sum of twenty-one million three hundred forty-three thousand five hundred seven dollars ($21,343,507).

3. For students enrolled in courses that count toward the Career and Technical Education pathway, the sum of twenty-one million seven hundred eight thousand nine hundred thirty-two dollars ($21,708,932).

c. For the reimbursement of tuition for constituent institutions of the University of North Carolina as a partner institution of higher education to a cooperative innovative high school, the sum of one million nine hundred forty-five thousand two hundred one dollars ($1,945,201).

d. For the reimbursement of tuition for private colleges located in North Carolina that are a partner institution of higher education to a cooperative innovative high school, the sum of four hundred fifty-seven thousand six hundred thirty-nine dollars ($457,639).

(7) Since considerable State funds have been appropriated on an ongoing basis to cover the cost of high school student enrollment at community colleges, constituent institutions, and approved private colleges pursuant to G.S. 115C-238.54 and G.S. 115D-5(b)(12) as part of the Career and College Promise programs, it is necessary to examine the total cost of these programs and prioritize the appropriation of State funds to achieve the General Assembly's goal of maximizing cost savings to students in obtaining a postsecondary education. This shall include reducing the amount of funds allocated to local school administrative units for the cooperative innovative high school allotment.

SECTION 7.22.(b) Study. – In accordance with the legislative finding set forth in subdivision (7) of subsection (a) of this section, by February 15, 2018, the State Board of Community Colleges, the Board of Governors of The University of North Carolina, and the State Board of Education shall study and report to the Senate Appropriations Committee on Education/Higher Education, the House Appropriations Committee on Education, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee on the costs associated with the Career and College Promise Program, including operation of cooperative innovative high schools and the cost of concurrent enrollment in the high school and the
institution of higher education, student outcomes related to the Program, and any legislative
recommendations on modifications to the administration and funding for the Program.
Legislative recommendations shall also specifically address the use of the funds for the
cooperative innovative high school allotment, whether the allotment is necessary for the
operation of the schools, and how modification or discontinuation of the allotment would
impact the programs.

SECTION 7.22.(c) Cooperative Innovative High School Allotment Amount. – Of
the funds appropriated to the Department of Public Instruction by this act for the 2017-2019
fiscal biennium, the Department of Public Instruction shall allocate from the cooperative
innovative high school supplemental allotment the sum of two hundred thousand dollars
($200,000) in recurring funds each fiscal year to a local school administrative unit for the
operation of each authorized cooperative innovative high school located in the unit that was
approved by the State Board of Education pursuant to G.S. 115C-238.51A(c), except for a
coooperative innovative high school operated by a regional school board of directors pursuant to
G.S. 115C-238.50A(3a).

SECTION 7.22.(d) Reporting Requirement on the Career and College Promise
Programs. – G.S. 115D-5 is amended by adding a new subsection to read:
"(x) In addition to the evaluation of cooperative innovative high schools by the State
Board of Education pursuant to G.S. 115C-238.55, the State Board of Community Colleges, in
conjunction with the State Board of Education and the Board of Governors of The University
of North Carolina, shall evaluate the success of students participating in the Career and College
Promise Program, including the College Transfer pathway and the Career and Technical
Education pathway. Success shall be measured by high school retention rates, high school
completion rates, high school dropout rates, certification and associate degree completion,
admission to four-year institutions, postgraduation employment in career or study-related
fields, and employer satisfaction of employees who participated in the programs. The Boards
shall jointly report by January 15 of each year to the Joint Legislative Education Oversight
Committee."
PREPARING FUTURE WORKFORCE IN CODING AND MOBILE APP DEVELOPMENT GRANT PROGRAM

SECTION 7.23.(a) Program Purpose. – The Department of Public Instruction shall establish the Coding and Mobile Application Grant Program (Program) to develop industry partnerships with local school administrative units and charter schools to design and implement computer science, coding, and mobile application development curricular programs for middle school and high school students. Funds appropriated for the Program shall be used to award competitive grants of up to four hundred thousand dollars ($400,000) each fiscal year to grant recipients. Grant funds shall be used for the purchase of equipment, digital materials, and related capacity building activities, which may include teacher professional development for coding, computer science, and mobile application development initiatives. Grant recipients shall use no more than five percent (5%) of the grant award each fiscal year for administrative costs.

SECTION 7.23.(b) Program Criteria and Guidelines; Applications. – By August 15, 2017, the Superintendent of Public Instruction shall establish criteria and guidelines for grant applications and Program requirements for local school administrative units and charter schools, including sufficient curricular rigor for courses offered to students. The Department of Public Instruction shall accept applications for the first year of the Program until October 15, 2017. For subsequent fiscal years in which funds are available for new applications to the Program, the Department shall accept applications until May 15 of that year. Grant applicants shall submit at least the following information in their applications:

1. A description of how the proposed partnership initiative will provide increased career opportunities for students to engage in high-wage, high-skill, and high-demand occupations.
2. Demonstrated evidence of employer demand for the partnership initiative and related career and technical education (CTE) training, including documentation of industry involvement in the partnership initiative.
3. A proposed budget for the partnership initiative, including demonstrated commitment of local or regional partners to sustain the programs beyond the initial grant funding.
4. A description of how the proposed initiative aligns with other programs, including CTE, Career and College Pathways, and postsecondary programs and, if appropriate, how equipment necessary for the initiative will be utilized by partners.
5. A description of how the project will create innovative, nontraditional, and immediate career pathways for students to enter high demand jobs in the development of mobile software applications.

SECTION 7.23.(c) Selection of Recipients. – In selecting recipients for the Program, the Superintendent of Public Instruction shall consider diversity among the pool of applicants, including geographic location, the positive impact on the community of industry partnerships, and the size of the student population served by the recipient, in order to award
funds to the extent possible to grant recipients that represent different characteristics of the State. The Superintendent of Public Instruction shall select initial grant recipients by November 15, 2017, to begin implementation of the partnership initiatives under the Program as early as the spring semester of the 2017-2018 school year. For subsequent fiscal years in which funds are available for new applications to the Program, the Superintendent shall select grant recipients by July 15 of that year.

**SECTION 7.23.(d) Reporting Requirements.** – By August 1 of each year of the Program, grant recipients shall submit a report to the Department of Public Instruction, beginning with an initial report by August 1, 2018, for the preceding year in which grant funds were expended that provides at least the following information on the partnership initiative:

1. The use of grant funds.
2. The number of students by grade level participating in the partnership initiative.
3. The number of students who subsequently participated in work-based opportunities, internships, or apprenticeship programs and a description of the types of opportunities for those students.
4. Student outcome data regarding job attainment and postsecondary opportunities as a result of the partnership initiative.
5. Any other information the Superintendent of Public Instruction deems necessary.

By September 15 of each year of the Program, the Department shall report to the Joint Legislative Education Oversight Committee and the Fiscal Research Division, beginning with an initial report by September 15, 2018, on grant recipients and implementation of the program, including the information required to be reported to the Department pursuant to this subsection and any legislative recommendations for modifications or expansion of the Program.
EXPAND SCHOOL CONNECTIVITY INITIATIVE/CYBERSECURITY AND RISK MANAGEMENT

SECTION #.(a) The State Board of Education and the Department of Public Instruction, in collaboration with the Friday Institute at North Carolina State University, shall expand the School Connectivity Initiative client network engineering to include cybersecurity and risk management services supporting local school administrative units and charter schools. The expansion shall include the following:

1. Continuous monitoring and risk assessment. – Cloud-based solution to discover assets, assess their security posture, and recommend corrective actions based on real-world risk reduction.
2. Security advisory and consulting services. – Five regional security consultants working with schools to assess security posture and develop and implement improvement plans. The plans shall include security policy, building security programs, implementing effective security controls, and ongoing support for operating security governance.
3. Security training and education services. – Security training and education for teachers, staff, and administrators.

SECTION #.(b) Of the funds appropriated by this act to the Department of Public Instruction for the 2017-2019 fiscal biennium the sum of three hundred fifty thousand dollars ($350,000) in nonrecurring funds shall be used for the 2017-2018 fiscal year to develop and implement the new cybersecurity and risk management services to support public school cybersecurity and risk management service operations.
REPORT ON CURSIVE WRITING AND MULTIPLICATION TABLES

SECTION #. The State Board of Education and the Department of Public Instruction shall report to the Joint Legislative Education Oversight Committee by March 30, 2018, regarding the measures taken by each local school administrative unit to implement the requirements regarding cursive writing and memorization of the multiplication tables pursuant to G.S. 115C-81(k) and (l) and to ensure that those requirements are met.
"(f) Biannual Reports. – At the end of September and end of February of each school year, each local board of education, through the superintendent, shall file a report, based on information provided by the principal, for each school within the local school administrative unit with the Superintendent of Public Instruction. The report shall be filed in a format prescribed by the Superintendent of Public Instruction and shall include the organization for each school in the local school administrative unit, including the following information:

(1) For each class in each grade level at each school, the following:
   a. The duties of the teacher.
   b. The source of funds used to pay for the teacher.
   c. The number of students assigned to the class, including all exceptions to individual class size maximums in kindergarten through third grade that exist at that time.

(2) For each school, the following:
   a. The number of program enhancement teachers. For the purposes of this subdivision, program enhancement teachers are teachers who teach any of the following:
      1. Arts disciplines, including dance, music, theater, and the visual arts.
      2. Physical education and health programs.
      3. World languages.
   b. The source of funds used to pay each program enhancement teacher.

(3) The average class size for each grade from kindergarten through third grade in the local school administrative unit.

(3a) Any limitations on the capacity of school facilities for each school in the local school administrative unit that make it impracticable for the school to meet individual class size requirements for students in kindergarten through third grade without a school facility expansion.

(4) Any other information the Superintendent of Public Instruction may require.

The Superintendent of Public Instruction shall conduct periodic audits of the information reported by the local superintendent under this subsection to confirm the accuracy of reporting at the local school administrative unit and school level of the average and individual class size for students in kindergarten through third grade. If the Superintendent of Public Instruction finds that a local board of education is exceeding class size requirements without application to the State Board for an allotment adjustment or a waiver of those class size requirements, the State Board may impose the penalty set forth in subsection (j) of this section until such time the local board of education receives a waiver or the schools in the unit meet the class size requirements for kindergarten through third grade."
JOINT LEGISLATIVE TASK FORCE ON EDUCATION FINANCE REFORM

SECTION #.(a) There is created the Joint Legislative Task Force on Education Finance Reform (Task Force).

SECTION #.(b) The Task Force shall consist of nine members of the Senate appointed by the President Pro Tempore of the Senate and nine members of the House of Representatives appointed by the Speaker of the House of Representatives. The President Pro Tempore of the Senate and the Speaker of the House of Representatives shall each appoint a cochair of the Task Force from among its membership. These appointments shall be made no later than September 1, 2017.

It is expected that the makeup of the Task Force reflect geographic and urban/rural diversity. At least one member of the House of Representatives and at least one member of the Senate shall be from the minority party of their respective chambers.

SECTION #.(c) In consultation with the State Board of Education and the Department of Public Instruction, the Task Force shall study various weighted student formula funding models and develop a new funding model for the elementary and secondary public schools of North Carolina based on a weighted student formula. As a part of this process, the Task Force shall do all of the following:

1. Review the State's current public school allotment system and undertake an in-depth study of various types of weighted student formula funding models. In its study, the Task Force is encouraged to consider models used by other states.
2. Determine the base amount of funds that must be distributed on a per student basis to cover the cost of educating a student in the State.
3. Identify the student characteristics eligible for weighted funding and the associated weights for each of these characteristics.
4. Resolve the extent to which the base amount of funds to be distributed would be adjusted based on the characteristics of each local school administrative unit.
5. Decide which funding elements, if any, would remain outside the base of funds to be distributed under a weighted student formula.
6. Study other funding models for elementary and secondary public schools, including public charter schools, in addition to the weighted student funding formula.
7. Study funding models to provide children with disabilities with a free appropriate public education. This shall include a consideration of economies of scale, the advisability and practicality of capping additional funding for children with disabilities, and additional costs associated with services required for particular disabilities.
8. Study any other issue the Task Force considers relevant.
SECTION #.(d) The Task Force shall meet upon the call of its cochairs. A quorum of the Task Force is a majority of its members. No action may be taken except by a majority vote at a meeting at which a quorum is present. The Task Force, while in the discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and G.S. 120-19.1 through G.S. 120-19.4. The Task Force may contract for professional, clerical, or consultant services, as provided by G.S. 120-32.02. If the Task Force hires a consultant, the consultant shall not be a State employee or a person currently under contract with the State to provide services. Members of the Task Force shall receive per diem, subsistence, and travel allowance as provided in G.S. 120-3.1. The expenses of the Task Force shall be considered expenses incurred for the joint operation of the General Assembly.

SECTION #.(e) The Legislative Services Officer shall assign professional and clerical staff to assist the Task Force in its work. The Director of Legislative Assistants of the House of Representatives and the Director of Legislative Assistants of the Senate shall assign clerical support to the Task Force.

SECTION #.(f) Meetings of the Task Force shall begin no later than October 1, 2017. The Task Force shall submit a final report on the results of its study and development, including proposed legislation, to the Joint Legislative Education Oversight Committee on or before October 1, 2018, by filing a copy of the report with the Office of the President Pro Tempore of the Senate, the Office of the Speaker of the House of Representatives, the Joint Legislative Education Oversight Committee, and the Legislative Library. The Task Force shall terminate on October 1, 2018, or upon the filing of its final report, whichever comes first.
REQUESTED BY

ELIMINATE ANALYSIS OF STUDENT WORK PROCESS FOR TEACHER EVALUATIONS

SECTION #.(a) The State Board of Education shall eliminate the use of the analysis of student work process and shall prohibit use of an analysis of student work process to assess teacher performance and professional growth as part of the North Carolina Teacher Evaluation System.

SECTION #.(b) The consolidated State plan to be submitted by the State Board of Education and the Department of Public Instruction to the U.S. Department of Education as required by the Elementary and Secondary Education Act of 1965, 20 U.S.C. § 6301, et seq., as amended by the Every Student Succeeds Act, P.L. 114-95, shall reflect the requirements of subsection (a) of this section.

SECTION #.(c) G.S. 115C-296(e) reads as rewritten:

"(e) The State Board of Education shall develop a mentor program to provide ongoing support for teachers entering the profession. In developing the mentor program, the State Board shall conduct a comprehensive study of the needs of new teachers and how those needs can be met through an orientation and mentor support program. For the purpose of helping local boards to support new teachers, the State Board shall develop and distribute guidelines which address optimum teaching load, extracurricular duties, student assignment, and other working condition considerations. These guidelines shall provide that initially licensed teachers not be assigned extracurricular activities unless they request the assignments in writing and that other noninstructional duties of these teachers be minimized. The State Board shall develop and coordinate a mentor teacher training program. The State Board shall develop criteria for selecting excellent, experienced, and qualified teachers to be participants in the mentor teacher training program, including requiring that mentor teachers have been rated, through formal evaluations, at least at the "accomplished" level as part of the North Carolina Teacher Evaluation System and have met expectations for student growth System."

SECTION #.(d) G.S. 115C-296.11(b)(3) reads as rewritten:

"(3) Educator preparation programs shall ensure clinical educators who supervise students in residencies or internships meet the following requirements:

a. Be professionally licensed in the field of licensure sought by the student.

b. Have a minimum of three years of experience in a teaching role.

c. Have been rated, through formal evaluations, at least at the "accomplished" level as part of the North Carolina Teacher Evaluation System and have met expectations as part of student growth System in the field of licensure sought by the student."

SECTION #.(e) This section applies beginning with the 2017-2018 school year.
GENERAL ASSEMBLY OF NORTH CAROLINA
Session 2017

SPECIAL PROVISION

Department of Public Instruction
House Appropriations, Education

Requested by

SIXTH AND SEVENTH GRADE CTE PROGRAM EXPANSION GRANT PROGRAM

SECTION #(a) G.S. 115C-64.15 reads as rewritten:

"§ 115C-64.15. North Carolina Education and Workforce Innovation Commission.
...
(d1) The Commission shall develop and administer, in coordination with the State Board of Education and the Superintendent of Public Instruction, the Career and Technical Education Grade Expansion Program, as established under G.S. 115C-64.17, and shall make awards of grants under the Program.
(e) The Commission shall publish a report on the Education and Workforce Innovation Program and the Career and Technical Education Grade Expansion Program on or before April 30 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:

(1) An accounting of how funds and personnel resources were utilized for each program and their impact on student achievement, retention, and employability.

(2) Recommended statutory and policy changes.

(3) Recommendations for improvement of each program.

(4) For the Career and Technical Education Grade Expansion Program, recommendations on increasing availability of grants after the first two years of the program to include additional local school administrative units or providing additional grants to prior recipients."

SECTION #(b) Article 6C of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-64.17. The Career and Technical Education Grade Expansion Program.

(a) Program Establishment. – There is established the Career and Technical Education Grade Expansion Program (Program) to expand career and technical education (CTE) programs by prioritizing the inclusion of students in sixth and seventh grade through grant awards provided to selected local school administrative units for up to seven years. Funds appropriated for the Program shall be used to award competitive grants of (i) for the 2017-2018 fiscal year, up to seven hundred thousand dollars ($700,000) and (ii) for the 2018-2019 fiscal year and subsequent fiscal years, to the extent that those funds are available, up to one million dollars ($1,000,000) to be allocated to a selected local school administrative unit. Grant funds shall be used only for employing additional licensed personnel in career and technical education areas, career development coordination areas, and support service areas necessary for expanding the CTE program to sixth and seventh grade students. The funds may be used for CTE programs at one or more schools in the local school administrative unit. Grant funds allocated to the local school administrative unit each fiscal year under the Program shall not revert but shall be available for the purpose of the grant program until expended.
(b) Consideration of Factors in Awarding of Grants. – Local school administrative units applying for the Program shall submit an application that includes at least the following information:

(1) A plan for expansion of the CTE program to sixth and seventh grade students, including the specific programs that will be expanded, the significance of CTE in the local school administrative unit, and how a grade expansion would enhance the education program and the community.

(2) A request for the amount of funds, a description of how the funds will be used, and any other sources of funds available to accomplish the purposes of this program.

(3) A proposed budget for seven years that provides detail on the use of the amount of funds to add personnel, increase career development efforts, and provide support services.

(4) A strategy to achieve meaningful analysis of program outcomes due to the receipt of grant funds under this section.

(c) Selection of Recipients. – For the 2017-2018 fiscal year, the Commission shall accept applications for a grant until November 1, 2017. For subsequent fiscal years that funds are made available for the Program, the Commission shall accept applications for a grant until August 1 of each year. The Commission shall select recipients in a manner that considers diversity among the pool of applicants, including geographic location, location of industries in the area in which a local school administrative unit is located, and the size of the student population served by the unit, in order to award funds to the extent possible to grant recipients that represent different regions and characteristics of the State. The Commission shall recommend recipients of the grants to the State Board of Education. The State Board, upon consultation with the Superintendent of Public Instruction, shall approve the recipients of grant awards.

(d) Allocation of Funds. – Of the funds available for the Program in each fiscal year, the Commission shall first allocate funds to applicants who received grant funds for the prior fiscal year for up to seven years. After funds are allocated to prior fiscal year grant recipients, any remaining funds may be used by the Commission to select new grant recipients. The Commission, in consultation with the Superintendent of Public Instruction, shall establish rules regarding any requirements for grant recipients to continue eligibility to receive funds each fiscal year, including timely and accurate reporting as required under subsection (e) of this section.

(e) Reporting Requirements. – No later than August 1 of each year, for up to seven years after the initial grant award, a grant recipient shall submit to the Department of Public Instruction, Local Planning Systems Regional Services staff within the Division of Career and Technical Education, an annual report for the preceding year in which grant funds were expended that provides at least the following information on the program for sixth and seventh grade students:

(1) The use of grant funds, including the CTE programs and courses that have been expanded in the local school administrative unit to include sixth and seventh grade students.

(2) The number of students enrolled in CTE courses as part of the expansion.

(3) The number of students who subsequently enrolled in CTE courses in high school.

(4) The number of students who subsequently participated in internships, cooperative education, or apprenticeship programs.

(5) The number of students who subsequently earned (i) college credit and (ii) approved industry certification and credentials.
Any other information the Division of Career and Technical Education deems necessary.

The Superintendent of Public Instruction shall provide a report to the Commission by October 15 of each year based on the information reported to the Local Planning Systems Regional Services staff under this subsection, including how the grant recipients compare to CTE programs statewide and whether the programs are aligned with the Master Plan for Career and Technical Education adopted by the State Board."

SECTION #.(c) For the 2017-2019 fiscal biennium, the following funds shall be allocated to the North Carolina Education and Workforce Innovation Commission (Commission) established in G.S. 115C-64.15, as amended by Section # of this act, for the award of grants to grant recipients for the Career and Technical Education Grade Expansion Program in accordance with G.S. 115C-64.17, as enacted by this section:

(1) Of the funds appropriated by this act to the Department of Public Instruction for the 2017-2019 fiscal biennium, the Department shall allocate the sum of seven hundred thousand dollars ($700,000) each fiscal year to the Commission.

(2) Of the funds appropriated by this act for the At-Risk Student Services Alternative School Allotment for the 2018-2019 fiscal year, the Department of Public Instruction shall allocate the sum of three million five hundred thousand dollars ($3,500,000) for the 2018-2019 fiscal year to the Commission.

SECTION #.(d) The funds allocated to the Commission under subsection (c) of this section shall not revert at the end of each fiscal year but shall remain available until expended.
GENERAL ASSEMBLY OF NORTH CAROLINA
Session 2017

Requested by

TRANSFER EDUCATION AND WORKFORCE INNOVATION COMMISSION TO DPI

SECTION #.(a) The North Carolina Education and Workforce Innovation Commission (Commission) is hereby transferred to the Department of Public Instruction. This transfer shall have all of the elements of a Type II transfer, as described in G.S. 143A-6, except that the management functions of the Commission, except for the provision of technical assistance and administrative assistance, including staff, shall not be performed under the direction and supervision of the Department of Public Instruction.

SECTION #.(b) G.S. 115C-64.15(a) reads as rewritten:

"(a) There is created the North Carolina Education and Workforce Innovation Commission (Commission). The Commission shall be located administratively in the Office of the Governor but shall exercise all its prescribed powers independently of the Office of the Governor. Of the funds appropriated for the Education and Workforce Innovation Program established under G.S. 115C-64.16, up to two hundred thousand dollars ($200,000) ten percent (10%) of those funds each fiscal year may be used by the Office of the Governor to provide technical assistance and administrative assistance, including staff, to the Commission and for reimbursements and expenses for the Commission. Commission for the Education and Workforce Innovation Program and the Career and Technical Education Grade Expansion Program."

SECTION #.(c) Section 23.1(a) of S.L. 2014-100 reads as rewritten:

"SECTION 23.1. (a) Of the funds appropriated for the Education and Workforce Innovation Program, established under G.S. 115C-64.16, up to five percent (5%) each fiscal year may be used by the Office of the Governor to provide technical assistance and administrative assistance, including staff, to the Commission and reimbursement expenses for the Commission, and five percent (5%) each fiscal year shall be allocated to North Carolina New Schools Project. North Carolina New Schools Project shall use the funds to establish a peer learning network for all grantees to ensure high-quality implementation of grant programs that lead to strong results for students. The peer learning network shall (i) share effective practices and lessons learned among grantees; (ii) bring together grantee teachers and leaders for intensive development that sustains focus on instruction, academic rigor, and skills development; and (iii) benchmark grantee data against State and national standards. North Carolina New Schools Project shall also advise grantees in fund-raising."

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§ 115C-47. Powers and duties generally.

In addition to the powers and duties designated in G.S. 115C-36, local boards of education shall have the power or duty:

... (30) To Appoint Advisory Councils. – Local boards of education are authorized to appoint advisory councils as provided in G.S. 115C-55, G.S. 115C-55 and Article 10 of this Chapter.

... (34a) To Establish Work-Based Opportunities and Encourage High School to Work Partnerships. – Each local board of education shall offer at least two work-based learning opportunities that are related to career and technical education instruction in the local school administrative unit as required by G.S. 115C-157. Local boards of education shall also encourage high schools and local businesses to partner, specifically to target students who may not seek higher education, and facilitate high school to work partnerships. Local businesses shall be encouraged to work with local high schools to create opportunities for students to complete a job shadow, internship, or apprenticeship. Students may also be encouraged to tour the local business or clinic, meet with employees, and participate in career and technical student organizations. Waiver forms may be developed in collaboration with participating businesses for the protection of both the students and the businesses.

Each local board of education shall encourage high schools to designate the Career Development Coordinator or other designee of the local Career and Technical Education administrator to be the point person for local businesses to contact. If the person selected is a teacher, the teacher shall work with the principal and the local Career and Technical Education administrator to find time in the school day to contact businesses and develop opportunities for students. The high school shall include a variety of trades and skilled labor positions for students to interact with and shadow and shall encourage students who may be interested in a job-shadowing opportunity to pursue and set up the job shadow.

Each local board of education shall develop a policy with provisions for students who are absent from school while doing a job shadow to make up the work. Students shall not be counted as absent when participating in these work-based learning opportunities or in Career and Technical Education student organization activities. Local boards may determine maximum numbers of days to be used for job-shadowing activities.
SECTION #.(b) G.S. 115C-55 reads as rewritten:

"§ 115C-55. Advisory councils.

A board of education may appoint an advisory council for any school or schools within the local school administrative unit. The purpose and function of an advisory council shall be to serve in an advisory capacity to the board on matters affecting the school or schools for which it is appointed. The organization, terms, composition and regulations for the operation of such advisory council shall be determined by the board."

SECTION #.(c) G.S. 115C-81(a1) reads as rewritten:

"(a1) The Basic Education Program shall describe the education program to be offered to every child in the public schools. It shall provide every student in the State equal access to a Basic Education Program. Instruction shall be offered in the areas of arts, communication skills, physical education and personal health and safety, mathematics, media and computer skills, science, second languages, social studies, and vocational career and technical education.

Instruction in vocational career and technical education under the Basic Education Program shall be based on factors including:

(1) The integration of academic and vocational career and technical education;

(2) A sequential course of study leading to both academic and occupational competencies;

(3) Increased student work skill attainment and job placement;

(4) Increased linkages, where geographically feasible, between public schools and community colleges, so the public schools can emphasize academic preparation and the community colleges can emphasize specific job training;

(5) Instruction and experience, to the extent practicable, in all aspects of the industry the students are prepared to enter."

SECTION #.(d) G.S. 115C-81.1 reads as rewritten:

"§ 115C-81.1. Basic Education Program Funds not to supplant Local funds for schools.

It is the intent of the General Assembly that budget funds appropriated by the General Assembly for vocational career and technical education programs and clerical personnel to implement the Basic Education Program be used to supplement and not supplant existing State and local funding for the public schools. Therefore, to the extent that local school administrative units receive additional State funds for vocational career and technical education programs and clerical personnel positions that were previously funded in whole or in part with nonstate funds, the local governments shall continue to spend for public school operating or capital purposes in the local school administrative units the amount of money they would have spent to provide the vocational career and technical education programs and the school clerical personnel previously funded with nonstate funds.

Priority shall be given to funding capital needs, particularly those resulting from implementation of the Basic Education Program."

SECTION #.(e) Article 10 of Chapter 115C of the General Statutes reads as rewritten:

"Article 10.

"Vocational Career and Technical Education.


"§ 115C-151. Statement of purpose.

It is the intent of the General Assembly that vocational career and technical education be an integral part of the educational process. The State Board of Education shall administer through local boards of education a comprehensive program of vocational career and technical..."
education that shall be available to all students, with priority given to students in grades eight through 12, who desire it in the public secondary schools and middle schools of this State. The purposes of vocational and technical education in North Carolina public secondary schools shall be as follows:

(1) Occupational Skill Development. – To prepare individuals for paid or unpaid employment in recognized occupations, new occupations, and emerging occupations.

(2) Preparation for Advanced Education. – To prepare individuals for participation in advanced or highly skilled vocational and technical education.

(3) Career Development; Introductory. – To assist individuals in the making of informed and meaningful occupational choices.

It is also legislative intent to authorize the State Board of Education to support appropriate vocational and technical education instruction and related services for individuals who have special vocational and technical education needs which can be fulfilled through a comprehensive vocational and technical education program as designated by State Board of Education policy or federal vocational and technical education legislation.

§ 115C-152. Definitions.

The State Board of Education shall provide appropriate definitions to vocational and technical education programs, services, and activities in grades five through 12 not otherwise included in this Part. As used in this Part, the following definitions apply, unless the context requires otherwise:

(1) "Career development; introductory; or career awareness program" means an instructional program, service, or activity designed to familiarize individuals with the broad range of occupations for which special skills are required and the requisites for careers in such occupations. A career awareness program offered to elementary school students shall encourage students to explore career pathways and prepare students for the transition to middle school career planning.

(2) "Comprehensive vocational and technical education" means instructional programs, services, or activities directly related to preparation for and placement in employment, for advanced technical preparation, or for the making of informed and meaningful educational and occupational choices.

(3) "Occupational skill development" means a program, service, or activity designed to prepare individuals for paid or unpaid employment as semiskilled or skilled workers, technicians, or professional-support personnel in recognized occupations and in new and emerging occupations including occupations or a trade, technical, business, health, office, homemaking, homemaking-related, agricultural, marketing, and other nature. Instruction is designed to fit individuals for initial employment in a specific occupation or a cluster of closely related occupations in an occupational field. This instruction includes education in technology, manipulative skills, theory, auxiliary information, application of academic skills, and other associated knowledge, abilities.

(4) "Preparation for advanced education" means a program, service, or activity designed to prepare individuals for participation in advanced or highly skilled post-secondary and technical education programs leading to employment in specific occupations or a cluster of closely related occupations and for participation in vocational and technical education teacher education programs.
"§ 115C-153. Administration of vocational-career and technical education.

The State Board of Education shall be the sole State agency for the State administration of vocational-career and technical education at all levels, shall be designated as the State Board of Vocational Career and Technical Education, and shall have all necessary authority to cooperate with any and all federal agencies in the administration of national acts assisting vocational-career and technical education, to administer any legislation pursuant thereto enacted by the General Assembly of North Carolina, and to cooperate with local boards of education in providing vocational-career and technical education programs, services, and activities for youth and adults residing in the areas under their jurisdiction.

"§ 115C-154. Duties of the State Board of Education.

In carrying out its duties, the State Board of Education shall develop and implement any policies, rules, regulations, and procedures as necessary to ensure vocational-career and technical education programs of high quality. The State Board of Education shall prepare a Master Plan for Vocational Career and Technical Education. The plan, to be updated periodically, shall ensure that, at a minimum, the following activities are accomplished:

(1) Articulation shall occur with institutions, agencies, councils, and other organizations having responsibilities for work force preparedness.

(2) Business, industrial, agricultural, and lay representatives, including parents of students enrolled in Vocational and Technical Education courses, representatives organized as business advisory committees-councils under Part 4 of this Article have been utilized in the development of decisions affecting vocational-career and technical education programs and services.

(3) Public hearings are conducted annually to afford the public an opportunity to express their views concerning the State Board's plan and to suggest changes in the plan.

(4) The plan describes the State's policy for vocational-career and technical education and the system utilized for the delivery of vocational-career and technical education programs, services, and activities. The policy shall include priorities of curriculum, integration of vocational-career and academic education, technical preparation, and youth apprenticeships.

(5) A professionally and occupationally qualified staff is employed and organized in a manner to assure efficient and effective State leadership for vocational-career and technical education. Provisions shall be made for such functions as: planning, administration, supervision, personnel development, curriculum development, vocational-career and technical education student organization and coordination research and evaluation, and such others as the State Board may direct.

(6) An appropriate supply of qualified personnel is trained for program expansion and replacements through cooperative arrangements with institutions of higher education and other institutions or agencies, including where necessary financial support of programs and curriculums designed for the preparation of vocational-career and technical education administrators, supervisors, coordinators, instructors, and support personnel.

(7) Minimum standards shall be prescribed for personnel employed at the State and local levels.

(8) Local boards of education submit to the State Board of Education a local plan for vocational-career and technical education that has been prepared in accordance with the procedures set forth in the Master Plan for Vocational Career and Technical Education.
Appropriate minimum standards for vocational career and technical education programs, services, and activities shall be established, promulgated, supervised, monitored, and maintained. These standards shall specify characteristics such as program objectives, competencies, course sequence, program duration, class size, supervised on-the-job experiences, vocational career and technical education student organization, school-to-work transition programs, qualifications of instructors, and all other standards necessary to ensure that all programs conducted by local school administrative units shall be of high quality, relevant to student needs, and coordinated with employment opportunities.

A system of continuing qualitative and quantitative evaluation of all vocational career and technical education programs, services, and activities supported under the provisions of this Part shall be established, maintained, and utilized periodically. One component of the system shall be follow-up studies of employees and former students of vocational career and technical education programs who have been out of school for one year, and for five years to ascertain the effectiveness of instruction, services, and activities.

§ 115C-154.1. Approval of local vocational career and technical education plans or applications.

The State Board of Education shall not approve any local vocational board of education career and technical education plans or applications unless:

1. The programs are in accordance with the purposes of G.S. 115C-154-G.S. 115C-151.
2. The vocational career and technical education programs and courses are not duplicated within a local school administrative unit, unless the unit has data to justify the duplication or the unit has a plan to redirect the duplicative programs within three years.
3. For all current job skill programs, there is a documented need, based on labor market data or follow-up data, or there is a plan to redirect the program within two years.
4. New vocational career and technical education programs show documented need based on student demand, or for new job skill programs, based on student and labor market demand.
5. All programs are responsive to technological advances, changing characteristics of the work force, and the academic, technical, and attitudinal development of students.
6. The local board of education establishes a business advisory council in accordance with Part 4 of this Article. The local board of education shall submit information regarding ongoing consultation with the advisory council as part of the career and technical education local planning system maintained by the State Board of Education and the Department of Public Instruction.

Local programs using the cooperative vocational career and technical education method shall be approved subject to students enrolled being placed in employment commensurate with the respective program criteria.

§ 115C-154.2. Vocational Career and technical education equipment standards.

The State Board of Education shall develop equipment standards for each vocational career and technical education program level and shall assist local school administrative units in determining the adequacy of equipment for each vocational career and technical education program available in each local school administrative unit.
The State Board shall also develop a plan to assure that minimum equipment standards for each program are met to the extent that State, local, and federal funds are available for that purpose. The State Board shall consider all reasonable and prudent means to meet these minimum equipment standards and to ensure a balanced vocational–career and technical education program for students in the public schools.

"§ 115C-155. Acceptance of benefits of federal vocational–career and technical education acts."

The State of North Carolina, through the State Board of Education, may accept all the provisions and benefits of acts passed by the Congress of the United States providing federal funds for vocational–career and technical education programs: Provided, however, that the State Board of Education shall not accept those funds upon any condition that the public schools of this State shall be operated contrary to any provision of the Constitution or statutes of this State.

"§ 115C-156. State funds for vocational–career and technical education."

It is the intent of the General Assembly of North Carolina to appropriate funds for each fiscal year to support the purposes of vocational–career and technical education as set forth in G.S. 115C-151. From funds appropriated, the State Board of Education shall establish a sum of money for State administration of vocational–career and technical education and shall allocate the remaining sum on an equitable basis to local school administrative units, except that a contingency fund is established to correct excess deviations that may occur during the regular school year. In the administration of State funds, the State Board of Education shall adopt such policies and procedures as necessary to ensure that the funds appropriated are used for the purpose stated in this Part and consistent with the policy set forth in the Master Plan for Vocational Career and Technical Education.

"§ 115C-156.2. Industry certifications and credentials program."

(a) It is the intent of the State to encourage students to enroll in and successfully complete rigorous coursework and credentialing processes in career and technical education to enable success in the workplace. To attain this goal, to the extent funds are made available for this purpose, students shall be supported to earn State Board of Education approved industry certifications and credentials as follows:

1. Students enrolled in public schools and in career and technical education courses shall be exempt from paying any fees for one administration of examinations leading to industry certifications and credentials pursuant to rules adopted by the State Board of Education.
2. Each school year, at such time as agreed to by the Department of Commerce and the State Board of Education, the Department of Commerce shall provide the State Board of Education with a list of those occupations in high need of additional skilled employees. If the occupations identified in such list are not substantially the same as those occupations identified in the list from the prior year, reasonable notice of such changes shall be provided to local school administrative units.
3. Local school administrative units shall consult with their local industries, employers, business advisory councils, and workforce development boards to identify industry certification and credentials that the local school administrative unit may offer to best meet State and local workforce needs.

(b) Beginning in 2014, the State Board of Education shall report to the Joint Legislative Education Oversight Committee by September–November 15 of each year on the number of students in career and technical education courses who earned (i) community college credit and (ii) related industry certifications and credentials.

"§ 115C-157. Responsibility of local boards of education."
(a) Each local school administrative unit, shall provide free appropriate vocational career and technical education instruction, activities, and services in accordance with the provisions of this Part for all youth, with priority given to youth in grades eight through 12, who elect the instruction and shall have responsibility for administering the instruction, activities, and services in accordance with federal and State law and State Board of Education policies.

(b) Each local school administrative unit shall offer as part of its career and technical education program at least two work-based learning opportunities that are related to career and technical education instruction. A work-based learning opportunity shall consist of on-the-job training through an internship, cooperative education, or an apprenticeship program meeting the requirements of Chapter 94 of the General Statutes.

(c) Each local board of education is encouraged to implement a career awareness program for students in grade five to educate students on the career and technical education programs offered in the local school administrative unit. A local board of education that adopts a career awareness program for fifth grade students shall report on program activities and student outcomes from the prior school year to the State Board of Education by October 1 of each year. By November 15 of each year, the State Board shall submit a consolidated report to the Joint Legislative Education Oversight Committee on program outcomes and any legislative recommendations based on local board of education reports.

§ 115C-157.5. Extended year agriculture education program; evaluation of career and technical education agriculture teacher personnel.

Local boards of education shall provide career and technical education agriculture teacher personnel with adequate resources to provide a career and technical education agriculture education program for 12 calendar months, which includes work-based learning services and instructional and leadership development. A local board of education shall require that career and technical education agriculture teacher personnel who are employed for 12 calendar months, pursuant to G.S. 115C-302.1, are evaluated in the same manner as teachers evaluated in accordance with G.S. 115C-333 or 115C-333.1, as applicable.

§ 115C-158. Federal funds division.

The division between secondary and post-secondary educational systems and institutions of federal funds for which the State Board of Vocational Career and Technical Education has responsibility shall, within discretionary limits established by law, require the concurrence of the State Board of Education and the State Board of Community Colleges on and after January 1, 1981. The portion of the approved State Plan for post-secondary vocational career and technical education required by G.S. 115C-154 shall be as approved by the State Board of Community Colleges.

"Part 2. Vocational Career and Technical Education Production Work Activities.

§ 115C-159. Statement of purpose.

It is the intent of the General Assembly that practical work experiences within the school and outside the school, which are valuable to students and which are under the supervision of a teacher, should be encouraged as a part of vocational career and technical education instruction in the public secondary schools and middle schools when those experiences are organized and maintained to the best advantage of the vocational career and technical education programs. Those activities are a part of the instructional activities in the vocational career and technical education programs and are not to be construed as engaging in business. Those services, products, and properties generated through these instructional activities are exempt from the requirements of G.S. 115C-518; the local board G.S. 115C-518. Local boards of education shall adopt rules for the disposition of these services, products, and properties. Local boards of education may use available financial resources to support that instruction.

§ 115C-160. Definitions.
The State Board of Education shall provide appropriate definitions necessary to this part of vocational career and technical education instruction not otherwise included in this Part. As used in this Part, the following definitions apply, unless the context requires otherwise:

(1) The term "building trades training" means the development of vocational career skills through the construction of dwellings or other buildings and related activities by students in vocational career and technical education programs.

(2) The term "production work" means production activities and services performed by vocational students in career and technical education classes under contract with a second party for remuneration.

"§ 115C-161. Duties of the State Board of Education.

The State Board of Education is authorized and directed to establish, maintain, and implement such policies, rules, regulations, and procedures not in conflict with State law or other State Board policies as necessary to assist local boards of education in the conduct of production work experiences performed in connection with approved State Board of Education vocational career and technical education programs.

"§ 115C-162. Use of proceeds derived from production work.

Unless elsewhere authorized in these statutes, local boards of education shall deposit to the appropriate school account, no later than the end of the next business day after receipt of funds, all proceeds derived from the sale of products or services from production work experiences. These proceeds shall be established as a revolving fund to be used solely in operating and improving vocational career and technical education programs.

"§ 115C-163. Acquisition of land for agricultural education instructional programs.

Local boards of education may acquire by gift, purchase, or lease for not less than the useful life of any project to be conducted upon the premises, a parcel of land suitable for a land laboratory to provide students with practical instruction in soil science, plant science, horticulture, forestry, animal husbandry, and other subjects related to the agriculture curriculum.

Each deed, lease, or other agreement for land shall be made to the respective local board of education in which the school offering instruction in agriculture is located; and title to such land shall be examined and approved by the school local board of education's attorney.

Any land laboratory thus acquired shall be assigned to the agricultural education program of the school, to be managed with the advice of an agricultural education advisory committee, committee or a specialized subcommittee of a business advisory council as provided under Part 4 of this Article.

The products of the land laboratory not needed for public school purposes may be sold to the public: Provided, however, that all proceeds from the sale of products shall be deposited in the appropriate school account no later than the end of the next business day after receipt of funds. The proceeds shall be established as a revolving fund to be used solely in operating and improving vocational career and technical education programs.

"§ 115C-164. Building trades training.

In the establishment and implementation of production work experience policies, the State Board of Education shall be guided as follows:

(1) Local boards of education may use supplementary tax funds or other local funds available for the support of vocational career and technical education to purchase and develop suitable building sites on which dwellings or other buildings are to be constructed by vocational career and technical education trade classes of each public school operated by local boards of education. Local boards of education may use these funds for each school to pay the fees necessary in securing and recording deeds to these properties for each public school operated by local boards of education and to purchase all
materials needed to complete the construction of buildings by vocational career and technical education trade classes and for development of site and property by other vocational career and technical education classes. Local boards of education may use these funds to acquire skilled services, including electrical, plumbing, heating, sewer, water, transportation, grading, and landscaping needed in the construction and completion of buildings, that cannot be supplied by the students in vocational career and technical education trade classes.

(2) Local boards of education may, in conjunction with or in lieu of subdivision (1) of this section, contract with recognized building trades educational foundations or associations in the purchase of land for the construction and development of buildings: Provided however, that all contracts shall be in accordance with the requirements set forth by the State Board of Education.

"§ 115C-165. Advisory committee on production work activities.

The local board of education of each local school administrative unit in which the proposed production work activities are to be undertaken shall appoint appropriate workforce production advisory committees of no less than three persons residing within that administrative unit for each program (or in the case of Trade and Industrial Education, for each specialty) for the purpose of reviewing and making recommendations on such production work activities. Workforce production advisory committees, including agricultural education advisory committees under G.S. 115C-163, may be established as specialized subcommittees of the business advisory councils as provided under Part 4 of this Article. Respective advisory committee members shall be lay persons who are actively involved in the appropriate business or trade. No production work activity shall be undertaken without the involvement of the appropriate advisory committee.


"§ 115C-166. Eye protection devices required in certain courses.

The governing board or authority of any public or private school or educational institution within the State, wherein shops or laboratories are conducted providing instructional or experimental programs involving programs, shall provide for and require that every student and teacher wear industrial-quality eye protective devices at all times while participating in any such program that involves any of the following:

1. Hot solids, liquids or molten metals.
2. Milling, sawing, turning, shaping, cutting, or stamping of any solid materials.
3. Heat treatment, tempering, or kiln firing of any metal or other materials.
4. Gas or electric arc welding.
5. Repair or servicing of any vehicle.
6. Caustic or explosive chemicals or materials.

shall provide for and require that every student and teacher wear industrial-quality eye protective devices at all times while participating in any such program. These industrial-quality eye protective devices shall be furnished free of charge to the student and teacher.

"§ 115C-167. Visitors to wear eye safety devices.

Visitors to such shops and laboratories subject to the requirements of G.S. 115C-166 shall be furnished with and required to wear such industrial-quality eye safety protective devices while such instructional or experimental programs are in progress.

…


"§ 115C-170. Business advisory councils established; members; selection; duties.
(a) Purpose. – Each local board of education shall be assisted by a business advisory council in the performance of its duties to provide career and technical education instruction, activities, and services in accordance with this Article. The business advisory council shall serve local boards of education by identifying economic and workforce development trends related to the training and educational needs of the local community and advocating for strong, local career and technical education programs, including career pathway development that provides work-based learning opportunities for students and prepares students for post-secondary educational certifications and credentialing for high-demand careers. A business advisory council established under this Part may serve more than one local board of education in a region of the State upon the agreement of the members of the council and all of the local boards of education to be served by that council.

(b) Workforce Production Subcommittees. – A business advisory council may form a subcommittee of the council for the purposes of advising a local board of education on workforce production activities under Part 2 of this Article.

(c) Membership. – Each business advisory council shall have at least nine members. The council shall be composed of members who reasonably reflect the education, business, and community makeup of the local school administrative unit that it serves. A majority of the membership of the council shall be composed of business, industry, and community members appointed in accordance with subdivision (2) of this subsection, and the remaining members shall consist of education representatives as follows:

1. Education representatives. – The following members shall serve ex officio on the council to represent each local school administrative unit that the council serves:
   a. The superintendent of the local school administrative unit or his or her designee.
   b. The career and technical education program director of the local school administrative unit as a nonvoting member.
   c. The president of the community college that serves the area in which the local school administrative unit is located, in whole or in part, or his or her designee.
   d. A principal of a school located within the local school administrative unit, as assigned by the superintendent.

2. Business, industry, and community representatives. – At least five other members shall serve on the council to represent business and industry located within each local school administrative unit that the council serves and the community. Members shall be business, industry, and workforce and economic development stakeholders in the community, and community members, including any of the following:
   a. Local business and industry owners.
   b. Representatives from local manufacturing centers and factories.
   c. Human resource directors employed at businesses and industries in the community.
   d. Representatives from community-based organizations.
   e. Representatives from economic and workforce development organizations.
   f. Parents of students enrolled in career and technical education courses.
   g. Representative or manager of the local apprenticeship coalition.

(d) Initial Terms and Appointments. – Each local board of education shall make the initial appointment of members of the business advisory council under subdivision (2) of subsection (c) of this section for terms beginning January 1, 2018. The local board of education...
shall divide the initial appointments into three groups if there are only three appointments, and into four groups as equal in size as practicable if there are more than three appointments, and shall designate appointments in group one to serve four-year terms, in group two to serve three-year terms, in group three to serve two-year terms, and in group four to serve one-year terms.

(e) Subsequent Terms and Appointments. – As terms expire for members appointed as provided in subsection (d) of this section, the business advisory council shall appoint subsequent members of the business advisory council under subdivision (2) of subsection (c) of this section for four-year terms. The local board of education shall establish a policy on the appointment of subsequent members to the council, including procedures for increasing the number of members serving on the council. Any vacancies in seats appointed to the council shall be filled by the remaining members of the council.

(f) Council Secretary. – The career and technical education program director shall serve as secretary to the council. If the council serves more than one local board of education, the program director of each local school administrative unit shall serve as secretary for a period of time as determined by the members of the council.

(g) Bylaws. – Each business advisory council shall adopt bylaws establishing procedures for conducting the business of the council, which shall include at least the following:

(1) A chair of the business advisory council shall be elected annually by the members of the council from among the business and industry representative members of the council.

(2) A majority of the members shall constitute a quorum.

(3) The business advisory council shall meet at least biannually.

(4) The chair or three of the members may call a special meeting of the council.

(5) Procedures for appointing members to the council that are consistent with the policy adopted by the local board of education under subsection (d) of this section.

(h) Public Records. – A business advisory council is subject to the Public Records Act, Chapter 132 of the General Statutes, and the Open Meetings Law, Article 33C of Chapter 143 of the General Statutes.

(i) Expenses. – The local board of education shall provide for meeting space and assignment of necessary administrative staff to the business advisory council.

SECTION #.(f) G.S. 115C-174.25 reads as rewritten:

"§ 115C-174.25. WorkKeys.
To the extent funds are made available for this purpose, the State Board shall plan for and require local school administrative units to make available the appropriate WorkKeys tests for all students who complete the second level of vocational/career concentration in career and technical education courses."

SECTION #.(g) G.S. 115C-302.1 reads as rewritten:


(b) Salary Payments. – State-allotted teachers shall be paid for a term of 10 months. Except for career and technical education agriculture teacher personnel positions as provided for in this subsection, State-allotted months of employment for vocational/career and technical education to local boards shall be used for the employment of teachers of vocational/career and technical education for a term of employment to be determined by the local boards of education. However, local boards shall not reduce the term of employment for any vocational agriculture teacher personnel position that was 12 calendar months for the 1982-83 school year for any school year thereafter. In addition, local boards shall not reduce the term of employment for any vocational agriculture teacher personnel position that was 12 calendar..."
months for the 2003-2004 school year for any school year thereafter. Beginning with the 2018-2019 school year, career and technical education agriculture teacher personnel positions serving students in grades nine through 12 shall be for a term of employment for 12 calendar months. A local board of education may fund these positions using any combination of State funds, local funds, or any other funds available to the local board.

Each local board of education shall establish a set date on which monthly salary payments to State-allotted teachers shall be made. This set pay date may differ from the end of the month of service. The daily rate of pay for teachers shall equal midway between one twenty-first and one twenty-second of the monthly rate of pay. Except for teachers employed in a year-round school or paid in accordance with a year-round calendar, or both, the initial pay date for teachers shall be no later than August 31 and shall include a full monthly payment. Subsequent pay dates shall be spaced no more than one month apart and shall include a full monthly payment.

Teachers may be prepaid on the monthly pay date for days not yet worked. A teacher who fails to attend scheduled workdays or who has not worked the number of days for which the teacher has been paid and who resigns, is dismissed, or whose contract is not renewed shall repay to the local board any salary payments received for days not yet worked. A teacher who has been prepaid and continues to be employed by a local board but fails to attend scheduled workdays may be subject to dismissal under G.S. 115C-325 or other appropriate discipline.

Any individual teacher who is not employed in a year-round school may be paid in 12 monthly installments if the teacher so requests on or before the first day of the school year. The request shall be filed in the local school administrative unit which employs the teacher. The payment of the annual salary in 12 installments instead of 10 shall not increase or decrease the teacher's annual salary nor in any other way alter the contract made between the teacher and the local school administrative unit. Teachers employed for a period of less than 10 months shall not receive their salaries in 12 installments.

Notwithstanding this subsection, the term "daily rate of pay" for the purpose of G.S. 115C-12(8) or for any other law or policy governing pay or benefits based on the teacher salary schedule shall not exceed one twenty-second of a teacher's monthly rate of pay.

... 

(b2) Waiver of 12 Months of Employment for Career and Technical Education Agriculture Teacher Personnel. – Notwithstanding subsection (b) of this section, a local board of education may apply on an annual basis to the Department of Public Instruction and the North Carolina State University, Agricultural and Extension Education, for a waiver of the months of employment requirement for any upcoming school year when it is impracticable for the local board to provide adequate funds to support 12 months of employment for career and technical agriculture teachers.

(c) Vacation. – Included within the 10-month term shall be annual vacation leave at the same rate provided for State employees, computed at one-twelfth of the annual rate for State employees for each month of employment. Local boards shall provide at least 10 days of annual vacation leave at a time when students are not scheduled to be in regular attendance. However, instructional personnel who do not require a substitute may use annual vacation leave on days that students are in attendance. Vocational, Career and technical education teachers who are employed for 11 or 12 months may, with prior approval of the principal, work on annual vacation leave days designated in the school calendar and may use those annual vacation leave days during the eleventh or twelfth month of employment. Local boards of education may adopt policies permitting instructional personnel employed for 11 or 12 months in year-round schools to, with the approval of the principal, take vacation leave at a time when students are in attendance; local funds shall be used to cover the cost of substitute teachers.

On a day that pupils are not required to attend school due to inclement weather, but employees are required to report for a workday, a teacher may elect not to report due to
hazardous travel conditions and to take an annual vacation day or to make up the day at a time agreed upon by the teacher and the teacher's immediate supervisor or principal. On a day that school is closed to employees and pupils due to inclement weather, a teacher shall work on the scheduled makeup day.

All vacation leave taken by the teacher will be upon the authorization of the teacher's immediate supervisor and under policies established by the local board of education. Annual vacation leave shall not be used to extend the term of employment.

Notwithstanding any provisions of this subsection to the contrary, no person shall be entitled to pay for any vacation day not earned by that person.

SECTION #.(h) G.S. 115C-426(f)(2) reads as rewritten:

"(2) The acquisition, construction, reconstruction, enlargement, renovation, or replacement of buildings and other structures, including but not limited to buildings for classrooms and laboratories, physical and vocational career and technical educational purposes, libraries, auditoriums, gymnasiums, administrative offices, storage, and vehicle maintenance."

SECTION #.(j) Local school administrative units are encouraged to complete the application process for the NCWorks Work Ready Certified Communities initiative in cooperation with local workforce development boards, local economic development boards, chambers of commerce, business and industry employers, and local community college leaders. The NCWorks Certified Work Ready Communities initiative encourages local participation to assist with the following:

1. Informing business and industry employers on the foundational skills necessary for a productive workforce and providing a method for employers to communicate their needs.
2. Providing individuals with an understanding on the skills required by employers and how to prepare for success.
3. Providing reliable data for the evaluation of the skills gap in a timely manner at the national, State, and local levels.
4. Informing educators on how to close the skills gap using tools integrated into career pathways with stackable industry-recognized credentials.
5. Providing economic developers an on-demand reporting tool to market the quality of their workforce.

SECTION #.(k) Of the funds appropriated by this act to the Department of Public Instruction for the 2017-2019 fiscal biennium, the Department shall establish two new full-time equivalent positions within the Division of Career and Technical Education dedicated to assisting local school administrative units in developing business advisory councils in accordance with Part 4 of Article 10 of Chapter 115C of the General Statutes, as enacted by subsection (e) of this section, local career pathways, work-based learning opportunities, and elementary school career awareness curriculum.

SECTION #.(l) Subsections (a) through (h) of this section apply beginning with the 2017-2018 school year.
GENERAL ASSEMBLY OF NORTH CAROLINA
Session 2017

Requested by

DEPARTMENT OF PUBLIC INSTRUCTION
House Appropriations, Education

ESTABLISH B-3 INTERAGENCY COUNCIL

SECTION #.(a) Chapter 115C of the General Statutes is amended by adding a new Article to read:

"Article 6D.
"B-3 Interagency Council.

§ 115C-64.25. Establishment and membership of B-3 Interagency Council.

(a) There is established the B-3 Interagency Council. The Council is a joint council between the Department of Health and Human Services and the Department of Public Instruction and shall consist of 12 voting members and four nonvoting advisory members as follows:

(1) The Superintendent of Public Instruction or the Superintendent's designee shall serve ex officio, with the same rights and privileges, including voting rights, as other members.

(2) The Associate Superintendent of Early Education at the Department of Public Instruction shall serve ex officio, with the same rights and privileges, including voting rights, as other members.

(3) The Secretary of Health and Human Services or the Secretary's designee shall serve ex officio, with the same rights and privileges, including voting rights, as other members.

(4) The Deputy Secretary of Human Services at the Department of Health and Human Services shall serve ex officio, with the same rights and privileges, including voting rights, as other members.

(5) Four public members appointed by the Speaker of House of Representatives who represent organizations that focus on early childhood education and development such as Smart Start and First School.

(6) Four public members appointed by the President Pro Tempore of the Senate who represent organizations that focus on early childhood education and development such as Smart Start and First School.

(7) Two members of the House of Representatives appointed by the Speaker of the House of Representatives to serve as nonvoting advisory members.

(8) Two members of the Senate appointed by the President Pro Tempore of the Senate to serve as nonvoting advisory members.

The Deputy Secretary of Human Services and the Associate Superintendent of Early Education shall serve as cochairs of the Council. Members of the Council shall receive per diem, subsistence, and travel allowance as provided in G.S. 120-3.1, 138-5, or 138-6, as appropriate.

(b) Terms for all public members and advisory members except for the initial appointments shall be for four years. Two of the public members appointed by the Speaker of the House of Representatives pursuant to subdivision (5) of subsection (a) of this section and one of the advisory members appointed by the Speaker of the House of Representatives...
pursuant to subdivision (7) of subsection (a) of this section shall be appointed for an initial term of two years. Two of the public members appointed by the President Pro Tempore of the Senate pursuant to subdivision (6) of subsection (a) of this section and one of the advisory members appointed by the President Pro Tempore of the Senate pursuant to subdivision (8) of subsection (a) of this section shall be appointed for an initial term of two years. Terms for members shall begin on November 1. Members shall serve until their successors are appointed. Any vacancy in the membership of the Council shall be filled in the same manner as the original appointment.

(c) The Council shall have as its charge establishing a vision and accountability for a birth through grade three system of early education that addresses all of the following:

1. Standards and assessment.
2. Data-driven improvement and outcomes, including shared accountability measures such as the NC Pathways to Grade-Level Reading.
3. Teacher and administrator preparation and effectiveness.
4. Instruction and environment.
5. Transitions and continuity.
6. Family engagement.
7. Governance and funding.

§ 115C-64.26. Powers and duties of B-3 Interagency Council.

The B-3 Interagency Council shall have the following powers and duties:

1. Facilitating the development and implementation of an interagency plan for a coordinated system of early care, education, and child development services with a focus on program outcomes in satisfying the developmental and educational needs of all children from birth to eight years of age that includes at least the following:
   a. Any recommendations to the Secretary of Health and Human Services and the Superintendent of Public Instruction on necessary organizational changes needed within the Departments of Health and Human Services and Public Instruction to be more responsive to and supportive of the birth to grade three continuum of early learning and development in an effort to optimize learning gains realized in the prekindergarten years.
   b. An early childhood information system that facilitates and encourages the sharing of data between and among early childhood service providers and State agencies.
   c. An early childhood accountability plan that includes identification of appropriate population indicators and program and system performance measures of early success of children such as the NC Pathways to Grade-Level Reading.

2. Implementing a statewide longitudinal evaluation of the educational progress of children from prekindergarten programs through at least grade three.

3. Collaborating with the Department of Public Instruction, the Department of Health and Human Services, the North Carolina Partnership for Children, and other relevant early childhood stakeholders, including members of the North Carolina Early Childhood Advisory Council, to achieve the goal of a coordinated system of early care, education, and child development services for children from birth to eight years of age.

§ 115C-64.27. Reporting requirement.

The Deputy Secretary of Human Services and the Associate Superintendent of Early Education shall report on a quarterly basis to the Secretary of Health and Human Services and
the Superintendent of Public Instruction on the progress and implementation of any of the
duties and responsibilities of the Council as set forth in this Article.

§115C-64.28. Establish position of Associate Superintendent of Early Education to serve
as chief academic officer of early education.

(a) There is established within the Department of Public Instruction the position of
Associate Superintendent of Early Education who shall serve as the chief academic officer of
early education. The Associate Superintendent shall have professional, administrative,
technical, and clerical personnel as may be necessary to assist in carrying out his or her duties.
The Associate Superintendent shall co-lead the work of the B-3 Interagency Council and
oversee the Department of Public Instruction’s prekindergarten through third grade initiatives.
(b) The Associate Superintendent shall be appointed by the Superintendent of Public
Instruction at a salary established by the Superintendent of Public Instruction within the funds
appropriated for that purpose. The Associate Superintendent may be removed from the position
by the Superintendent of Public Instruction in the event of the Associate Superintendent’s
incapacity to serve. The Associate Superintendent shall be exempt from the provisions of
Chapter 126 of the General Statutes, except for Articles 6 and 7 of Chapter 126 of the General
Statutes.

All other staff shall be appointed, supervised, and directed by the Associate Superintendent
and shall be subject to the provisions of Chapter 126 of the General Statutes. Except for the
Associate Superintendent, salaries and compensation of all staff personnel shall be fixed in the
manner provided by law for fixing and regulating salaries and compensation by other State
agencies.

SECTION #.(b) G.S. 126-5(c1) is amended by adding a new subdivision to read:
"(35) The Associate Superintendent of Early Education who serves as chief
academic officer of early education."

SECTION #.(c) The B-3 Interagency Council, established under G.S. 115C-64.25,
as enacted by this section, shall undertake a rigorous review of the recommendations developed
by the Departments of Health and Human Services and Public Instruction, pursuant to Section
12B.5 of S.L. 2016-94, on (i) the development and implementation of a statewide vision for
early childhood education and (ii) the development and implementation of a program for
transitioning children from preschool to kindergarten. In its review, the B-3 Interagency
Council shall report to the General Assembly and the Governor suggested modifications, if any,
to those recommendations. The B-3 Interagency Council shall also, if deemed necessary, make
suggestions on alternative organizational structures to achieve greater efficiency and effective
delivery of early childhood services, including a consolidation and restructuring of State
agency divisions and offices located within the Department of Public Instruction and the
Department of Health and Human Services into a centralized agency or office. The Council
shall consider at least the following in conducting the review and study:

(1) The delivery of educational services to young children and their families to
ensure optimal learning for each young child.
(2) The collaboration and sharing of data elements necessary to perform quality
assessments and longitudinal analysis across early childhood education and
development services.
(3) The coordination of a comprehensive statewide system of professional
development for providers and staff of early care and education and child
development programs and services.
(4) Areas of duplication in regulating and monitoring of early care and
education and child development programs and services.
(5) The coordination and support of public and private partnerships to aid early
childhood initiatives.
SECTION #.(d) By April 15, 2018, the B-3 Interagency Council shall submit a report to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight Committee on Health and Human Services, and the Joint Legislative Commission on Governmental Operations on the initial results of the review and study required under subsection (c) of this section. By February 15, 2019, the B-3 Interagency Council shall submit a report to the Joint Legislative Education Oversight Committee, the Joint Legislative Oversight Committee on Health and Human Services, and the Joint Legislative Commission on Governmental Operations on (i) the final results of the review and study, including its recommendations and any proposed legislation, and (ii) progress on the development and implementation of a plan for a coordinated system of early care, education, and child development services and any other activities prescribed under G.S. 115C-64.26, as enacted by this section.

SECTION #.(e) Notwithstanding G.S. 115C-64.28, the Superintendent of Public Instruction shall appoint an Associate Superintendent of Early Education within 60 days of the date this section becomes law.

SECTION #.(f) Notwithstanding G.S. 115C-64.27, as enacted by this section, the B-3 Interagency Council shall submit its initial quarterly report to the Superintendent of Public Instruction and the Secretary of the Department of Health and Human Services by May 15, 2018.
§ 115C-105.25. Budget flexibility.

(a) Consistent with improving student performance, a local board shall provide maximum flexibility to schools in the use of funds to enable the schools to accomplish their goals.

…

(c) To ensure that parents, educators, and the general public are informed on how State funds have been used to address local educational priorities, each local school administrative unit shall publish the following information on its Web site by October 15 of each year:

…

(3) A description of each allotment transfer that increased or decreased the initial allotment amount by more than five percent (5%) and the (5%), including all of the following information:

a. The amount of the transfer.

b. The allotment category into which the funds were transferred.

c. The object code for the funds following the transfer.

d. A description of any teacher positions fully or partially funded as a result of the transfer, including all subject areas taught by the teacher in the position.

e. The educational priorities that necessitated the transfer.

…

(d) No later than December 1 of each year, the Department of Public Instruction shall collect the information reported by local school administrative units pursuant to subdivision (3) of subsection (c) of this section and report the aggregated information to the Joint Legislative Education Oversight Committee and the Fiscal Research Division."
DIGITAL LEARNING PLAN/PROGRAMS/FUNDS

SECTION #.(a) As part of continuing the implementation of the Digital Learning Plan in North Carolina in accordance with Section 8.23 of S.L. 2016-94, the State Board of Education, the Department of Public Instruction, the Friday Institute for Educational Innovation at North Carolina State University (Friday Institute), and The University of North Carolina educator preparation programs shall collaborate with an experienced provider to develop and implement a comprehensive professional development strategy and solution for teachers and for students in UNC educator preparation programs for the use of technology and digital resources as teaching tools for K-12 students. Selection of an experienced provider shall be determined through a competitive process. The professional development strategy and solution may include the following:

1. Measurement of the technological and pedagogical skills of each teacher or teacher candidate, including a detailed individual teacher skills proficiency report that identifies strengths and gaps according to the International Society for Technology in Education (ISTE) standards for teachers.

2. Utilization of the individual teacher skills proficiency reports to create a personalized professional development plan that will promote understanding, leverage varied instructional strategies, and hone teacher technical and pedagogical skills.

3. Delivery of professional development that is flexible and allows teachers to engage in an "anytime, anyplace" professional development experience utilizing various modalities, including face-to-face, Web-based, and prerecorded on-demand videos and content to ensure the greatest possible coverage and convenience for teachers and teacher candidates. Each professional development session should provide the teacher with a workshop, classroom takeaway or reflection on best practices, and a self-assessment.

SECTION #.(b) The State Board of Education, the Department of Public Instruction, the Friday Institute, UNC educator preparation programs, and local boards of education of local school administrative units located within counties determined to be the most economically distressed by the Department of Commerce shall collaborate with an experienced provider to implement student digital literacy instruction in kindergarten through eighth grade. Selection of an experienced provider shall be determined through a competitive process. The curriculum shall be aligned with the ISTE and North Carolina digital literacy standards and shall meet all of the following conditions:

1. Provide opportunity for students to learn essential digital literacy skills, including computer fundamentals, computational thinking, keyboarding, digital citizenship and online safety, Web browsing, e-mail and online communication, visual mapping, word processing, spreadsheets, databases, and presentations.
(2) Provide teachers with the ability to measure student digital literacy growth.

(3) Be accessible entirely online, require no special software to be installed on an electronic device, and operate on multiple operating systems and hardware platforms, including desktops, laptops, and tablets.

(4) Support multiple implementation strategies, including self-paced and teacher-facilitated approaches.

(5) Be age appropriate and include automatically scored lessons, quizzes, and games and provide teachers with a complete scope and sequence along with grade-level pacing calendars.

(6) Facilitate Project-Based Learning (PBL), including preassembled projects for K-8 students so that educators can integrate instruction of digital literacy into core subjects, such as mathematics, English language arts, science, and social studies.

(7) Be specifically designed with the scope and sequence to prepare students for next generation, online assessments that include preassessment and the ability to auto-prescribe content to each individual student.

(8) Enable teachers to assign sequences of instruction to classes, groups of students, or individual students.

(9) Be capable of implementation in a wide variety of instructional settings, including computer or media labs, or in a classroom setting using various educational technology deployment strategies, such as laptop carts, Bring Your Own Device (BYOD), or 1:1 technology initiatives.

(10) Provide teachers with instructional support and supplemental and extension options.

(11) Accommodate English language learners with Spanish language instruction.

SECTION #.(c) Of the six million two hundred twenty thousand dollars ($6,220,000) in recurring funds appropriated to the Department of Public Instruction to accelerate implementation of the State's Digital Learning Plan, as set out in S.L. 2016-94, beginning with the 2017-2018 fiscal year, the Department shall use up to one million eight hundred thousand dollars ($1,800,000) to implement the requirements of this section.
REQUESTED BY

AUDIT OF THE DEPARTMENT OF PUBLIC INSTRUCTION

SECTION #. The Superintendent of Public Instruction shall select an independent research organization for the 2017-2018 fiscal year to conduct an organizational, functional, and business-process audit of the Department of Public Instruction. No later than May 1, 2018, the Department shall submit a report to the General Assembly, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division with the results of the audit including, at a minimum, all of the following information:

1. Identification of cost saving measures that could be implemented within the Department.
2. A statement regarding the minimum funding necessary to ensure that federal grant funds do not constitute more than fifty percent (50%) of the budget of the Department.
3. All maintenance of effort requirements related to federal grants administered by the Department and the financial impact of failing to meet those requirements.
4. Any recommendations for legislative action.
SCHOOL PERFORMANCE GRADES/ESSA COMPLIANCE

SECTION 7.26.(a) G.S. 115C-12(9)c1. reads as rewritten:

c1. To issue an annual "report card" for the State and for each local
school administrative unit, assessing each unit's efforts to improve
student performance based on the growth in performance of the
students in each school and taking into account progress over the
previous years' level of performance and the State's performance in
comparison with other states. This assessment shall take into account
factors that have been shown to affect student performance and that
the State Board considers relevant to assess the State's efforts to
improve student performance. As a part of the annual "report card" for each local school administrative unit, unit shall include the
following:

1. For all schools, the State Board shall award, in accordance
with G.S. 115C-83.15, an overall numerical school
achievement, growth, and performance score; achievement
and school growth scores on a scale of zero to 100 and a
separate corresponding performance letter grade; grades of A,
B, C, D, or F for both the school achievement and school
growth earned by each school within the local school
administrative unit. The school performance score and
grades shall reflect student performance on annual subject-specific assessments, college and workplace
readiness measures, and graduation rates, promotion
rates, course offerings, and student progress in achieving
English language proficiency. In addition, the State Board
shall award separate scores and grades for the following:

I. Subgroup achievement and subgroup growth
   calculated pursuant to G.S. 115C-83.15.

II. For schools serving students in any grade from
   kindergarten to eighth grade, separate performance
   scores and grades shall also be awarded based on the
   school performance—achievement and growth in
   reading and mathematics respectively. The annual
   "report card" for

2. For schools serving students in third grade also shall include
   grade the number and percentage of third grade students who
   (i) take and pass the alternative assessment of reading
   comprehension; (ii) were retained in third grade for not
demonstrating reading proficiency as indicated in
G.S. 115C-83.7(a); and (iii) were exempt from mandatory
third grade retention by category of exemption as listed in G.S. 115C-83.7(b). The annual "report card" for
3. For high schools shall also include schools, measures of Advanced Placement course participation and participation, Cambridge Advanced International Certificate of Education (AICE) Program participation, and International Baccalaureate Diploma Programme participation and Advanced Placement, Cambridge AICE, and International Baccalaureate examination participation and performance."

SECTION 7.26.(b) G.S. 115C-47(58) reads as rewritten:
"(58) To Inform the Public About the North Carolina School Report Cards Issued by the State Board of Education. – Each local board of education shall ensure that the report card issued for it by the State Board of Education receives wide distribution to the local press or is otherwise provided to the public. Each local board of education shall ensure that the overall school performance scores and grade earned by each school in the local school administrative unit for the current and previous four school years is prominently displayed on the Web site of the local school administrative unit. If any school in the local school administrative unit is awarded a school achievement or school growth grade of D or F, the local board of education shall provide notice of the grade in writing to the parent or guardian of all students enrolled in that school."

SECTION 7.26.(c) G.S. 115C-83.15 reads as rewritten:
"§ 115C-83.15. School achievement, growth, performance scores, and grades.
(a) School Scores and Grades. – The State Board of Education shall award school achievement, growth, and performance scores and grades as required by G.S. 115C-12(9)c1., and calculated as provided in this section. The State Board of Education shall enter all necessary data into the Education Value-Added Assessment System (EVAAS) in order to calculate school performance scores and grades.
(b) Calculation of the School Achievement Score. – In calculating the overall school achievement score earned by schools, the State Board of Education shall total the sum of points earned by a school on as follows:
(1) For schools serving any students in kindergarten through eighth grade, the State Board shall assign points on all of the following indicators that are measured-achievement elements for that school:
(1a) One point for each percent of students who score at or above proficient on annual assessments for mathematics in grades three through eight.
(1b) One point for each percent of students who score at or above proficient on annual assessments for reading in grades three through eight.
(1c) One point for each percent of students who score at or above proficient on annual assessments for science in grades five and eight.
(d) One point for each percent of students who progress in achieving English language proficiency on annual assessments in grades three through eight.
(e) One point for each percent of students who are promoted from the third grade to the fourth grade within four years of a student entering kindergarten.
f. One point for each percent of students who are promoted from the eighth grade to the ninth grade within three years of a student entering sixth grade.

g. Points assigned for a school that offers certain subject-area courses as follows:
   1. For schools serving kindergarten through grade five:
      I. 25 points if a school offers at least one course in arts disciplines, including dance, music, theater, and the visual arts.
      II. 50 points if a school offers at least one course in physical education and health.
      III. 25 points if a school offers at least one course in world languages.
   2. For schools serving grades six through eight:
      I. 20 points if a school offers at least one course in arts disciplines, including dance, music, theater, and the visual arts.
      II. 40 points if a school offers at least one course in physical education and health.
      III. 20 points if a school offers at least one course in world languages.
      IV. 20 points if a school offers at least one course in career and technical education.

(2) For schools serving any students in ninth through twelfth grade, the State Board shall assign points on all of the following achievement elements for that school:

   (4)a. One point for each percent of students who score at or above proficient on the Algebra I or Integrated Math I end-of-course test.
   (5)b. One point for each percent of students who score at or above proficient on the English II end-of-course test.
   (6)c. One point for each percent of students who score at or above proficient on the Biology end-of-course test.
   (7)d. One point for each percent of students who complete Algebra II or Integrated Math III with a passing grade.
   (8)e. One point for each percent of students who achieve the minimum score required for admission into a constituent institution of The University of North Carolina on a nationally normed test of college readiness.
   (9)f. One point for each percent of students enrolled in Career and Technical Education courses who meet the standard when scoring at Silver, Gold, or Platinum levels on a nationally normed test of workplace readiness.
   (10)g. One point for each percent of students who graduate within four years of entering high school.
   h. One point for each percent of students who progress in achieving English language proficiency.
   i. Points assigned for a school that offers certain subject-area courses as follows:
      1. 20 points if a school offers at least one course in arts disciplines, including dance, music, theater, and the visual arts.
2. 40 points if a school offers at least one course in physical education and health.
3. 20 points if a school offers at least one course in world languages.
4. 20 points if a school offers at least one course in career and technical education.

In calculating the overall school achievement score earned by schools, the State Board of Education shall (i) use a composite approach to weigh the achievement elements based on the number of students measured by any given achievement element and (ii) proportionally adjust the scale to account for the absence of a school achievement element, except for subject-area course offerings under sub-subdivision g. of subdivision (1) of this subsection and sub-subdivision i. of subdivision (2) of this subsection, for award of scores to a school that does not have a measure of one of the school achievement elements annually assessed for the grades taught at that school. The overall school achievement score shall be translated to a 100-point scale and used for school reporting purposes as provided in G.S. 115C-12(9)c1., 115C-218.65, 115C-238.66, and 116-239.8.

(c) Calculation of the School Growth Score. – Using EVAAS, the State Board shall calculate the overall school growth score earned by schools. In calculating the total school growth score earned by schools, the State Board of Education shall weight student growth on the achievement indicators elements as provided in subsection (b) of this section that have available growth values. The numerical values used to determine whether a school has met, exceeded, or has not met expected growth shall be translated to a 100-point scale and used for school reporting purposes as provided in G.S. 115C-12(9)c1., 115C-218.65, 115C-238.66, and 116-239.8.

(d) Calculation of the School Performance Scores and Grades. – The State Board of Education shall use EVAAS to calculate the school performance score by adding the school achievement score, as provided in subsection (b) of this section, and the school growth score, as provided in subsection (c) of this section, earned by a school. The school achievement score shall account for eighty percent (80%), and the school growth score shall account for twenty percent (20%) of the total sum. If a school has met expected growth and inclusion of the school's growth score reduces the school's performance score and grade, a school may choose to use the school achievement score solely to calculate the performance score and grade.

Grades for School Achievement and School Growth. – For all schools, the total school performance score-school achievement score, as provided in subsection (b) of this section, and the school growth score, as provided in subsection (c) of this section, shall each be converted by the State Board of Education to a 100-point scale and used to determine a school performance grade, two separate grades, one for school achievement and one for school growth, based on the following scale:

(1) A school performance score of at least 90-85 is equivalent to an overall school performance an achievement or growth grade of A.
(2) A school performance score of at least 80-70 is equivalent to an overall school performance an achievement or growth grade of B.
(3) A school performance score of at least 70-55 is equivalent to an overall school performance an achievement or growth grade of C.
(4) A school performance score of at least 60-40 is equivalent to an overall school performance an achievement or growth grade of D.
(5) A school performance score of less than 60 points 40 is equivalent to an overall school performance an achievement or growth grade of F.

(d1) Calculation of Subgroup Scores and Grades. – In addition to the school achievement and growth scores and grades awarded under this section, for each school that serves a minimum number of students in a subgroup of students listed in this subsection, the State Board
of Education shall use EVAAS to calculate subgroup achievement and growth scores and shall determine corresponding subgroup achievement and growth grades for each subgroup using the same method as set forth in subsection (d) of this section. Subgroup achievement and growth scores shall not be included in the calculation of the school scores and grades under subsection (d) of this section.

The State Board shall establish the minimum number of students in a subgroup served by a school that is necessary to disaggregate information on student performance and to determine subgroup achievement and growth grades for that subgroup. The subgroup achievement and growth scores and grades shall be reported separately on the annual school report card provided under G.S. 115C-12(9)c1., 115C-218.65, 115C-238.66, and 116-239.8 for the following subgroups of students as required by the Elementary and Secondary Education Act of 1965, as amended by the Every Student Succeeds Act:

1. Economically disadvantaged students.
2. Students from major racial and ethnic groups.
4. English learners.

(e) Elementary and Middle School Reading and Math Achievement Scores. – For schools serving students in kindergarten through eighth grade, the school achievement scores in reading and mathematics, respectively, shall be reported separately on the annual school report card provided under G.S. 115C-12(9)c1., 115C-218.65, 115C-238.66, and 116-239.8.

(f) Indication of Growth. – In addition to awarding the overall school achievement and growth scores for achievement, growth, and performance and the performance grade, and grades using EVAAS, the State Board shall designate that a school has met, exceeded, or has not met expected growth. The designation of student growth shall be clearly displayed in the annual school report card provided under G.S. 115C-12(9)c1., 115C-218.65, 115C-238.66, and 116-239.8.

(g) Access to Annual Report Card Information on the Department's Web Site. – Beginning with data collected in the 2017-2018 school year, the State Board of Education shall provide user-friendly access to the public on the annual report cards issued for local school administrative units and individual schools pursuant to G.S. 115C-12(9)c1. through the Department of Public Instruction’s Web site. The information provided for the annual report card shall be designed and organized to provide at least the following:

1. A summary for each local school administrative unit and for each individual school of the school achievement and growth grades, whether the school has met, exceeded, or has not met expected growth, and any other information required to be provided as part of the annual report card.
2. The percentage of schools receiving a school achievement or growth grade of A, B, C, D, or F earned by each school located within a local school administrative unit and statewide.
3. The number of schools that have met, exceeded, or have not met expected growth by each school located within a local school administrative unit and statewide.
4. A Web page for each individual school that prominently displays the school’s achievement and growth grades, whether the school has met, exceeded, or has not met expected growth, and the school’s achievement and growth scores in a way that is easy for the user to read.
5. The ability to easily compare annual report card information, including school achievement and growth grades and whether schools have met, exceeded, or have not met expected growth, for local school administrative units and for individual schools for a time span of at least three years.”
SECTION 7.26.(d) Part 1B of Article 8 of Chapter 115C of the General Statutes is amended by adding new sections to read:

"§ 115C-83.16. School performance indicators for the purpose of compliance with federal law.

The State Board of Education shall use the school achievement score calculated pursuant to G.S. 115C-83.15 to satisfy the federal requirement under the Elementary and Secondary Education Act of 1965, as amended by the Every Student Succeeds Act, P.L. 114-95, to meaningfully differentiate the performance of schools on an annual basis.

"§ 115C-83.17. Definition.

The following definitions apply in this Part:

(1) Achievement grade. – A letter grade of A, B, C, D, or F assigned to a school or a subgroup of students by the State Board of Education based on the achievement score.

(2) Achievement score. – A numerical score on a scale of zero to 100 that is based on the sum of points earned by a school or by a subgroup of students pursuant to G.S. 115C-83.15.

(3) Growth grade. – A letter grade of A, B, C, D, or F assigned to a school or a subgroup of students based on the growth score.

(4) Growth score. – A numerical score measuring student growth calculated for a school or for a subgroup of students pursuant to G.S. 115C-83.15."

SECTION 7.26.(e) G.S. 115C-75.5(5) reads as rewritten:

"(5) Qualifying school. – A low-performing school, as defined in G.S. 115C-105.37, that meets one of the following criteria:

a. The school received a school performance achievement score in the lowest five percent (5%) of all schools in the prior school year that meet all of the following requirements:

1. The school includes all or part of grades kindergarten through fifth.
2. The school did not exceed growth in at least one of the prior three school years and did not meet growth in at least one of the prior three school years.
3. One of the models established in G.S. 115C-105.37B for continually low-performing schools had not been adopted for that school for the immediately prior school year.

..."

SECTION 7.26.(f) G.S. 115C-105.37 reads as rewritten:

"§ 115C-105.37. Identification of low-performing schools.

(a) Identification of Low-Performing Schools. – The State Board of Education shall identify low-performing schools on an annual basis. Low-performing schools are those that receive a school performance achievement grade of D or F and a school growth score of that indicates whether a school has "met expected growth" or "not met expected growth" as defined by G.S. 115C-83.15.

(a1) Plan for Improvement of Low-Performing Schools. – If a school has been identified as low-performing as provided in this section and the school is not located in a local school administrative unit identified as low-performing under G.S. 115C-105.39A, the following actions shall be taken:

(1) The superintendent shall proceed under G.S. 115C-105.39.

(2) Within 30 days of the initial identification of a school as low-performing by the State Board, the superintendent shall submit to the local board of education a preliminary plan for improving both the school performance achievement grade and school growth score, including how the
superintendent and other central office administrators will work with the
school and monitor the school's progress.

(3) Within 30 days of its receipt of the preliminary plan, the local board shall
vote to approve, modify, or reject this plan. Before the local board votes on
the preliminary plan, it shall make the plan available to the public, including
the personnel assigned to that school and the parents and guardians of the
students who are assigned to the school, and shall allow for written
comments.

(4) The local board shall submit a final plan to the State Board within five days
of the local board's approval of the plan. The State Board shall review the
plan expeditiously and, if appropriate, may offer recommendations to
modify the plan. The local board shall consider any recommendations made
by the State Board and, if necessary, amend the plan and vote on approval of
any changes to the final plan.

(5) The local board of education shall provide access to the final plan on the
local school administrative unit's Web site. The State Board of Education
shall also provide access to each low-performing school plan on the
Department of Public Instruction's Web site.

(b) Parental Notice of Low-Performing School Status. – Each school that the State
Board identifies as low-performing shall provide written notification to the parents and
guardians of students attending that school within 30 days of the identification that includes the
following information:

(1) A statement that the State Board of Education has found that the school has
"received a school performance achievement grade of D or F and a school
growth score of that indicates whether a school has "met expected growth" or
"not met expected growth" and has been identified as a low-performing
school as defined by G.S. 115C-105.37." The statement shall include an
explanation of the school performance achievement grades and growth
scores.

(2) The school performance achievement grade and growth score received.

(3) Information about the preliminary plan developed under subsection (a1) of
this section and the availability of the final plan on the local school
administrative unit's Web site.

(4) The meeting date for when the preliminary plan will be considered by the
local board of education.

(5) A description of any additional steps the school is taking to improve student
performance.

SECTION 7.26.(g) G.S. 115C-105.39A reads as rewritten:

"§ 115C-105.39A. Identification of low-performing local school administrative units.

(a) Identification of Low-Performing Local School Administrative Units. – The State
Board of Education shall identify low-performing local school administrative units on an
annual basis. A low-performing local school administrative unit is a unit in which the majority
of the schools in that unit that received a school performance achievement grade and school
growth score as provided in G.S. 115C-83.15 have been identified as low-performing schools,
as provided in G.S. 115C-105.37.

(b) Plan for Improvement of Low-Performing Local School Administrative Units. –
Once a local school administrative unit has been identified as low-performing under this
section, the following actions shall be taken:

(1) The superintendent shall proceed under G.S. 115C-105.39.

(2) Within 30 days of the identification of a local school administrative unit as
low-performing by the State Board, the superintendent shall submit to the
local board of education a preliminary plan for improving both the school
performance—achievement grade and school growth score of each
low-performing school in the unit, including how the superintendent and
other central office administrators will work with each low-performing
school and monitor the low-performing school's progress and how current
local school administrative unit policy should be changed to improve student
achievement throughout the local school administrative unit.

(3) Within 30 days of its receipt of the preliminary plan, the local board shall
vote to approve, modify, or reject this plan. Before the local board votes on
the plan, it shall make the plan available to the public, including the
personnel assigned to each low-performing school and the parents and
guardians of the students who are assigned to each low-performing school,
and shall allow for written comments.

(4) The local board shall submit a final plan to the State Board within five days
of the local board's approval of the plan. The State Board shall review the
plan expeditiously and, if appropriate, may offer recommendations to
modify the plan. The local board shall consider any recommendations made
by the State Board and, if necessary, amend the plan and vote on approval of
any changes to the final plan.

(5) The local board of education shall provide access to the final plan on the
local school administrative unit's Web site. The State Board of Education
shall also provide access to each low-performing local school administrative
unit plan on the Department of Public Instruction's Web site.

(c) Parental Notice of Low-Performing Local School Administrative Unit Status. –
Each local school administrative unit that the State Board identifies as low-performing shall
provide written notification to the parents and guardians of all students attending any school in
the local school administrative unit within 30 days of the identification that includes the
following information:

(1) A statement that the State Board of Education has found that a majority of
the schools in the local school administrative unit have "received a school
performance—achievement grade of D or F and a school growth score of that
indicates whether a school has "met expected growth" or "not met expected
growth" and have been identified as low-performing schools as defined by
G.S. 115C-105.37." The statement shall also include an explanation of the
school performance—achievement grades and school growth scores.

(2) The percentage of schools identified as low-performing.

(3) Information about the preliminary plan developed under subsection (b) of
this section and the availability of the final plan on the local school
administrative unit's Web site.

(4) The meeting date for when the preliminary plan will be considered by the
local board of education.

(5) A description of any additional steps the local school administrative unit and
schools are taking to improve student performance.

(6) For notifications sent to parents and guardians of students attending a school
that is identified as low-performing under G.S. 115C-105.37, a statement
that the State Board of Education has found that the school has "received a school
performance—achievement grade of D or F and a school growth score of that indicates whether a school has "met expected growth" or "not met expected
growth" and has been identified as a low-performing school as defined by G.S. 115C-105.37." This notification also shall include the school
performance—achievement grade and school growth score the school received
and an explanation of the school performance grades and school growth scores."

**SECTION 7.26.(h) G.S. 115C-218.65 reads as rewritten:**


A charter school shall ensure that the report card issued for it by the State Board of Education receives wide distribution to the local press or is otherwise provided to the public. A charter school shall ensure that the overall school performance scores and grade grades earned by the charter school for the current and previous four school years is prominently displayed on the school Web site. If a charter school is awarded school achievement or school growth grade of D or F, the charter school shall provide notice of the grade in writing to the parent or guardian of all students enrolled in that school."

**SECTION 7.26.(i) G.S. 115C-218.94(a) reads as rewritten:**

"(a) Identification of Low-Performing Charter Schools. – The State Board of Education shall identify low-performing charter schools on an annual basis. Low-performing charter schools are those that receive a school performance achievement grade of D or F and a school growth score that indicates whether a school has "met expected growth" or "not met expected growth" as defined by G.S. 115C-83.15."

**SECTION 7.26.(j) G.S. 115C-238.66(11) reads as rewritten:**

"(11) North Carolina School Report Cards. – A regional school shall ensure that the report card issued for it by the State Board of Education receives wide distribution to the local press or is otherwise provided to the public. A regional school shall ensure that the overall school performance scores and grade grades earned by the regional school for the current and previous four school years is prominently displayed on the school Web site. If a regional school is awarded school achievement or school growth grade of D or F, the regional school shall provide notice of the grade in writing to the parent or guardian of all students enrolled in that school."

**SECTION 7.26.(k) G.S. 116-239.8(14) reads as rewritten:**

"(14) North Carolina school report cards. – A lab school shall ensure that the report card issued for it by the State Board of Education receives wide distribution to the local press or is otherwise provided to the public. A lab school shall ensure that the overall school performance scores and grade grades earned by the lab school for the current and previous four school years is prominently displayed on the school Web site. If a lab school is awarded a school achievement or school growth grade of D or F, the lab school shall provide notice of the grade in writing to the parent or guardian of all students enrolled in that school."

**SECTION 7.26.(l)** Section 8.19 of S.L. 2016-94 is repealed.

**SECTION 7.26.(m) This section applies beginning with the 2017-2018 school year.**
Requested by

1 CLARIFY STUDENT CONSENT TO RECEIVE COLLEGE, UNIVERSITY, AND SCHOLARSHIP INFORMATION

SECTION #. G.S. 115C-401.2(e) reads as rewritten:

"(e) Permissible Operator Actions. – This section does not prohibit an operator from doing any of the following:

…

(6) Using a student’s information, including covered information, solely to identify or display information on nonprofit institutions of higher education or scholarship providers to the student if the provider secures the express written consent of the parent or student who is at least 13 years of age given in response to clear and conspicuous notice."

2017-DPI-H24-P [v4], MK, Modified 5/23/17 5:09 PM
GENERAL ASSEMBLY OF NORTH CAROLINA
Session 2017

Department of Public Instruction
House Appropriations, Education

Requested by

CAREER AND COLLEGE READY LITERACY SKILLS/READING IMPROVEMENT COMMISSION

SECTION #.(a) High School Diploma Endorsements. – G.S. 115C-12(40) reads as rewritten:

"(40) To Establish High School Diploma Endorsements. – The State Board of Education shall establish, implement, and determine the impact of adding (i) college, (ii) career, and (iii) college and career endorsements to high school diplomas to encourage students to obtain requisite job skills necessary for students to be successful in a wide range of high-quality careers and to reduce the need for remedial education in institutions of higher education. These endorsements shall reflect courses completed, overall grade point average, reading achievement, and other criteria as developed by the State Board of Education. A student shall only receive a high school diploma endorsement if that student receives on a nationally norm-referenced college admissions test for reading, either administered under G.S. 115C-174.11(c)(4) or as an alternative nationally norm-referenced college admissions test approved by the State Board, at least the benchmark score established by the testing organization that represents the level of achievement required for students to have approximately a fifty percent (50%) chance of obtaining a grade B or higher or a seventy-five percent (75%) chance of obtaining a grade C or higher in a corresponding credit-bearing, first-year college course. A student may retake a nationally norm-referenced test as many times as necessary to achieve the required benchmark score for reading in order to receive a high school diploma endorsement prior to the student's graduation. The State Board of Education shall report annually to the Joint Legislative Education Oversight Committee on (i) the impact of awarding these endorsements on high school graduation, college acceptance and remediation, and post-high school employment rates; (ii) the number of students who had to retake a nationally norm-referenced college admissions test to meet the reading benchmark score required by this subdivision to receive a high school diploma endorsement; and (iii) the number of students who were not awarded a high school diploma endorsement solely because of the inability to meet the benchmark score for reading as required by this subdivision."

SECTION #.(b) Reading Improvement Commission. – The Superintendent of Public Instruction shall establish a Reading Improvement Commission (Commission) within the Department of Public Instruction to study and make recommendations on best practices for public schools in the State to improve reading comprehension, understanding, and application for students in grades four through 12 to ensure that students complete high school with literacy skills necessary for career and college readiness. The Commission shall develop
recommendations on appropriate methods to monitor student progress and provide appropriate and timely remediation to students to ensure success on nationally norm-referenced college admissions tests. The Superintendent of Public Instruction may appoint superintendents, principals, reading instructors, representatives from research institutions, and other individuals as determined by the Superintendent to the Commission. Of the funds appropriated to the Department of Public Instruction for the 2017-2018 fiscal year, the Superintendent of Public Instruction may use up to two hundred thousand dollars ($200,000) in nonrecurring funds for the 2017-2018 fiscal year for the work of the Reading Improvement Commission. The Superintendent may also use these funds to contract with an independent research organization to assist in the study. The Superintendent of Public Instruction shall report to the Joint Legislative Education Oversight Committee, the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the State Board of Education on the study, including any findings and recommendations, no later than January 15, 2019. The State Board of Education may use the findings and recommendations to inform the State Board's policies and may submit additional comments on the report to the Joint Legislative Education Oversight Committee, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives no later than February 15, 2019.

SECTION #.(c) Subsection (a) of this section applies beginning with high school diploma endorsements awarded in the 2019-2020 school year.
NATIONALLY NORM REFERENCED COLLEGE ADMISSIONS TESTS

SECTION #.(a) G.S. 115C-174.11(c)(4) reads as rewritten:

"(4) To the extent funds are made available, the State Board of Education shall plan for and require the administration of the ACT test for use a competitive bid process to adopt two or more nationally norm-referenced college admission tests to make available to local school administrative units to administer to all students in the eleventh grade as follows unless the student has already taken a comparable test and scored at or above a level set by the State Board:

a. From the nationally norm-referenced college admission tests adopted by the State Board, each local board of education shall select one test to be used in the local school administrative unit. Upon request by one or more local boards of education, the State Board shall enter into a contract for a statewide service or contracts for regional services to offer the nationally norm-referenced college admission tests in multiple local school administrative units. These contracts shall be let in accordance with the provisions of Article 3 of Chapter 143 of the General Statutes.

b. The State Board of Education shall require the administration of an alternate to the ACT—selected nationally norm-referenced college admissions test or an alternate to the PLAN precursor test to the ACT to a student who (i) exhibits severe and pervasive delays in all areas of conceptual, linguistic, and academic development and in adaptive behaviors, including communication, daily living skills, and self-care, (ii) is following the extended content standards of the Standard Course of Study as provided in G.S. 115C-81, or is following a course of study that, upon completing high school, may not lead to admission into a college-level course of study resulting in a college degree, and (iii) has a written parental request for an alternate assessment.

c. The State Board of Education shall ensure that parents of students enrolled in all public schools, including charter and regional schools, have the necessary information to make informed decisions regarding participation in the ACT and the PLAN precursor test to the ACT nationally norm-referenced college admissions tests and precursor tests.

d. Alternate assessment and ACT assessment results. Nationally norm-referenced college admissions test and alternate assessment results of students with disabilities shall be included in school
accountability reports, including charter and regional schools, provided by the State Board of Education."

**SECTION #.(b)** G.S. 115C-174.22 reads as rewritten:


To the extent funds are made available for this purpose, and except as otherwise provided in G.S. 115C-174.11(c)(4), the State Board shall plan for and require the administration of diagnostic tests in the eighth and tenth grades that align to the ACT test in order nationally norm-referenced college admissions tests that are adopted through the competitive bid process and selected by local boards of education under G.S. 115C-174.11(c)(4). The results of the tests will be used 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."

**SECTION #.(c)** The State Board of Education shall solicit bids through a competitive bid process to adopt two or more nationally norm-referenced college admission test and precursor test, as required by G.S. 115C-174.11(c)(4), as amended by this section, and G.S. 115C-174.22, as amended by this section. The State Board of Education shall report on the results of the competitive bid process to the Joint Legislative Education Oversight Committee and the Fiscal Research Division no later than November 15, 2017.
YOUTH SUICIDE AWARENESS AND PREVENTION

SECTION #.(a) G.S. 115C-5 is amended by adding a new subdivision to read:

"(11) The term "public school unit" means a local school administrative unit, charter school, or regional school."

SECTION #.(b) Article 25A of Chapter 115C of the General Statutes is amended by adding a new section to read:

"§ 115C-375.10. Youth suicide awareness and prevention training and risk referral protocol for school personnel.

(a) State Board Training Program and Protocol. – The State Board of Education, in consultation with the Department of Health and Human Services, Division of Public Health, shall develop a youth suicide awareness and prevention training program and a model risk referral protocol for public school units to provide to school personnel who work directly with students in grades six through 12, including teachers, teacher assistants, bus drivers, cafeteria workers, janitorial staff, media coordinators, athletic coaches, administrators, administrative assistants, school safety resource officers, school nurses, social workers, psychologists, and counselors. The training program shall consist of at least two hours of evidence-informed instruction to increase awareness of suicide, identification of risk factors and signs, and information for student referral for suicide prevention resources and support. The model risk referral protocol shall provide guidelines to public school unit on identification of at-risk students, suicide prevention procedures, and referral sources. The training program and model risk referral protocol shall be periodically reviewed and updated as necessary. Any mental health training requirements established by the State Board of Education shall be fulfilled in part by the youth suicide awareness and prevention training program.

(b) Training and Protocol Requirements. – Each public school unit shall provide the training program and model risk referral protocol developed by the State Board of Education under subsection (a) of this section, or a locally developed plan that meets the requirements of subsection (c) of this section, to school personnel who work directly with students in grades six through 12 at no cost to the employee. A school employee who works directly with students in grades six through 12 shall receive training within 12 months of employment with a board of a public school unit and every two years thereafter while employed with that board. The training may be offered in various formats, including electronically, through videoconferencing, or through an individual program of study of designated materials consisting of at least two hours of instruction.

(c) Locally Developed Training and Risk Referral Protocols. – A board of a public school unit may comply with the training and protocol requirements of this section by developing a local plan that includes, at a minimum, (i) conveying information on State and national data on suicide deaths and attempts, suicide methods, and at-risk populations, (ii) myths and attitudes about suicide, (iii) warning signs and symptoms for suicide, (iv) identification of at-risk students and steps for referring students to support services, (v) protective factors for prevention of suicide, and (vi) safe messaging to children. In addition,
local plan shall include protocols for implementation and mandatory training that include at
least the following:

(1) A plan to include specialized training for student support personnel,
including administrators, school nurses, counselors, social workers, and
psychologists.

(2) A safety plan for the school in the event of (i) identification of a student as
being at-risk of suicide, including a student help plan and immediate
assistance and (ii) a suicide death or suicide attempt by a student enrolled in
the school, including a care plan for peers and school personnel.

(3) Designation of a school employee as the school suicide prevention
responder.

(4) A plan for communication with a parent or legal guardian of a student
identified as at-risk, including safe transfer of the student to the parent or
legal guardian.

(5) A plan for post-intervention for a student who has been identified as at-risk
or has attempted suicide, including reentry into the classroom.

(d) Audits. – The Department of Public Instruction shall periodically randomly audit
public school units to ensure compliance with the mandatory training requirements and
prevention activities required by this section. The Department may also audit a public school
unit if the Department has reason to believe the public school unit is not in compliance. The
Department of Public Instruction shall report on the results of the audits by December 15
annually to the Joint Legislative Oversight Committee on Health and Human Services and the
Joint Legislative Education Oversight Committee.

(e) Limitations. – Notwithstanding the requirements in subsection (a) of this section,
nothing in this section shall be construed to impose any obligation or responsibility on public
school units to provide referral, treatment, follow-up, or other services related to identification
of students at-risk of suicide and suicide prevention procedures beyond what may be required
by other State law or federal law.

(f) Liability. – No board of a public school unit, nor its members, employees,
designees, agents, or volunteers, shall be liable in civil damages to any party for any loss or
damage caused by any act or omission relating to the provision of, participation in, or
implementation of any component of the plan, referral protocol, or training program required
by this section, unless that act or omission amounts to gross negligence, wanton conduct, or
intentional wrongdoing. Nothing in this section shall be construed to impose any specific duty
of care or standard of care.

SECTION #.(c) G.S. 115C-218.75 is amended by adding a new subsection to read:

"(g) Youth Suicide Awareness and Prevention Training and Risk Referral Protocol. – A
charter school is subject to and shall comply with all requirements of G.S. 115C-375.10."

SECTION #.(d) G.S. 115C-238.66 is amended by adding a new subdivision to
read:

"(14) Youth Suicide Awareness and Prevention Training and Risk Referral
Protocol. – A regional school is subject to and shall comply with all
requirements of G.S. 115C-375.10."

SECTION #.(e) G.S. 116-239.8 is amended by adding a new subdivision to read:

"(17) Youth Suicide Awareness and Prevention Training and Risk Referral
Protocol. – A lab school is subject to and shall comply with all requirements
of G.S. 115C-375.10. For purposes of G.S. 115C-375.10, a lab school shall
be a public school unit."

SECTION #.(f) This section becomes effective the date this act becomes law and
applies beginning with the 2018-2019 school year.
Requested by

NORTH CAROLINA INNOVATIVE SCHOOL DISTRICT

SECTION #.(a) Article 7A of Chapter 115C of the General Statutes reads as rewritten:

"Article 7A.


§ 115C-75.5. Definitions.

The following definitions apply in this Article:

1. Achievement Inno(vative) school. – A qualifying school selected by the State Board of Education under the supervision of the Achievement NC Innovative School District.

2. Achievement NC Innovative School District or ASD-ISD. – The statewide school unit established pursuant to this Article.

3. Achievement Innovative school operator or AS-IS operator. – An entity selected by the State Board of Education upon the recommendation of the ASD-ISD Superintendent to operate an achievement innovative school. The Department of Public Instruction may not be selected as an AS-IS operator.

4. ASD-ISD Superintendent. – The superintendent of the ASD-ISD appointed by the State Board of Education in accordance with G.S. 115C-75.6(b).

5. Qualifying school. – A low-performing school, as defined in G.S. 115C-105.37, that meets one of the following criteria:

a. The school received a school performance score in the lowest five percent (5%) of all schools in the prior school year that meet all of the following requirements:

1. The school includes all or part of grades kindergarten through fifth.

2. The school did not exceed growth in at least one of the prior three school years and did not meet growth in at least one of the prior three school years.

3. One of the models established in G.S. 115C-105.37B for continually low-performing schools had not been adopted for that school for the immediately prior school year.

b. The school received a school performance score in the lowest ten percent (10%) of all schools that include all or part of grades kindergarten through fifth in the prior school year and has been designated by the local board of education for consideration by the State Board of Education as an achievement innovative school.

§ 115C-75.6. Achievement NC Innovative School District.

(a) There is established the Achievement NC Innovative School District (ASD-ISD) under the administration of the State Board of Education. The ASD-ISD shall assume the
supervision, management, and operation of elementary and secondary schools that have been selected as achievement-innovative schools pursuant to as provided in this Article.

(b) An ASD-ISD Superintendent Selection Advisory Committee shall be established to make a recommendation to the State Board of Education on appointment of a superintendent to serve as the executive officer of the ASD-ISD. The Committee shall ensure that the individual recommended has qualifications consistent with G.S. 115C-271(a). The Lieutenant Governor shall serve as chair of the Committee and shall appoint the following additional members:

(1) Three members of the State Board of Education.
(2) One teacher or retired teacher.
(3) One principal or retired principal.
(4) One superintendent or retired superintendent.
(5) One parent of a student currently enrolled in a low-performing school, as defined in G.S. 115C-105.37.

(c) The State Board of Education shall consider the recommendation of the ASD-ISD Superintendent Selection Advisory Committee and shall appoint a superintendent to serve as the executive officer of the ASD-ISD. The ASD-ISD Superintendent shall serve at the pleasure of the State Board of Education at a salary established by the State Board of Education within the funds appropriated for this purpose. The ASD-ISD Superintendent shall have qualifications consistent with G.S. 115C-271(a) and report directly to the State Board of Education.

(d) By January 15 annually, the State Board of Education and the ASD-ISD Superintendent shall report to the Joint Legislative Education Oversight Committee on all aspects of operation of ASD-ISD, including the selection of achievement-innovative schools and their progress.

§ 115C-75.7. Selection of achievement-innovative schools.

(a) State Board Selection. – The State Board of Education is authorized to select, upon the recommendation of the ASD-ISD Superintendent, no more than five qualifying elementary schools to transfer to the ASD-ISD as achievement-innovative schools. The five qualifying schools selected for inclusion in the ASD-ISD should represent geographic diversity, including urban and rural schools. The State Board of Education shall select no more than one qualifying school per local school administrative unit, unless the local board of education consents.

(b) Selection Process. – The selection of qualifying schools shall be based on an analysis of performance over the most recent three-year period. Prior to recommendation of selection of a qualifying school, the ASD-ISD Superintendent shall conduct an evaluation of the school to determine the factors contributing to the school's performance and shall confer with the school principal, local board of education members, the local school superintendent, and the local board of county commissioners to share the findings of the evaluation. The school selection process shall also include a public hearing to allow for parent and community input. The ASD-ISD Superintendent shall evaluate and identify the qualifying schools to recommend for selection as prospective achievement-innovative schools no later than November 15 prior to the initial school year in which the school may operate as an achievement-innovative school and shall notify the local boards of education where prospective achievement-innovative schools are located by that date. The State Board of Education shall select the prospective achievement-innovative schools no later than January 15.

(c) Local Board Response. – Upon notification by the ASD-ISD Superintendent of selection by the State Board of Education of the qualifying school as a prospective achievement-innovative school, the local board of education shall determine whether to (i) close the selected qualifying school or (ii) transfer the school into the ASD-ISD. The local board shall not be required to undertake the study required by G.S. 115C-72 before closing the school. Before the adoption of a resolution, the local board of education shall provide for a public hearing in regard to the proposed transfer or closure, at which hearing the public shall be afforded an opportunity to express their views. No later than March 1, the local board of education shall

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adopt a resolution either (i) consenting to transfer of the selected qualifying school to the ASD
ISD as an achievement-innovative school or (ii) closing that school at the conclusion of that
school year. The State Board of Education may delay the transfer of a selected school to the
ASD-ISD for one year only upon the recommendation of the ASD-ISD Superintendent.

(d) Public Notification. – The list of qualifying schools and selected achievement
innovative schools shall be made publically available on a Web site maintained by the
ASD-ISD.

(e) Waivers for Achievement Innovative Schools. – The ASD-ISD Superintendent may
waive State Board of Education rules, regulations, policies, and procedures, or the provisions of
this Chapter for achievement-innovative schools; however, achievement-innovative schools
shall be required to comply with, at a minimum, the statutory requirements for charter schools
as provided in Article 14A of this Chapter. The goal for each waiver shall be improvement of
student performance. All schools shall comply with all achievement-innovative applicable
constitutional and statutory nondiscrimination requirements.

§ 115C-75.8. Selection of AS-IS operators.

(a) The State Board of Education may select an AS-IS operator for a prospective
achievement-innovative school by January 15 and shall select an AS-IS operator for a
prospective school no later than February 15.

(b) Upon the recommendation of the ASD-ISD Superintendent, the State Board of
Education shall only select an entity to contract as an AS-IS operator if that entity demonstrates
one of the following:

(1) The entity has a record of results in improving performance of persistently
low-performing schools or improving performance of a substantial number
of persistently low-performing students within a school or schools operated
by the entity in this State or other states.

(2) The entity has a credible and specific plan for dramatically improving
student achievement-innovative in a low-performing school and provides
evidence that the entity, or a contractual affiliate of such an entity, is either
currently operating a school or schools in this State that provide students a
sound, basic education or demonstrating consistent and substantial growth
toward providing students a sound, basic education in the prior three school
years.

(c) The selected AS-IS operator is encouraged to hold public informational sessions and
other outreach to the community, prospective achievement-innovative school, and local board
of education of a prospective achievement-innovative school prior to a local board's adoption of
the resolution required by G.S. 115C-75.7(c).

(d) The contract between the State Board of Education and AS-IS operator shall require,
as a minimum, that the AS-IS operator meet the same requirements as established for charter
schools in the following statutes:

(1) G.S. 115C-218.20 (Civil liability and insurance requirements).
(2) G.S. 115C-218.25 (Open meetings and public records).
(3) G.S. 115C-218.30 (Accountability; reporting requirements to State Board of
Education).
(4) G.S. 115C-218.50 (Charter school nonsectarian).
(5) G.S. 115C-218.55 (Nondiscrimination in charter schools).
(6) G.S. 115C-218.60 (Student discipline).
(8) G.S. 115C-218.75 (General operating requirements).
(9) G.S. 115C-218.85 (Course of study requirements).

§ 115C-75.9. Management of achievement-innovative schools.
(a) Direct Management by AS-IS Operator. – An achievement-innovative school shall be subject to direct management by an AS-IS operator selected by the State Board of Education, upon the recommendation of the ASD-ISD Superintendent, for a five-year contract.

(b) Role of AS-IS Operator. – The AS-IS operator shall be authorized to have a direct role in making decisions about school finance, human capital, and curriculum and instruction for the achievement-innovative school while developing the leadership capacity in such schools.

(c) Assignment to Achievement-Innovative Schools. – All achievement-innovative schools shall remain open to enrollment in the same manner with the same attendance zone as prior to becoming an achievement-innovative school. If a local board of education's reassignment of students within the local school administrative unit due to student population changes or openings or closures of other schools impacts the achievement-innovative school, the AS-IS operator may appeal to the ASD-ISD Superintendent and request a hearing before the State Board of Education regarding the reassignment. Notwithstanding G.S. 115C-366, the State Board of Education shall, after hearing from both the local board of education and AS-IS operator, determine whether the reassignment of students impacting the achievement-innovative school may proceed.

(d) Facility and Capital Expenditures. – Facility and capital expenditures shall be provided as follows:

1. In addition to the transfer of funds as provided in G.S. 115C-75.10, the local board of education shall be responsible for facility and capital expenditures at the qualifying school.

2. All AS-IS operators and local boards of education shall enter into an occupancy agreement establishing the terms of occupancy for the AS-IS operator not otherwise addressed in statute. If the parties are unable to reach agreement, either party may petition the State Board of Education to resolve any issues in dispute.

3. The AS-IS operator shall have first priority in use of the facility for any purpose related to the operation of the achievement-innovative school. The local board of education may allow use of the facility by governmental, charitable, civic, or other organizations for activities within the community and may retain any funds received for such use for any time the AS-IS operator has not provided written notice to the local board of its use of the facility during that time for a purpose related to the operation of the achievement-innovative school.

For the purposes of this subsection, facility and capital expenditures include routine maintenance and repair, and capital expenditures include building repair and maintenance, furniture, furnishings, and equipment.

(e) Transportation. – The local board of education shall provide transportation of all students assigned to the achievement-innovative school in the same manner as provided for other schools in the local school administrative unit in that school year.

(f) Memorandums of Understanding for Alternate Arrangements. – Notwithstanding this section, the AS-IS operator, in consultation with the ASD-ISD Superintendent, may elect to enter into a memorandum of understanding for alternate arrangements with the local board of education to address any of the following:

1. Facility and capital expenditures.

2. Transportation services.


If the AS-IS operator elects to use a memorandum of understanding for alternate arrangements, the AS-IS operator and local board of education shall finalize the memorandum of understanding within 30 days of the initial request by the AS-IS operator. If the parties have
not completed the memorandum of understanding within 30 days, the State Board of Education
shall resolve any issues in dispute.

(g) Student Records. – The local board of education shall make available in a timely
fashion all student records to the achievement innovative school at no cost for all students of
that school.

(h) Achievement Innovative School Employees. – The AS-IS operator shall select and
hire the school principal for an achievement innovative school. Within the limits of the school
budget, the AS-IS operator or its designee shall select staff members in accordance with
guidance from the ASD-ISD Superintendent. Before finalizing staffing recommendations, the
AS-IS operator and the ASD-ISD Superintendent or the Superintendent's designee shall
interview all existing staff members at the qualifying school and review student growth and
performance data for those staff members for whom it is available. Notwithstanding Article
21A of this Chapter, the AS-IS operator and the ASD-ISD Superintendent shall be permitted to
examine personnel files of existing staff members for the qualifying school. The AS-IS operator
shall have the authority to decide whether any administrator, teacher, or staff member
previously assigned to a qualifying school selected to become an achievement innovative
school shall continue as an employee of the achievement innovative school. Any such
employees retained shall become employees of the ASD-ISD. An employee hired to work in an
achievement innovative school shall be an employee of the ASD-ISD, and the employees shall
be under the exclusive control of the ASD-ISD. All employees of the ASD-ISD shall be eligible
for enrollment in the Teachers' and State Employees' Retirement System of North Carolina, the
State Health Plan, and other benefits available to State employees. The AS-IS operator shall
provide funds to the ASD-ISD in an amount sufficient to provide salary and benefits for
employees of the ASD-ISD working in the achievement innovative school based on the terms
of employment established by the AS-IS operator.

(i) Criminal History Checks. – The State Board of Education shall require applicants
for employment with the ASD-ISD to be checked for criminal histories using the process
provided in G.S. 115C-297.1. The State Board of Education shall provide the criminal history it
receives to the ASD-ISD Superintendent and AS-IS operator.

(j) Employees of Local Board of Education. – The transfer of a qualifying school shall
be deemed a reorganization of the local school administration unit resulting in a reduction in
force. If an employee is not given the option to continue as an employee for the achievement
innovative school, the local board of education may, in its discretion, do any of the following:

(1) Continue the employee's employment with the local board of education.

(2) Dismiss the employee due to a reduction in force as provided in Article 22 of
this Chapter.

(3) Dismiss the employee as otherwise provided in Article 22 of this Chapter.

(k) Liability Insurance. – The AS-IS operator shall maintain reasonable amounts and
types of liability insurance as established by the State Board of Education. No civil liability
shall attach to a local board of education or to any of its members or employees, individually or
collectively, for any acts or omissions of the AS-IS operator.

(l) School Nutrition Program. – The achievement innovative school shall participate in
the National School Lunch Program, as provided in G.S. 115C-264.

(m) Cooperation with ASD-ISD Superintendent. – The local board of education shall
cooperate with the ASD-ISD Superintendent in carrying out his or her powers and duties as
necessary in accordance with this Chapter.

§ 115C-75.10. Achievement Innovative schools funds.

(a) Funding Allocation Selection. – State and local funding for an achievement
innovative school shall be allocated as provided in subsection (b) or subsection (c) of this
section. The AS-IS operator shall select one of the allocation methods as the method to be used
for the achievement innovative school.
(b) Designated Funding. – Funding shall be allocated to the ASD–ISD for the achievement innovative school by the State Board of Education and local board of education as follows:

1. The State Board of Education shall allocate the following to the ASD–ISD for each achievement innovative school:
   a. An amount equal to the average per pupil allocation for average daily membership from the local school administrative unit allotments in which the achievement innovative school was located for each child attending the achievement innovative school except for the allocations for (i) children with disabilities, (ii) children with limited English proficiency, and (iii) transportation. The State Board of Education shall provide the allocation for transportation to the local school administrative unit in which the achievement innovative school is located.
   b. An additional amount for each child attending the achievement innovative school who is a child with disabilities.
   c. An additional amount for children with limited English proficiency attending the achievement innovative school, based on a formula adopted by the State Board of Education.

2. The local school administrative unit in which the achievement innovative school is located shall transfer to the ASD–ISD for the achievement innovative school an amount equal to the per pupil share of the local current expense fund of the local school administrative unit for the fiscal year. The per pupil share of the local current expense fund shall be transferred to the ASD–ISD for the achievement innovative school within 30 days of the receipt of monies into the local current expense fund. The local school administrative unit and ASD–ISD may use the process for mediation of differences between the State Board of Education and a charter school provided in G.S. 115C-218.95(d) to resolve differences on calculation and transference of the per pupil share of the local current expense fund. The amount transferred under this subsection that consists of revenue derived from supplemental taxes shall be transferred only to an achievement innovative school located in the tax district for which these taxes are levied and in which the student resides. The local school administrative unit shall also provide the ASD–ISD with all of the following information within the 30-day time period provided in this subsection:
   a. The total amount of monies the local school administrative unit has in each of the funds listed in G.S. 115C-426(c).
   b. The student membership numbers used to calculate the per pupil share of the local current expense fund.
   c. How the per pupil share of the local current expense fund was calculated.
   d. Any additional records requested by the ASD–ISD from the local school administrative unit in order for the ASD–ISD to audit and verify the calculation and transfer of the per pupil share of the local current expense fund.

(c) Funding Memorandum of Understanding. – The AS–IS operator, in consultation with the ASD–ISD Superintendent, may enter into a funding memorandum of understanding with the local board of education of the local school administrative unit where the achievement innovative school is located for all student support and operational services and instructional services to be provided by the local board of education in the same manner and degree as in the
prior school year or funding in an amount equivalent to the amount the local board of education
would have expended on those services if provided. For the purposes of this subsection, student
support and operational services include cafeteria services, custodial services, broadband and
utilities, and student information services, and instructional services include alternative
education, special education services, test administration services, textbooks, technology,
media resources, instructional equipment, and other resources. The AS-IS operator and local
board of education shall finalize the funding memorandum of understanding within 30 days of
the initial request for the memorandum by the AS-IS operator. If the parties have not completed
the funding memorandum of understanding within 30 days, the State Board of Education shall
resolve any issues in dispute.

(d) The ASD-ISD may seek, manage, and expend federal money and grants, State
funding, and other funding with the same authority as a local school administrative unit,
including decisions related to allocation of State funds among achievement-innovative schools.

§ 115C-75.11. Accountability and governance for achievement-innovative schools.
(a) The AS-IS operator shall set clear goals related to higher academic outcomes for
students, safe and positive learning environments for children, parent and community
engagement, and the efficient and effective use of taxpayer dollars, empower and equip
teachers and school leaders to meet the goals, and hold such teachers and school leaders
accountable to meet the goals. The AS-IS operator shall apply to the ASD-ISD Superintendent
for appropriate waivers for the achievement-innovative school pursuant to G.S. 115C-75.7(e).
(b) The AS-IS operator shall select, approve, or remove the school principal of an
achievement-innovative school that it is managing in accordance with this Article.
(c) The AS-IS operator shall enter into an agreement with the school principal regarding
specific goals for the achievement-innovative school related to higher academic outcomes for
students, safe and positive learning environments for children, parent and community
engagement, and the efficient and effective use of taxpayer dollars. The agreement shall be
made publicly available on the ASD-ISD Web site.

(d) An achievement-innovative school shall not be included in any State evaluation or
performance models used for the local school administrative unit in which the school is located
but shall be considered a part of the ASD-ISD for all evaluation purposes.

§ 115C-75.12. Term of supervision for an achievement-innovative school.
(a) An achievement-innovative school shall remain under the supervision of the ASD
ISD for a minimum of five consecutive years through a contract with an AS-IS operator. The
following shall apply to the term of a contract with an AS-IS operator of an achievement
innovative school:

(1) Early termination of contract based on performance. – If, during the
five-year contract, the achievement-innovative school's annual percentage
growth does not exceed the average annual percentage growth of other
qualifying schools for three consecutive years, the State Board of Education,
upon the recommendation of the ASD-ISD Superintendent, may terminate
the contract at the conclusion of the academic year and select another AS-IS
operator in accordance with G.S. 115C-75.8 to assume the remainder of the
five-year contract and any occupancy agreements or memorandums of
understanding with the local board of education at the beginning of the next
academic year.

(2) Nonrenewal of contract based on performance. – If, by the end of the
five-year contract, the achievement-innovative school's average annual
percentage growth during the term of the contract does not exceed the
average annual percentage growth of other qualifying schools during the
same term, the State Board of Education shall not renew the contract of the
AS-IS operator and develop a transition plan to return the school to the local school administrative unit.

(3) State Board of Education optional extension of contract for three years. – If, by the end of the five-year contract, the achievement innovative school remains a qualifying school but has exceeded the average annual percentage growth of other qualifying schools and has shown growth over the term of the contract, the State Board of Education, upon the recommendation of the ASD-ISD Superintendent in his or her discretion, may continue the contract with the AS-IS operator for an additional three-year term. The ASD-ISD Superintendent and AS-IS operator shall engage the school, the school community, and the school's local board of education in developing a transition plan for the school to leave the supervision of the ASD-ISD at the conclusion of the three-year extension of the contract. If the State Board of Education does not elect to continue the contract, the State Board of Education may do any of the following:

a. Select another AS-IS operator for a three-year contract.
b. Close the school as provided in subdivision (2) of this subsection.
c. Develop a transition plan to return the school to the local school administrative unit for the next school year.

(4) AS-IS operator option to extend contract for three years. – If, by the end of the five-year contract, the achievement innovative school receives a grade of C or higher under G.S. 115C-12(9)c1., the AS-IS operator shall have the option to extend the contract for another three-year term. The ASD-ISD Superintendent and AS-IS operator shall engage the school, the school community, and the school's local board of education in developing a transition plan for the school to leave the supervision of the ASD-ISD at the conclusion of the three-year extension of the contract. Options at the conclusion of the contract shall include the following:

a. Conversion to charter. – If, in the development of the transition plan, a local board of education indicates by resolution to the State Board of Education that the local board of education elects to not receive the transfer of the achievement innovative school back to the local school administrative unit, the AS-IS operator may apply to convert the school to a charter school under Article 14A of this Chapter. If a charter is awarded, the charter board of directors may request to use the facility as provided in G.S. 115C-218.35. If the AS-IS operator does not seek conversion to a charter school or fails to receive a charter, the State Board of Education may close the school as provided in subdivision (2) of this subsection.
b. Alternate as operator or return to local school administrative unit. – If the AS-IS operator does not elect to continue the contract, the State Board of Education may select another AS-IS operator for a three-year contract or may develop a transition plan to return the school to the local school administrative unit for the next school year.

(5) Termination of contract on other grounds. – The State Board of Education, upon the recommendation of the ASD-ISD Superintendent, may terminate a contract with an AS-IS operator at any time during the contract for financial mismanagement, noncompliance with federal or State laws, failure to comply with the terms of the contract, or evidence of criminal activity. The State Board of Education shall develop a transition plan to return the school to the local school administrative unit.
(b) An achievement innovative school shall remain under the supervision of the ASD ISD for no more than eight years.

(c) The State Board of Education shall make all decisions related to contracts for AS-IS operators no later than May 1, except as provided in subdivision (5) of subsection (a) of this section.

§ 115C-75.13. Innovation zones.

(a) If a local board of education transfers a qualifying school to the ASD, ISD, the local board of education may ask the State Board of Education to be allowed to create an innovation zone (i) for up to three continually low-performing schools within its local school administrative unit, or (ii) if the local school administrative unit has more than thirty-five percent (35%) of the schools identified in the unit as low performing, for all of the low-performing schools located in the unit.

The State Board of Education shall grant such requests for the creation of an innovation zone. The State Board of Education shall also authorize the local board of education the flexibility to operate the schools within the innovation zone with the same exemptions from statutes and rules as a charter school authorized under Article 14A of this Chapter and with exemptions from local board of education policies as needed to ensure autonomy under the guidance of the innovation zone office for financial, programmatic, staffing, and time allocation decisions.

(b) The innovation zone created by a local board of education must include all of the following:

(1) Development of a clear and specific plan for improving schools within the innovation zone.

(2) Establishment of an innovation zone office with a leader appointed by the local board of education and approved by the State Board of Education to govern and lead the schools in the innovation zone.

(3) Attraction of high-quality staff at schools in the innovation zone through the use of incentives, favorable working conditions, and development of partnerships to develop human capital.

(4) Accountability for those schools based on established benchmarks and goals for student achievement and for support services provided by the local school administrative unit based on metrics established by the innovation zone office for effective and efficient delivery.

(5) Support for those schools by the innovation zone office to ensure priority in services from the local school administrative unit, pursuit of outside funding, and technical support, including support from external partners.

(c) Except as otherwise provided in subsection (d) of this section, a local board of education may maintain an innovation zone created as provided in subsection (a) for up to five consecutive years. The State Board of Education may terminate the innovation zone as follows:

(1) Early termination of innovation zone based on performance. – If, during the five-year period, the average of the annual percentage growth of the schools within the innovation zone does not exceed the average annual percentage growth of other continually low-performing schools for three consecutive years, the State Board of Education, upon the recommendation of the ASD ISD Superintendent, may terminate the innovation zone at the conclusion of the academic year.

(2) Nonrenewal of innovation zone based on performance. – If, by the end of the five-year period, the average annual percentage growth of the schools within the innovation zone over the five-year period does not exceed the average annual percentage growth of other continually low-performing schools
during the same term, the State Board of Education shall not permit the local
board of education to continue the innovation zone.

(3) State Board of Education optional extension of innovation zone for three
years. – If, by the end of the five-year period, the schools within the
innovation zone remain continually low-performing schools but have
exceeded the average annual percentage growth of other continually
low-performing schools, the State Board of Education, upon the
recommendation of the ASD—ISD Superintendent in his or her discretion,
may allow continuation of the innovation zone for an additional three years.

(4) Local board of education option to extend innovation zone for three years. –
If, by the end of the five-year period, the schools within the innovation zone
receive a grade of C or higher under G.S. 115C-12(9)c1., the local board of
education shall have the option to extend the innovation zone for another
three years.

(d) A low-performing school in an innovation zone created as provided in subsection
(a) of this section shall become an IS school if that low-performing school does not exceed
growth for two continuous years."

SECTION #.(b) G.S. 115C-105.37A(d) reads as rewritten:
"(d) The State Board of Education shall report annually to the Superintendent of the
Achievement—Innovative School District on any schools identified under this section as
qualifying schools as defined in G.S. 115C-75.5 for consideration to be selected as achievement
innovative schools in accordance with Article 7A of this Chapter."

SECTION #.(c) G.S. 115C-321(a)(5) reads as rewritten:
"(5) An achievement—innovative school operator and the Superintendent of the
Achievement—Innovative School District if the school where the individual is
employed has been selected as an achievement—innovative school as
provided in Article 7A of this Chapter."

SECTION #.(d) Section 4 of S.L. 2016-110 reads as rewritten:
"SECTION 4. Evaluation of the Achievement—Innovative School District and Other
Innovation Models. – The State Board of Education shall contract during the 2016-2017 school
year with an independent research organization to evaluate the implementation and
effectiveness of the following:

(1) The Achievement—Innovative School District in turning around
low-performing schools beginning with the 2017-2018 school year through
the 2021-2022 school year, including the innovation zone established in
Section 4.5 of this act. The State Board of Education shall require AS–IS
operators to provide the independent research organization with requested
data to conduct the evaluation. The independent research organization shall
include an analysis on the impact of public versus private funding in the
effectiveness of the Achievement—Innovative School District.

(2) Innovation zones in turning around low-performing schools beginning with
the 2016-2017 school year through the 2021-2022 school year. The State
Board of Education shall require local boards of education granted
innovation zones to provide the independent research organization with
requested data to conduct the evaluation.

The independent research organization shall report its interim findings to the State Board of
Education annually no later than February 15, beginning in 2017, and shall submit a final report
no later than February 15, 2023. The State Board of Education shall provide the report of the
independent research commission, along with any recommended legislative changes, to the
Joint Legislative Education Oversight Committee annually no later than March 1, beginning in
2017 until submission of the final report in 2023.
SECTION #.(e) Section 6 of S.L. 2016-110 reads as rewritten:

"SECTION 6. It is the intent of the General Assembly to appropriate to the Department of Public Instruction four hundred fifty thousand dollars ($450,000) for the 2017-2018 fiscal year and annually thereafter for innovation zone model grants. Upon appropriation of funds, the State Board of Education shall award innovation zone model grants of up to one hundred fifty thousand dollars ($150,000) per fiscal year for five years to local boards of education who (i) have been authorized to adopt the innovation zone model by the State Board of Education for up to three schools or for a local school administrative unit with more than thirty-five percent (35%) of schools within the unit identified as low performing and (ii) provide a dollar-for-dollar match with non-State funding for the requested grant amount. Innovation zone model grants shall be directed by local boards of educations to the innovation zone office to address specific issues in innovation zone schools."

SECTION #.(f) Section 8 of S.L. 2016-110 reads as rewritten:

"SECTION 8. This act is effective when it becomes law and supervision of achievement innovative schools by the Achievement Innovative School District shall begin with the 2017-2018 school year. In the discretion of the State Board of Education (i) the ASD-ISD Superintendent may not be required during the 2016-2017 school year to recommend qualifying schools for inclusion in the ASD-ISD for the 2017-2018 school year and (ii) the time line for selection of achievement innovative schools for the 2017-2018 school year provided in G.S. 115C-75.7 may be varied, but in no event may the local board of education's decision occur later than April 1, 2017. The State Board of Education may select up to five qualifying schools to transfer to the ASD-ISD beginning with the 2017-2018 school year but shall select at least two qualifying schools to transfer to the ASD-ISD no later than the 2018-2019 school year and shall have selected five qualifying schools for transfer to the ASD-ISD no later than the 2019-2020 school year."
READ TO ACHIEVE DIAGNOSTIC CHANGES

SECTION 7.27.(a) G.S. 115C-174.11 reads as rewritten:

“§ 115C-174.11. Components of the testing program.

(a) Assessment Instruments for Kindergarten, First, Second, and Third Grades. – The State Board of Education shall develop, adopt, and provide to the local school administrative units developmentally appropriate individualized assessment instruments consistent with the Basic Education Program and Part 1A of Article 8 of this Chapter for the kindergarten, first, second, and third grades. The State Board shall approve three valid, reliable, formative, and diagnostic reading assessment instruments for selection by local school administrative units in accordance with the following:

(1) Each approved assessment instrument shall provide initial assessments, interim formative assessments, and progress monitoring capabilities.

(2) In determining which instruments to approve for use by local school administrative units, the State Board shall also consider at least the following factors:
   a. The time required to conduct formative and diagnostic assessments with the intention of minimizing the impact on instructional time.
   b. The level of integration of assessment results with instructional support for teachers and students.
   c. The timeliness in reporting assessment results to teachers and administrators.
   d. The ability to provide timely assessment results to parents and guardians.

(3) In no case shall an assessment instrument be approved for use by local school administrative units if the cost of the assessment instrument, including related instructional content, materials, and resources for teachers and students, exceeds the funds appropriated for this purpose divided by projected enrollment of students in kindergarten, first, second, and third grades.

(a1) Each local school administrative unit shall select one valid, reliable, formative, and diagnostic reading assessment from the three assessment instruments approved by the State Board under subsection (a) of this section. Local school administrative units shall use these assessment instruments provided to them by the State Board for kindergarten, first, second, and third grade students to assess progress, diagnose difficulties, and inform instruction and remediation needs. Local school administrative units shall not use standardized tests for summative assessment of kindergarten, first, and second grade students except as required as a condition of receiving federal grants.

....”

SECTION 7.27.(b) This section applies beginning with the 2018-2019 school year.
REIMBURSE INITIAL TEACHER LICENSURE FEE FOR CERTAIN NC TEACHING GRADUATES

SECTION 7.28.(a) G.S. 115C-296 is amended by adding a new subsection to read:

"(a4) Notwithstanding subsection (a2) of this section, the State Board of Education shall reimburse the initial teacher licensure application fee for the first time an applicant submits an application for teacher licensure, if the applicant meets all of the following requirements:

(1) The applicant is a graduate of an approved educator preparation program located in North Carolina.

(2) The applicant has successfully earned an initial teaching license in North Carolina.

The State Board shall issue reimbursement to the applicant within 30 days of the date the applicant successfully earns an initial teaching license in North Carolina."

SECTION 7.28.(b) This section applies to applications for licensure received on or after July 1, 2017.
SECTION #.(a) The State Superintendent of Public Instruction shall study and
make recommendations regarding the extent to which the SAT and ACT tests align with the
English language arts and mathematics portions of the Standard Course of Study. By February
1, 2018, the Superintendent shall report findings and recommendations to the Governor, the
President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the
Joint Legislative Education Oversight Committee.

SECTION #.(b) G.S. 115C-174.12 reads as rewritten:

(d) By September 1 October 1 of each year, each local board of education shall notify
the State Board of Education of any local testing to be administered to students by the local
school administrative unit in its schools and the calendar for administering those tests. The
local board of education shall include information on the following information:

1. The source of funds supporting the local testing program.
2. The time allotted to administer each test.
3. Whether the test is a computer-based test or a paper-based test.
4. The grade level or subject area associated with the test.
5. The date the test results are expected to be available to teachers and parents.
6. The type of test, the purpose of the test, and the use of the test results.
7. Estimates of average time for administering tests required by the local board
of education and the State, by grade level.

The local board of education shall meet the requirements of this subsection by inputting the
information into the uniform calendar published by the Department of Public Instruction
pursuant to subsection (e1) of this section.

(e) By October 1 November 1 of each year, the State Board of Education shall submit a
report to the Joint Legislative Education Oversight Committee containing information
regarding the statewide administration of the testing program, including the number and type of
tests and the testing schedule, and a summary of any local testing programs reported by local
boards of education to the State Board of Education in accordance with subsection (d) of this
section.

(e1) By September 1 of each year, the Superintendent of Public Instruction shall publish
on the Web site of the Department of Public Instruction a uniform calendar that includes
schedules for testing and reporting results of tests in each local school administrative unit for at
least the next two school years. The uniform calendar shall be provided to local boards of
education in an electronic format that allows each local board of education to populate the
calendar with, at a minimum, the information required by subsection (d) of this section. The
uniform calendar shall be searchable by local school administrative unit and denote whether a
test on the calendar is required by the State or required by a local board of education."
SECTION #.(c) Part 2 of Article 10A of Chapter 115C of the General Statutes is amended by adding two new sections to read:

"§ 115C-174.15. Report student performance on local tests.

(a) A local board of education shall provide a student's results on tests required by the local board, as reported pursuant to G.S. 115C-174.12(d), to the following persons and according to the following time lines:

(1) To the student's teachers no later than one week after the test is administered.

(2) To the student's parents no later than 30 days after the test is administered.

(b) If the superintendent of the local school administrative unit determines in writing that extenuating circumstances exist and reports those circumstances to the local board of education, the local board may extend the above time lines in the discretion of the local board of education.


A local board of education shall report a student's results on all statewide, standardized tests to the student's applicable teacher in a timely manner and in an easy-to-read and understandable format. Before the beginning of the upcoming school year, the local board of education shall report these results to the applicable teacher assigned to the student in the upcoming school year. These reports shall include all of the following information:

(1) A clear explanation of the student's performance on the applicable statewide, standardized tests.

(2) Information identifying the student's areas of strength and areas in need of improvement.

(3) Specific actions that may be taken, and the available resources that may be used, by the student's parent or legal guardian to assist the student based on the student's areas of strength and areas in need of improvement.

(4) Longitudinal information, if available, on the student's progress in each subject area based on previous statewide, standardized test data.

(5) Information showing the student's score compared to other students in the local school administrative unit, in the State, or, if available, in other states.

(6) Predictive information, if available, showing the linkage between the scores attained by the student on the statewide, standardized tests and the scores he or she may potentially attain on nationally recognized college entrance examinations."

SECTION #.(d) G.S. 115C-81(b) reads as rewritten:

"(b) The Basic Education Program shall include course requirements and descriptions similar in format to materials previously contained in the standard course of study, and it shall provide:

provide all of the following:

(1) A core curriculum for all students that takes into account the special needs of children.

(2) A set of competencies, by grade level, for each curriculum area.

(3) A list of textbooks for use in providing the curriculum.

(4) Standards for student performance and promotion based on the mastery of competencies, including standards for graduation, that take into account children with disabilities and, in particular, include appropriate modifications.

(4a) Standards for early promotion based on the mastery of competencies. These standards shall apply when early grade or course promotion based on the mastery of competencies is permitted in a school and shall include requirements for early promotion based on mastery of competencies, at a minimum, in the following subject areas and grade levels:

a. For English language arts, at least grades three through 12.
b. For mathematics, at least grades three through 12.

(5) A program of remedial education.

(6) Required support programs.

(7) A definition of the instructional day.

(8) Class size recommendations and requirements.

(9) Prescribed staffing ratios.

(10) Material and equipment allotment ratios.

(11) Facilities guidelines that reflect educational program appropriateness, long-term cost efficiency, and safety considerations.

(12) Any other information the Board considers appropriate and necessary.

The State Board shall not adopt or enforce any rule that requires Algebra I as a graduation standard or as a requirement for a high school diploma for any student whose individualized education program (i) identifies the student as learning disabled in the area of mathematics and (ii) states that this learning disability will prevent the student from mastering Algebra I.

The State Board shall not require any student to prepare a high school graduation project as a condition of graduation from high school; local boards of education may, however, require their students to complete a high school graduation project."

SECTION #.(e) This section applies beginning with the 2018-2019 school year.
PRIVATE ALTERNATIVE TEACHER PREPARATION

SECTION #.(a) G.S. 115C-296.12 reads as rewritten:


(a) It is the policy of the State of North Carolina to encourage lateral entry into the profession of teaching by skilled individuals from the private sector. Skilled individuals who choose to enter the profession of teaching laterally may be granted an initial teaching license for no more than three years and shall be required to obtain licensure required for those who have taught more than three years before contracting for a fourth year of service with any local school administrative unit in this State. The criteria and procedures for lateral entry shall include preservice training in all of the following areas:

(1) The identification and education of children with disabilities.

(2) Positive management of student behavior.

(3) Effective communication for defusing and deescalating disruptive or dangerous behavior.

(4) Safe and appropriate use of seclusion and restraint.

(a1) The State Board of Education shall approve at least one, but no more than four, alternative, private, for-profit, or nonprofit lateral entry educator preparation programs if the programs meet standards set by the State Board of Education. The standards shall include all of the following requirements:

(1) The competency-based standards necessary to earn a teaching license pursuant to subdivisions (1) through (4) of subsection (b) of this section.

(2) At least 80 instructional hours of classroom readiness training, including the preservice training pursuant to subsection (a) of this section, prior to entering the classroom.

(3) A minimum of three educator coaching visits in the first year of teaching.

(4) All required pedagogy and subject-area content completed by the end of the first year of teaching.

Alternative educator preparation program providers approved pursuant to this subsection shall administer the training needed to meet the standards set by the State Board of Education.

(b) The State Board of Education, in consultation with the State Board of Community Colleges and North Carolina Independent Colleges and Universities, Inc., may provide a competency-based program of study for lateral entry teachers to complete the coursework necessary to earn a teaching license. To this end, the State Board of Education, in consultation with the State Board of Community Colleges and North Carolina Independent Colleges and Universities, Inc., shall establish a competency-based program of study for lateral entry teachers to be implemented within the Community College System and at approved educator preparation programs at private, nonprofit two-year colleges. These programs shall meet standards set by the State Board of Education. To ensure that programs of study for lateral entry remain current and reflect a rigorous course of study that is aligned to State and national
standards, the State Board of Education shall do all of the following to ensure that lateral entry personnel are prepared to teach:

1. Provide adequate coursework in the teaching of reading and mathematics for lateral entry teachers seeking certification in elementary education.
2. Assess lateral entry teachers prior to licensure to determine that they possess the requisite knowledge in scientifically based reading and mathematics instruction that is aligned with the State Board's expectations.
3. Prepare all lateral entry teachers to apply formative and summative assessments within the school and classroom setting through technology-based assessment systems available in North Carolina schools that measure and predict expected student improvement.
4. Require that lateral entry teachers demonstrate competencies in using digital and other instructional technologies to provide high-quality, integrated digital teaching and learning to all students.

(c) The State Board of Community Colleges and the State Board of Education shall jointly identify the community college courses and the educator preparation program courses that are necessary and appropriate for inclusion in the community college program of study for lateral entry teachers. To the extent possible, any courses that must be completed through an approved educator preparation program shall be taught on a community college campus or shall be available through distance learning. The State Board of Education shall identify the appropriate courses for a private, nonprofit two-year college to include in the program of study for lateral entry teachers.

(d) In order to participate in the community college or private, nonprofit two-year college lateral entry program of study for lateral entry teachers, an individual must hold at least a bachelor's degree from a regionally accredited institution of higher education.

(e) An individual who successfully completes the a lateral entry program of study and meets all other lateral entry requirements of licensure set by the State Board of Education shall be recommended for a North Carolina teaching license.

(f) It is further the policy of the State of North Carolina to ensure that local boards of education can provide the strongest possible leadership for schools based upon the identified and changing needs of individual schools. The State Board of Education shall carefully consider a lateral entry program for school administrators to ensure that local boards of education will have sufficient flexibility to attract able candidates.

(g) By December 15, 2019, and continuing each year thereafter, the State Board of Education shall report to the Joint Legislative Education Oversight Committee on the performance of teachers who attain a North Carolina teaching license through an alternative, private, for-profit, or nonprofit lateral entry educator preparation program. The State Board shall collect information on the performance of an individual teacher for each year, up to five years, after that teacher attains a North Carolina teaching license. The report shall include information on rates of retention of teachers who attain a teaching license pursuant G.S. 115C-296.12(a1) and the performance of students learning under teachers who attain a teaching license pursuant to G.S. 115C-296.12(a1)."

SECTION #.(b) The Superintendent of Public Instruction shall request participation applications from alternative, private, for-profit, or nonprofit lateral entry educator preparation programs no later than August 1, 2017, and shall present those applications to the State Board of Education no later than September 15, 2017. By November 15, 2017, the State Board of Education shall approve a minimum of one program, but no more than a total of four programs, if those programs meet the requirements of G.S. 115C-296.12(a1) and have at least five years of experience providing educator preparation services. Approved programs may begin operating as early as the 2018 spring academic term.
SCHOOL CALENDAR FLEXIBILITY PILOT PROGRAM

SECTION #.(a) Purpose. – The State Board of Education (State Board) shall establish a School Calendar Flexibility Pilot Program (program). The purpose of the program is to determine the impact of school calendar flexibility for opening and closing dates on student achievement and summer internships and to identify and quantify the communities that can support local school calendar control and those that cannot.

SECTION #.(b) Participation. – All local school administrative units in the following counties, which collectively represent the geographic, economic, and social diversity of the State, are authorized to participate in the program: Anson County, Bladen County, Cabarrus County, Caldwell County, Cherokee County, Cleveland County, Davidson County, Duplin County, Graham County, Greene County, Guilford County, Martin County, McDowell County, Mitchell County, Northampton County, Robeson County, Rowan County, Warren County, Washington County, and Wilson County.

Any local board of education of a local school administrative unit authorized to participate in the program may elect not to participate. For each local school administrative unit that elects not to participate in the program, the State Board may authorize one replacement local school administrative unit to participate in the program. Together, the local school administrative units participating in the program shall represent the geographic, economic, and social diversity of the State.

SECTION #.(c) Implementation. – Each local school administrative unit participating in the program shall do so for three school years, beginning in either the 2018-2019 school year or the 2019-2020 school year. The State Board shall provide the Department of Commerce with a list of the participating local school administrative units no later than February 1, 2018.

Notwithstanding G.S. 115C-84.2(d), local boards of education of participating local school administrative units shall determine, for the duration of the program, the dates of opening and closing the public schools under G.S. 115C-84.2(a)(1). Except for year-round schools, the opening date for students shall be no earlier than the Monday closest to August 10 and the closing date for students shall be no later than the Friday closest to June 11. A local board may revise the scheduled closing date if necessary in order to comply with the minimum requirements for instructional days or instructional time.

The required opening and closing dates under this section shall not apply to any school that a local board designated as having a modified calendar for the 2003-2004 school year or to any school that was part of a planned program in the 2003-2004 school year for a system of modified calendar schools, so long as the school operates under a modified calendar.

SECTION #.(d) Data Collection by Department of Public Instruction. – For the duration of the program, the Department of Public Instruction shall contact each participating local school administrative unit annually to determine (i) the actual dates for opening and closing the public schools, (ii) the impact of the program on student achievement and summer internships, and (iii) any other information the Department deems necessary for purposes of the...
study. The Department of Public Instruction shall provide the Department of Commerce with
the actual dates for opening and closing the public schools in each participating local school
administrative unit.

SECTION #.(e) Department of Commerce Evaluation. – The Department of
Commerce shall study the effect of the program on the travel and tourism industry for all 100
counties of the State.

SECTION #.(f) Reports. – By November 15 of each year following the operation
of the program, the State Board and the Department of Commerce shall separately report to the
School of Government at the University of North Carolina at Chapel Hill on the effects of the
program. The State Board shall report on (i) implementation and administration of the program;
(ii) any impact of the program on student achievement; (iii) any effect of the program on
summer internships; and (iv) any recommendations on the modification, continuation, and
potential expansion of the program statewide. The State Board shall also recommend any local
school administrative units that should be assigned calendar flexibility on an ongoing basis.
The Department of Commerce shall report on any economic impact of the program on the
tourism industry in the State. The School of Government shall evaluate this information and
provide an aggregated report to the Joint Legislative Education Oversight Committee by
December 15 of the same year.
Request by

WAIVE FEE FOR CAMBRIDGE AICE PROGRAM COURSE

SECTION #.(a) G.S. 115C-174.26(a) reads as rewritten:

"(a) It is the intent of the State to enhance accessibility and encourage students to enroll in and successfully complete more rigorous advanced courses to enable success in postsecondary education for all students. For the purposes of this section, an advanced course is an Advanced Placement course, an International Baccalaureate Diploma Programme course, or a Cambridge Advanced International Certificate of Education (AICE) course, including an AS-Level or A-Level course. To attain this goal, to the extent funds are made available for this purpose, students enrolled in public schools shall be exempt from paying any fees for administration of examinations for advanced courses and registration fees for advanced courses in which the student is enrolled regardless of the score the student achieves on an examination."

SECTION #.(b) Section 8.27(d) of S.L. 2013-360, as amended by Section 8.17 of S.L. 2014-100, reads as rewritten:

"SECTION 8.27.(d) Of the funds appropriated to the Department of Public Instruction to implement the requirements of this section, ten million eight hundred thirty-one thousand one hundred eighty-four dollars ($10,831,184) for the 2014-2015 fiscal year shall be used to fund fees for testing in advanced courses and one million five hundred thousand dollars ($1,500,000) for each fiscal year shall be used by the North Carolina Advanced Placement Partnership to carry out its responsibilities as set forth in this section. Funding appropriated for professional development may be used by the State Board of Education to contract with an independent evaluator to assess the implementation and impact of advanced course programs in North Carolina. For the purposes of this section, until June 30, 2017, the term "advanced courses" means an Advanced Placement or International Baccalaureate Diploma Programme course. Beginning with the 2017-2018 fiscal year, the term "advanced courses" means an Advanced Placement course, an International Baccalaureate Diploma Programme course, or a Cambridge Advanced International Certificate of Education (AICE) course, including an AS-Level or A-Level course.

If the funds appropriated for the 2014-2015 fiscal year and subsequent fiscal years are insufficient, the Department of Public Instruction may use other funds within the State Public School Fund for these purposes."
REORGANIZATION OF THE COMMUNITY COLLEGES SYSTEM OFFICE

SECTION 9.1.(a) Notwithstanding any other provision of law and consistent with the authority established in G.S. 115D-3, the President of the North Carolina Community College System may reorganize the System Office in accordance with recommendations and plans submitted to and approved by the State Board of Community Colleges.

SECTION 9.1.(b) This section expires June 30, 2018.
CARRYFORWARD OF COLLEGE INFORMATION SYSTEM FUNDS

SECTION 9.2.(a) Of the funds appropriated to the Community Colleges System Office for the 2017-2019 fiscal biennium for the College Information System, up to one million two hundred fifty thousand dollars ($1,250,000) shall not revert at the end of each fiscal year but shall remain available until expended. These funds may be used only to purchase periodic system upgrades and modernize the North Carolina Community College System’s enterprise resource planning (ERP) system.

SECTION 9.2.(b) The President of the North Carolina Community Colleges System shall work with the Friday Institute for Educational Innovation at North Carolina State University, the Government Data Analytics Center, and other State agencies to improve communication between computer systems. The President shall ensure, to the extent practicable, that its updated computer systems are able to share data with computer systems at the Department of Public Instruction, other State agencies, and constituent institutions of The University of North Carolina.
COMMUNITY COLLEGE WORKFORCE STUDY

SECTION 9.3.(a) The State Board of Community Colleges shall study the costs of workforce training and related academic instruction delivered by the community colleges. The study shall assess the various factors that affect instructional costs in workforce training courses, including specialized equipment requirements and faculty salaries.

SECTION 9.3.(b) As a separate component of its study, the State Board of Community Colleges shall contract with an independent research organization to conduct an evaluation of the statewide Apprenticeship Program (Program), which, beginning with the 2017-2018 fiscal year, shall be transferred to and administered by the Community Colleges System Office pursuant to Section 15.13 of this act. The State Board shall not contract with an independent research organization that has contracted with the State Board or Community Colleges System Office within five years preceding commencement of the evaluation and shall not contract with the selected independent research organization within five years following completion of the evaluation. The State Board shall direct the independent organization to conduct a mixed method evaluation that examines the impact of the Program on at least the following:

(1) Development of student skill levels.
(2) Student employability.
(3) Participation by business sponsors.

The evaluation shall include in its results recommendations for best practices to enhance employer involvement in the Program and to increase student skill level and employment acquisition resulting from participation in the Program.

SECTION 9.3.(c) The State Board of Community Colleges shall analyze the results of its workforce training study and the independent research organization evaluation in order to make recommendations on how to most effectively coordinate the joint delivery of the Program and workforce training programs. By September 1, 2018, the State Board shall submit a report to the Joint Legislative Education Oversight Committee on the results of its analysis, including any recommendations on the alignment of tier funding with course costs and any recommended legislative changes.
START-UP FUNDS FOR HIGH-COST WORKFORCE COURSES

SECTION 9.5.(a) The State Board of Community Colleges shall establish the Community College High-Cost Workforce Program Grant to allocate funds to community colleges to establish new high-cost workforce Tier 1A and Tier 1B courses that require significant start-up funds. The State Board shall adopt an application process for community colleges to apply for the award of funds to establish new courses beginning with the 2017-2018 fiscal year. To be eligible to receive the funds, community colleges shall submit to the State Board a completed application, which shall include at least the following information:

1) A description of the proposed program of study.
2) An impact assessment of implementing the proposed course on existing programs at contiguous colleges.
3) Documentation of student interest in the course.
4) Alignment of the course with the future employment needs within the area served by the community college and the State.

SECTION 9.5.(b) The State Board of Community Colleges shall submit a report to the Joint Legislative Education Oversight Committee by November 1 of each year of the program on the implementation of the new high-cost workforce Tier 1A and Tier 1B courses, including at least the following information:

1) The use of funds by community colleges participating in the grant program, including:
   a. Start-up costs to establish new courses.
   b. Costs associated with student instruction, including faculty salaries, instructional supplies, and related instructional equipment.

2) Evaluation of the success of the community college courses, including:
   a. Student enrollment numbers.
   b. Student outcomes, including job attainment and placement data and completion of any certification, diploma, or associate degree programs.
CC BOARD OF TRUSTEES TRAINING

SECTION 9.6.(a) Article 2 of Chapter 115D of the General Statutes is amended by adding a new section to read:

"§ 115D-18.5. Training of board of trustees members.

All members of a board of trustees shall participate in, within six months of appointment, an orientation session provided by the Community Colleges System Office. Members shall also participate in an education session provided by the System Office every two years thereafter while serving on the board of trustees. The System Office shall develop orientation and education session content in consultation with community college representatives, including community college presidents and members of boards of trustees. The State Board of Community Colleges shall adopt rules to implement this section."

SECTION 9.6.(b) G.S. 115D-19(b) reads as rewritten:

"(b) A board of trustees may declare vacant the office of a member who does not attend three consecutive, scheduled meetings without justifiable excuse. A board of trustees may also declare vacant the office of a member who, without justifiable excuse, does not participate within six months of appointment in a trustee orientation and education session sponsored by the North Carolina Association of Community College Trustees in the board of trustees training required pursuant to G.S. 115D-18.5. The board of trustees shall notify the appropriate appointing authority of any vacancy."

SECTION 9.6.(c) The Community Colleges System Office shall make the orientation session required by G.S. 115D-18.5, as enacted by this section, available no later than January 1, 2018. Members of boards of trustees appointed between the date this act becomes law and January 1, 2018, shall have until June 30, 2018, to participate in an orientation session. Members of boards of trustees who were appointed prior to the date this act becomes law shall participate in an initial education session pursuant to G.S. 115D-18.5 by December 31, 2018.

SECTION 9.6.(d) Subsection (b) of this section becomes effective January 1, 2019.
1 **CLARIFY YOUTH APPRENTICESHIP PROGRAM**

SECTION 9.8.(a) G.S. 115D-5(b)(16) reads as rewritten:

16 *(16) Courses provided to students who are participating in a pre-apprenticeship or apprenticeship program that meets all of the following criteria:

a. Meets one of the following:

1. Is a registered apprenticeship program recognized by the United States Department of Labor.
2. Is a pre-apprenticeship program recognized and approved by the State agency administering the statewide apprenticeship program.

b. Has a documented plan of study with courses relating to a job-specific occupational or technical skill.

c. Requires the participants in the program to be high school students when entering the program."

SECTION 9.8.(b) This section applies retroactively beginning with the 2016 fall academic term.
CATAWBA VALLEY CC/MANUFACTURING CENTER

SECTION 9.9. Chapter 115D of the General Statutes is amended by adding a new Article to read:

"Article 5B.

"Manufacturing Solutions Center at Catawba Valley Community College.

"§ 115D-67.10. Purpose of the Center.

The purpose of the Manufacturing Solutions Center at Catawba Valley Community College is to create and maintain jobs in North Carolina through support of traditional and emerging industries. The Center's services include training, testing, market development, entrepreneur support, product sourcing, prototyping, applied research, and managing a manufacturing business incubator.

"§ 115D-67.11. Director and other Center personnel.

The president of the Catawba Valley Community College shall appoint an individual to serve as the executive director of the Manufacturing Solutions Center. The executive director shall select other personnel of the Center, subject to the approval by the president of the Catawba Valley Community College. The executive director and other personnel of the Center are employees of Catawba Valley Community College and are subject to the personnel policies of the community college.

"§ 115D-67.12. Fees collected by the Center; use of Center funds.

Notwithstanding any other provision of law, all fees collected by the Manufacturing Solutions Center for services to industry, except for regular curriculum and continuing education tuition receipts, shall be retained by the Center and used for the operations of the Center. Purchases made by the Center using these funds are not subject to the provisions of Article 3 of Chapter 143 of the General Statutes. However, the Center shall (i) notify the Secretary of the Department of Administration or the Secretary's designee of the intent to enter into a contract for supplies, materials, printing, equipment, and contractual services that exceeds one million dollars ($1,000,000) as provided in G.S. 114-8.3 and (ii) include in all agreements or contracts to be awarded by the Center under this section a standard clause which provides that the State Auditor and internal auditors of the Center may audit the records of the contractor during and after the term of the contract to verify accounts and data affecting fees and performance. The Center shall not award a cost plus percentage of cost agreement or contract for any purpose."
HS STUDENTS/NON-CREDIT COURSES LEADING TO INDUSTRY CREDENTIALS

SECTION #.(a) G.S. 115D-5(b)(12) reads as rewritten:
"(12) All curriculum courses taken by high school students at community colleges, in accordance with G.S. 115D-20(4) and this section."

SECTION #.(b) G.S. 115D-20(4)a.2. reads as rewritten:
"2. Academic transition pathways for qualified junior and senior high school students that lead to a career technical education certificate or diploma, or State or industry-recognized credential and academic transition pathways for qualified freshmen and sophomore high school students that lead to a career technical education certificate or diploma in (i) industrial and engineering technologies, (ii) agriculture and natural resources, or (iii) transportation technology."

SECTION #.(c) G.S. 115D-5 is amended by adding a new subsection to read:
"(b2) Beginning February 1, 2018, and annually thereafter, the State Board of Community Colleges shall report to the Joint Legislative Education Oversight Committee on the number and type of waivers granted pursuant to subdivision (b) of this section."

SECTION #.(d) This section applies beginning with the 2017-2018 academic year.
REQUESTED BY

ESTABLISH BOARD OF POSTSECONDARY EDUCATION CREDENTIALS

SECTION #.(a) Chapter 115D of the General Statutes is amended by adding a new Article to read:

"Article 9. 
§ 115D-100. Board of Postsecondary Education Credentials. 
(a) Findings. – The General Assembly finds that, in today's economy, opportunities for North Carolina's citizens to reach the middle class with a high school level education or even less have significantly decreased. To be competitive and obtain better paying jobs that lead to a better quality of life in the State's current and future economy, most citizens will need some type of postsecondary education that qualifies them for employment. The General Assembly recognizes the importance of bringing together potential employers and providers of postsecondary education for the purpose of identifying workforce skills and training needs and developing courses of study and vocational training that meet the standards expected and required by industries, corporations, and other employers. The General Assembly further finds that the establishment of a permanent board with members who are knowledgeable about postsecondary education and workforce training needs will enable providers of postsecondary education to prepare and design training programs that are responsive to workforce needs and that will assist the State's citizens in securing the credentials required to obtain better paying jobs.

The General Assembly recognizes that postsecondary education opportunities should be easily available and accessible to all citizens. Therefore, the General Assembly encourages State educators, when designing the method and manner for delivering postsecondary educational programs, to take into account the varying income levels and economic circumstances of the State's citizens, transportation needs, and other unique challenges in both urban and rural areas of the State that affect accessibility to postsecondary education opportunities and to make genuine efforts to accommodate and address those factors.

The General Assembly also finds that most employers consider postsecondary credentials such as academic degrees and high-quality, nondegree certifications awarded by institutions of higher education when determining whether a person has the expertise and skills required for a job. However, high-quality credentials may also be obtained through other alternative models such as open-source online programs, on-the-job training, and military experience. Therefore, it is essential that a system also be devised in which the meaning and validity of postsecondary credentials is clear and understandable to educators, employers, and students and that accurately conveys the knowledge, skills, and training obtained by an individual however and wherever it is obtained.

(b) Board Established. – There is established the Board of Postsecondary Education Credentials to be located administratively under the Community Colleges System Office; however, the Board shall exercise all its prescribed powers independently of the Community Colleges System Office. The Board shall consist of the following members:
The purpose of the Board is to review and make recommendations for the development of a statewide system of postsecondary education that links industry, corporations, and businesses in this State with educators, government, and community organizations to identify workforce skills and training needs and to ensure that appropriate courses of study and vocational training are available to North Carolinians, including those preparing to pursue postsecondary education, entering the workforce, or seeking to update skills and training for purposes of retaining employment and advancing in the workforce. In addition, the Board shall identify alternative ways in which people gain valuable workforce skills and experience, such as on-the-job training, that are not represented by four-year or two-year degrees and the types of credentials used to signify competence of a certain level upon successful completion of the alternative training experience. The Board shall review and make recommendations on those criteria to be used to determine the value of a nondegree credential, the competencies that it represents, and how it should be compared and valued with regard to other types of postsecondary credentials.

Duties. – The duties of the Board include the following:

(1) Recommend State goals and a framework for achieving those goals among educators to ensure that by 2025, the appropriate percentage, as decided by the Board, of the State's adult citizens will hold degrees, certificates, or other high-quality postsecondary credentials. The Board shall divide the responsibility among The University of North Carolina System and the State's Community College System for achieving the goals adopted by the Board. The Board shall periodically review the progress made toward the goals, evaluate the strategies developed and used toward to attain those goals, and may make additional recommendations.

(2) Identify the credentials that are acceptable for meeting those goals and determine how the responsibility for providing the courses of study and training for those credentials shall be assigned among the State's educators and others. In making these determinations, consideration shall be given to the fact that the individuals who need these courses of study and training are of various economic levels and are also located in rural areas and metropolitan areas across the State. These factors shall be taken into account with regard to the location and delivery of the courses of study and training programs.

(3) Address the issue of postsecondary credentials, the various levels of skill and knowledge those credentials signify, and how to accurately convey that information to employers, students and trainees, and providers of postsecondary education. The Board shall consider procedures and methods for recognizing skills and training needed in the workforce that an individual may have obtained through military experience, through on-the-job and employee-proved training, or through other life experiences.

Chair. – The Board shall elect from the members a chair and a vice-chair for terms of two years. A chair or vice-chair may serve no more than two consecutive terms in that role.
(f) Hire Staff and Consultants. – To the extent of funds available, the Chair of the Board may, with the approval of the Board, hire staff or consultants to assist the Board in carrying out its purpose and duties.

(g) Travel and Subsistence. – Members, staff, and consultants of the Board shall receive travel and subsistence expenses in accordance with the provisions of G.S. 138-5 or G.S. 138-6, as appropriate.

(h) Meeting Space. – With the approval of the Legislative Services Commission, space in the Legislative Building and the Legislative Office Building may be made available to the Board.

(i) Frequency of Meetings and Quorum. – The Board shall meet upon the call of the Chair and shall have its first meeting no later than October 1, 2017. The Board shall meet at least quarterly. A majority of the members of the Board shall constitute a quorum for the transaction of business.

(j) Reporting Requirement. – The Board shall report initially no later than March 1, 2018, to the Joint Legislative Education Oversight Committee regarding the goals established by the Board pursuant to this section and the progress in meeting those goals and shall report annually thereafter. The report shall include any recommendations by the Board regarding legislation needed to implement this section."

SECTION #.(b) Of the funds appropriated by this act for the 2017-2019 fiscal biennium to the Community Colleges System Office, the sum of three hundred fifty thousand dollars ($350,000) for the 2017-2018 fiscal year and the sum of three hundred fifty thousand dollars ($350,000) for the 2018-2019 fiscal year shall be allocated to the Board of Postsecondary Education Credentials to be used to cover operating expenses of the Board, including expenses for staff and consultants to assist the Board in carrying out its purpose and duties.
Requested by

**CC ENROLLMENT IMPACTED BY HURRICANE MATTHEW/HOLD HARMLESS**

**SECTION #.(a)** Of the funds appropriated by this act to the Community College System Office for the 2017-2018 fiscal year, the Community College System Office shall transfer the sum of two million seven hundred sixty-two thousand four hundred eighteen dollars ($2,762,418) into a budget stabilization reserve in Budget Code 16800 to be used to offset the decline in community college enrollment at certain campuses for the Fall 2016 and Spring 2017 semesters due to the impact of Hurricane Matthew.

**SECTION #.(b)** Notwithstanding any other provision of law, when calculating the enrollment growth budget request for the Community College System to the Director of the Budget for the 2018-2019 fiscal year, the Community College System Office shall adjust full-time equivalent (FTE) enrollment to reflect the 526 FTE lost due to the impact of Hurricane Matthew.
REQUESTED BY

HIGH ACHIEVING SCHOLARSHIPS FOR TOP-PERFORMING HIGH SCHOOL STUDENTS

SECTION #.(a) Purpose of Program. – There is created the High Achieving Tuition Scholarship Program. The purposes of the High Achieving Tuition Scholarship Program include the following:

1. Encourage higher-performing students at community colleges.
2. Utilize the State's educational resources to the fullest.
3. Create more educational and career options for students.
4. Realize significant cost savings to the State.
5. Develop a more competitive workforce.

SECTION #.(b) Scholarship Eligibility. – A student shall be eligible to receive a High Achieving Tuition Scholarship if the student meets all of the following requirements:

1. In the academic semester prior to enrolling in a community college, graduates with at least a 3.5 unweighted grade point average from either (i) a public high school located in this State or (ii) a nonpublic high school or home school, as defined in Article 39 of Chapter 115C of the General Statutes, located in this State.
2. Presents evidence the student is either a United States citizen or eligible noncitizen.
3. Qualifies as a resident of this State for tuition purposes, as provided in Article 14 of Chapter 116 of the General Statutes.
4. Gains admission as a student at a North Carolina community college in a curriculum program.
5. Complies with Selective Service registration requirements.
6. Affirmatively states the student does not have a felony conviction for a controlled substance offense under Article 5 of Chapter 90 of the General Statutes.

SECTION #.(c) Award of Scholarships. – The Community Colleges System Office shall annually award High Achieving Tuition Scholarships to all eligible students in an amount not to exceed the cost of 16 credit hours of tuition per fall or spring academic semester for a maximum of four academic semesters. The System Office shall contract with the State Education Assistance Authority (Authority) for administration of the scholarship program. The Authority shall require students to complete a Free Application for Federal Student Aid (FAFSA) to be eligible for a scholarship award and shall reduce the amount of the scholarship award for any student by the amount of grants or scholarships received by that student from other State or federal sources. The Authority shall award scholarships to eligible students in the order in which they are received. The Authority shall award scholarships beginning with the fall semester of the 2018-2019 academic year to students graduating from high school in the 2017-2018 school year.
SECTION #.(d) Scholarship Renewal. – A scholarship awarded to an eligible student shall be annually renewed if the student demonstrates all of the following:

1. A cumulative 3.0 grade point average.
2. Completion of a minimum of 30 semester credit hours by the end of the academic year.
3. An affirmative statement the student does not have a felony conviction for a controlled substance offense under Article 5 of Chapter 90 of the General Statutes.

SECTION #.(e) Scholarship Revocation. – A scholarship awarded to an eligible student shall be revoked at the conclusion of the first semester of an academic year for any of the following:

1. Failure to maintain a course load of at least 12 credit hours.
2. Default or unpaid refund on a student financial aid program.

SECTION #.(f) Scholarship Administration. – The State Board of Community Colleges and the Authority shall adopt rules for administration of the High Achieving Tuition Scholarship Program.

SECTION #.(g) Course Counseling and Transfer. – Community colleges shall ensure that scholarship recipients are provided counseling and assistance in maintaining the necessary grade point averages and selecting coursework that reflects their educational and career goals. For students planning to enter a constituent institution of The University of North Carolina, the State Board of Community Colleges shall ensure that credits earned by those students participating in the program are transferable.

SECTION #.(h) Of the funds appropriated by this act to the Community Colleges System Office for the 2017-2018 fiscal year, the System Office shall use the sum of fifty thousand dollars ($50,000) for the 2017-2018 fiscal year for administrative costs related to the implementation of the High Achieving Tuition Scholarship Program, including contracting with the Authority for this purpose. Of the funds appropriated by this act to the Community Colleges System Office for the 2018-2019 fiscal year, the System Office shall use the sum of two million dollars ($2,000,000) for the 2018-2019 fiscal year for administrative costs and award of scholarships, including contracting with the Authority for this purpose. Beginning with the 2018-2019 fiscal year, the System Office may use up to five percent (5%) of the appropriated funds for administrative costs associated with the Program. Any unexpended funds for the purposes set forth in this section shall not revert at the end of each fiscal year but shall remain available to award scholarships to eligible students.

SECTION #.(i) The Board of Governors of The University of North Carolina shall adopt a policy to permit any student admitted to a constituent institution who receives a High Achieving Tuition Scholarship to defer admission to the constituent institution for two years, beginning with the 2018-2019 academic year. Deferred admission shall be contingent upon the successful completion of an associate's degree and remaining in good standing in the Scholarship Program while enrolled in the community college.

SECTION #.(j) For the 2017-2018 school year, the State Board of Education shall direct local boards of education to survey high school students in their senior year who meet the eligibility requirements of the High Achieving Tuition Scholarship Program to determine interest in the program, including numbers of students who intend to apply for the scholarship, and reasons that eligible students may choose not to apply for the scholarship. The State Board of Education shall report to the Joint Legislative Education Oversight Committee no later than December 15, 2017, on the results of this survey.

SECTION #.(k) The Board of Governors of The University of North Carolina and the State Board of Community Colleges shall jointly identify and report to the Joint Legislative Education Oversight Committee by April 1, 2020, on potential issues related to the transition of High Achieving Tuition Scholarship recipients from community college to university.
enrollment and other recommendations to improve and expand the High Achieving Tuition Scholarship Program.

**SECTION #.()** The State Education Assistance Authority shall report annually on or before September 1, beginning in 2019, to the Joint Legislative Education Oversight Committee on the implementation of the High Achieving Tuition Scholarship Program. The report shall include at least the following information:

1. Number of students applying for the scholarship, including information about student demographics and geographic location.
2. Number of students awarded the scholarship, including information about student demographics and geographic location, and community college attended.
3. Amount of funds expended for scholarships.
4. Number of students whose scholarships were revoked and reasons for revocation.
5. Other relevant information as determined by the Authority.
ELIZABETH CITY STATE UNIVERSITY BUDGET STABILIZATION FUNDS REPORT

SECTION 10.2. The President of The University of North Carolina shall report each quarter of the 2017-2019 fiscal biennium to the Office of State Budget and Management and the Fiscal Research Division of the General Assembly on the status of budget stabilization funds appropriated to Elizabeth City State University by this act for the purpose of supporting temporary faculty, aviation science programs, and student success initiatives. The reports shall provide detailed descriptions of the scope of work that has been completed to date, anticipated activities for the next quarter, and a plan with time lines to complete the full scope of work. The reports shall also include outcomes achieved from improvements implemented using these funds. The first quarterly report required by this section shall be made no later than January 1, 2018.
WESTERN SCHOOL OF ENGINEERING AND TECHNOLOGY FUNDS

SECTION 10.5.(a) Funds appropriated for project management and curriculum development at the Western School of Engineering and Technology which was funded in the Connect NC Bond for the 2016-2017 fiscal year shall not revert and shall remain available for the 2017-2019 fiscal biennium for the purpose of project management and curriculum development.

SECTION 10.5.(b) This section becomes effective June 30, 2017.
ENHANCE UNC DATA SYSTEMS TO IMPROVE INSTITUTIONAL PERFORMANCE AND STUDENT SUCCESS

SECTION 10.6.(a) The Board of Governors of The University of North Carolina shall use funds appropriated by this act to modernize business processes, increase standardization, and maximize State resources. The investment will enable better financial management of The University of North Carolina and should yield, at a minimum, but not limited to, cost-per-unit analysis, predictive modeling, and more timely access to actionable information. Funds shall also be used to enhance data systems for the following purposes: integrating financial, human resource, and student account systems across The University of North Carolina System; developing new data collections systems that track faculty and staff retention rates and post-graduation student outcomes; expanding "Know Before You Go" data reporting; and implementing a Web-based student advising tool as part of a pilot program to be known as "Finish in Four."

SECTION 10.6.(b) The President of The University of North Carolina shall report on implementation of this section to the Joint Legislative Education Oversight Committee on or before March 1 of each fiscal year of the 2017-2019 fiscal biennium. The report shall identify specific improvements to data access, analytics, and transparency available to the public and legislative and executive branch decision-makers resulting from this project.
UNC/ESCHEATS FUND FOR STUDENT FINANCIAL AID PROGRAMS

SECTION 10.7.(a) The funds appropriated by this act from the Escheat Fund for the 2017-2019 fiscal biennium for student financial aid shall be allocated in accordance with G.S. 116B-7. Notwithstanding any other provision of Chapter 116B of the General Statutes, if the interest income generated from the Escheat Fund is less than the amounts referenced in this act, the difference may be taken from the Escheat Fund principal to reach the appropriations referenced in this act; however, under no circumstances shall the Escheat Fund principal be reduced below the sum required in G.S. 116B-6(f). If any funds appropriated from the Escheat Fund by this act for student financial aid remain uncommitted aid as of the end of a fiscal year, the funds shall be returned to the Escheat Fund, but only to the extent the funds exceed the amount of the Escheat Fund income for that fiscal year.

SECTION 10.7.(b) The State Education Assistance Authority (SEAA) shall conduct periodic evaluations of expenditures of the student financial aid programs administered by SEAA to determine if allocations are utilized to ensure access to institutions of higher learning and to meet the goals of the respective programs. The SEAA may make recommendations for redistribution of funds to the President of The University of North Carolina and the President of the Community College System regarding their respective student financial aid programs, who then may authorize redistribution of unutilized funds for a particular fiscal year.
UNC MANAGEMENT FLEXIBILITY REDUCTION

SECTION 10.8.(a) The Board of Governors shall develop a new plan for implementing the management flexibility reduction for The University of North Carolina that is more inclusive of all of the constituent institutions, departments, services, and other entities of the University of North Carolina System. In allocating the management flexibility reduction, no constituent institution shall be disproportionately singled out. The constituent institutions and other entities listed in subsection (b) of this section shall be excluded from the management flexibility reduction.

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

1. NC School of Science and Mathematics.
2. University of North Carolina School of the Arts.
3. Any entity receiving less than one and one-half percent (1.5%) of the annual net General Fund appropriation for The University of North Carolina.

SECTION 10.8.(c) The Board of Governors shall submit its management flexibility reduction plan revised pursuant to subsections (a) and (b) of this section for the 2017-2019 fiscal biennium to the 2017 General Assembly within 60 days of the date this section becomes effective.
IN-LARGE TUIUTION FOR VETERANS/COMPLIANCE WITH FEDERAL LAW

SECTION 10.11. G.S. 116-143.3A reads as rewritten:

"§ 116-143.3A. Waiver of 12-month residency requirement for certain veterans and other individuals entitled to federal education benefits under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33.

(a) Definitions. – The following definitions apply in this section:

(1) Abode. – Has the same meaning as G.S. 116-143.3(a)(1).
(2) Armed Forces. – Has the same meaning as G.S. 116-143.3(a)(2).
(3) Veteran. – A person who served active duty for not less than 90 days in the Armed Forces, the Commissioned Corps of the U.S. Public Health Service, or the National Oceanic and Atmospheric Administration and who was discharged or released from such service.

(b) Waiver of 12-Month Residency Requirement for Veteran. – Any veteran who qualifies for admission to an institution of higher education as defined in G.S. 116-143.1(a)(3) is eligible to be charged the in-State tuition rate and applicable mandatory fees for enrollment without satisfying the 12-month residency requirement under G.S. 116-143.1, provided the veteran meets all of the following criteria:

(1) The veteran applies for admission to the institution of higher education and enrolls within three years of the veteran's discharge or release from the Armed Forces, the Commissioned Corps of the U.S. Public Health Service, or the National Oceanic and Atmospheric Administration.
(2) The veteran qualifies for and uses educational benefits pursuant to 38 U.S.C. Chapter 30 (Montgomery G.I. Bill Active Duty Education Assistance Program) or 38 U.S.C. Chapter 33 (Post-9/11 Educational Assistance), as administered by the U.S. Department of Veterans Affairs.
(3) The veteran's abode is North Carolina.
(4) The veteran provides the institution of higher education at which the veteran intends to enroll a letter of intent to establish residence in North Carolina.

(c) Eligibility of Other Individuals Entitled to Federal Educational Benefits Under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33. – Any person who is entitled to federal educational benefits under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33 is also eligible to be charged the in-State tuition rate and applicable mandatory fees for enrollment without satisfying the 12-month residency requirement under G.S. 116-143.1, if the person meets all of the following criteria:

(1) The person qualifies for admission to the institution of higher education as defined in G.S. 116-143.1(a)(3) and, with the exception of individuals described in subsections (c1) and (c2) of this section, enrolls in the institution of higher education within three years of the veteran's discharge or release from the Armed Forces, the Commissioned Corps of the U.S. Public Health Service, or the National Oceanic and Atmospheric Administration.
(2) The person is the recipient of federal educational benefits pursuant to 38 U.S.C. Chapter 30 (Montgomery G.I. Bill Active Duty Education Assistance Program) or 38 U.S.C. Chapter 33 (Post-9/11 Educational Assistance), as administered by the U.S. Department of Veterans Affairs.

(3) The person's abode is North Carolina.

(4) The person provides the institution of higher education at which the person intends to enroll a letter of intent to establish residence in North Carolina.

(c1) Recipients using transferred Post-9/11 GI Bill benefits (38 U.S.C. § 3319) while the transferor is on active duty in the Armed Forces, the commissioned corps of the U.S. Public Health Service, or the National Oceanic and Atmospheric Administration are eligible for the in-State tuition rate, provided the recipient's abode is in North Carolina and the recipient provides the institution of higher education a letter of intent to establish residency in North Carolina.

(c2) Recipients of the Marine Gunnery Sergeant John David Fry Scholarship (38 U.S.C. § 3311(b)(9)), whose parent or spouse died in the line of duty, without regard as to whether the death in the line of duty followed a period of active duty service of 90 days or more, are eligible to receive in-State tuition under this section, provided the recipient's abode is in North Carolina and the recipient provides the institution of higher education a letter of intent to establish residency in North Carolina.

(d) After the expiration of the three-year period following discharge or death as described in 38 U.S.C. § 3679(c), any enrolled veteran entitled to federal educational benefits under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33 and any other enrolled individual described in subsection (c) of this section entitled to federal educational benefits under 38 U.S.C. Chapter 30 or 38 U.S.C. Chapter 33 who is eligible for in-State tuition under this section shall continue to be eligible for the in-State tuition rate so long as the covered individual remains continuously enrolled (other than during regularly scheduled breaks between courses, quarters, terms, or semesters) at that institution of higher education."
SENIOR CITIZENS MAY AUDIT COURSES AT UNC AND COMMUNITY COLLEGES

SECTION 10.12.(a) Chapter 115B of the General Statutes is amended by adding a new section to read:

"§ 115B-2B. Senior citizens may audit classes.

Any person who is at least 65 years old may audit courses offered at the constituent institutions of The University of North Carolina and the Community Colleges as defined in G.S. 115D-2(2) without payment of any required registration or enrollment fee for the audit provided the audit is approved by the instructor of the class and there is no cost to the State. A person shall be allowed to audit a class under this section only on a space available basis. Persons auditing classes under this section shall not be counted in the computation of enrollment for funding purposes."

SECTION 10.12.(b) G.S. 115B-4 reads as rewritten:

"§ 115B-4. Enrollment computation for funding purposes.

PersonsExcept as provided in G.S. 115B-2B, persons attending classes under the provisions of this Chapter, without payment of tuition, shall be counted in the computation of enrollment for funding purposes."

SECTION 10.12.(c) This section becomes effective July 1, 2017, and applies beginning with the 2017 Fall academic semester.
BOARD OF GOVERNORS STUDIES: ESTABLISH SCHOOL OF HEALTH SCIENCES
AND HEALTH CARE AT UNC-PEMBROKE AND ESTABLISH PHYSICIAN'S
ASSISTANT PROGRAM AT WSSU

SECTION 10.14.(a) The Board of Governors of The University of North Carolina
shall study the feasibility of establishing a School of Health Sciences and Health Care at the
University of North Carolina at Pembroke. In its study, the Board of Governors shall consider
the health care needs of the region and what health science and health care programs would
best serve the region and meet its health care needs. The Board of Governors shall also
consider the costs and financial benefits of establishing a School of Health Sciences and Health
Care.

The Board of Governors shall submit a report on the study, including its findings
and recommendations, by March 1, 2018, to the members of the Senate and the House of
Representatives, by filing a copy of the report with the Office of the President Pro Tempore of
the Senate, the Office of the Speaker of the House of Representatives, and the Legislative
Library.

SECTION 10.14.(b) Of the funds appropriated by this act to the Board of
Governors of The University of North Carolina for the 2017-2018 fiscal year, the Board may
use up to one hundred thousand dollars ($100,000) to cover the costs of the study required by
subsection (a) of this section.

SECTION 10.14.(c) The Board of Governors of The University of North Carolina
shall study the feasibility of establishing a Physician's Assistant Program at Winston-Salem
State University. In its study, the Board of Governors shall also consider the costs and financial
benefits of establishing a Physician's Assistant Program at Winston-Salem State University.

The Board of Governors shall submit a report on the study, including its findings
and recommendations, by March 1, 2018, to the members of the Senate and the House of
Representatives, by filing a copy of the report with the Office of the President Pro Tempore of
the Senate, the Office of the Speaker of the House of Representatives, and the Legislative
Library.
UNC TO FUND NORTH CAROLINA RESEARCH CAMPUS

SECTION 10.15. Of the funds appropriated by this act to the Board of Governors of The University of North Carolina, the Board of Governors shall use twenty-nine million dollars ($29,000,000) for the 2017-2018 fiscal year and twenty-nine million dollars ($29,000,000) for the 2018-2019 fiscal year to support UNC-related activities at the North Carolina Research Campus at Kannapolis.
Requested by

CERTAIN EMPLOYMENT AUTHORITY

SECTION #.  G.S. 116-11 is amended by adding a new subdivision to read:


The powers and duties of the Board of Governors shall include the following:

…

(13b)  The Board may authorize the hiring of private counsel to represent the

Board, The University of North Carolina, and any constituent institution.

G.S. 114-2.3 and G.S. 147-17 shall not apply to these actions.

…"
LIMIT NC PROMISE TUITION RATE TO NC RESIDENTS

SECTION #.(a) G.S. 116-143.11(a) reads as rewritten:

"(a) The NC Promise Tuition Plan shall be established and implemented as provided by this section. Notwithstanding G.S. 116-143 and G.S. 116-11(7), the Board of Governors of The University of North Carolina shall set the rate of undergraduate tuition for Elizabeth City State University, the University of North Carolina at Pembroke, and Western Carolina University as follows: beginning with the 2018 fall academic semester, the rate of tuition for students deemed to be North Carolina residents for purposes of tuition shall be five hundred dollars ($500.00) per academic semester and the rate of tuition for nonresident students shall be two thousand five hundred dollars ($2,500) per academic semester. The rate of tuition for nonresident students shall be fixed pursuant to G.S. 116-144."

SECTION #.(b) G.S. 116-144 reads as rewritten:

"§ 116-144. Higher tuition to be charged nonresidents.

Unless provided otherwise by law, the Board of Governors shall fix the tuition and required fees charged nonresidents of North Carolina who attend the institutions enumerated in G.S. 116-4 at rates higher than the rates charged residents of North Carolina and comparable to the rates charged nonresident students by comparable public institutions nationwide, except that a person who serves as a graduate teaching assistant or graduate research assistant or in a similar instructional or research assignment and is at the same time enrolled as a graduate student in the same institution may, in the discretion of the Board of Governors, be charged a lower rate fixed by the Board, provided the rate is not lower than the North Carolina resident rate."
"FINISH IN FOUR" AND "STUDENT SUCCESS INITIATIVES" REPORTING REQUIREMENTS

SECTION #.(a) The University of North Carolina General Administration shall report to the Joint Legislative Education Oversight Committee regarding "Finish in Four" which is a pilot program for the implementation of a particular type of software that functions as a digital advising tool and is designed to help a student select the right academic courses at the right time to ensure the timely completion of a degree. The initial report shall be submitted by December 1, 2017, and shall include the institutions selected to participate in the pilot program and the vendor selected for the software. A progress report shall be submitted no later than May 1, 2019, and shall include an evaluation of the utilization of the software and the success of the program.

SECTION #.(b) The University of North Carolina General Administration shall report to the Joint Legislative Education Oversight Committee regarding the "Student Success Innovation Initiative" which is a competitive grant program that awards grants to institutions to implement or scale a strategy designed to do the following: enhance student advising and coaching, leverage technology to redesign courses with high withdrawal and failure rates, and provide peer-to-peer tutoring and academic support. The initial report shall be submitted by March 15, 2018, and shall include the institutions selected to receive grants and the vendor selected for the software. A final report shall be submitted by March 15, 2019, and shall include the strategies implemented, the amount of funds awarded to each recipient, and the progress made with regard to students' academic success.
Requested by

1 **UNC COMPUTER COMPATIBILITY**
2 **SECTION #.** The President of The University of North Carolina shall work with
3 the Department of Information Technology to ensure, to the extent practicable, that The
4 University of North Carolina computer systems are able to share data among computer systems
5 at the constituent institutions, community colleges, Department of Public Instruction, and other
6 State agencies.
UNC CYBERSECURITY

SECTION #.(a) The President of The University of North Carolina, in collaboration with the Department of Information Technology or other cybersecurity consultant selected by the President, shall review the existing security for the information technology systems and associated data of The University of North Carolina System to determine whether the cybersecurity and risk management services supporting the System's network are sufficient or whether expansion is needed. The review shall include an evaluation of all of the following: (i) continuous monitoring and risk assessment; (ii) security policy, implementation of security programs and effective security controls, and ongoing support for operating security governance; and (iii) security training and education services for faculty, staff, and administrators. The President shall take appropriate measures to address any potential problems or issues identified by the review.

SECTION #.(b) Each constituent institution shall conduct a review of the existing security for the information technology systems and associated data of the constituent institution to determine whether the cybersecurity and risk management services supporting the System's network are sufficient or whether expansion is needed. The review shall include an evaluation of (i) continuous monitoring and risk assessment; (ii) security policy, implementation of security programs and effective security controls, and ongoing support for operating security governance; and (iii) security training and education services for faculty, staff, and administrators. The Chancellor of the constituent institution shall take appropriate measures to address any potential problems or issues identified by the review.
SOFTWARE FOR ADMINISTRATION OF THE OPPORTUNITY SCHOLARSHIP AND
SPECIAL EDUCATION SCHOLARSHIP PROGRAMS

SECTION 10A.1.(a) Notwithstanding G.S. 115C-562.8, of the funds appropriated by this act for the Opportunity Scholarship Grant Fund Reserve for the 2017-2018 fiscal year, the North Carolina State Education Assistance Authority (Authority) may use up to one million eight hundred thousand dollars ($1,800,000) in nonrecurring funds for the 2017-2018 fiscal year to purchase software necessary to support the administration of the Opportunity Scholarship Grant Program and the Special Education Scholarships for Children with Disabilities Program. These funds may also be used for customization of the software, development of interfaces with other internal systems, conversion of data, and training for staff on the new software system.

SECTION 10A.1.(b) The Authority shall report by October 1 of each year, beginning October 1, 2017, and ending October 1, 2018, to the Fiscal Research Division and the Joint Legislative Education Oversight Committee on the acquisition of software for administration of the program and all aspects of implementation of the software system and the expenditure of funds.
ELIMINATE SCHOOL SITE SCHOLARSHIP ENDORSEMENT REQUIREMENT

SECTION 10A.2.(a) G.S. 115C-112.6(b1)(1)a. reads as rewritten:
"a. Scholarship endorsement for tuition. – The Authority shall remit, at least two times each school year, scholarship funds awarded to eligible students for endorsement by at least one of the student's parents or guardians for tuition to attend a nonpublic school that meets the requirements of Part 1 or Part 2 of Article 39 of this Chapter as identified by the Department of Administration, Division of Nonpublic Education, is deemed eligible by the Division, and is subject to the requirements of G.S. 115C-562.5. The parent or guardian shall restrictively endorse the scholarship funds awarded to the eligible student to the school for deposit into the account of the nonpublic school to the credit of the eligible student. The parent or guardian shall not designate any entity or individual associated with the nonpublic school as the parent's attorney-in-fact to endorse the scholarship funds but shall endorse the scholarship funds in person at the site of the nonpublic school. A parent's or guardian's failure to comply with this section shall result in forfeiture of the scholarship funds. A scholarship forfeited for failure to comply with this section shall be returned to the Authority to be awarded to another student."

SECTION 10A.2.(b) G.S. 115C-562.6 reads as rewritten:
"§ 115C-562.6. Scholarship endorsement.
The Authority shall remit, at least two times each school year, scholarship grant funds awarded to eligible students to the nonpublic school for endorsement by at least one of the student's parents or guardians. The parent or guardian shall restrictively endorse the scholarship grant funds awarded to the eligible student to the nonpublic school for deposit into the account of the nonpublic school to the credit of the eligible student. The parent or guardian shall not designate any entity or individual associated with the nonpublic school as the parent's attorney-in-fact to endorse the scholarship grant funds but shall endorse the scholarship grant funds in person at the site of the nonpublic school. A parent's or guardian's failure to comply with this section shall result in forfeiture of the scholarship grant. A scholarship grant forfeited for failure to comply with this section shall be returned to the Authority to be awarded to another student."

SECTION 10A.2.(c) This section applies to scholarship funds awarded beginning with the 2017-2018 school year.
NORTH CAROLINA TEACHING FELLOWS

SECTION 10A.3.(a) Article 23 of Chapter 116 of the General Statutes is amended by adding a new Part to read:


§ 116-209.60. Definitions.
The following definitions apply in this Part:

(2) Director. – The Director of the North Carolina Teaching Fellows Program.
(3) Forgivable loan. – A forgivable loan made under the Program.
(4) Program. – The North Carolina Teaching Fellows Program.
(5) Public school. – An elementary or secondary school located in North Carolina that is governed by a local board of education, charter school board of directors, regional school board of directors, or University of North Carolina laboratory school board of trustees.
(6) STEM. – Science, technology, engineering, and mathematics.


(a) Commission Established. – There is established the North Carolina Teaching Fellows Commission. The Commission shall determine program and forgivable loan recipient selection criteria and selection procedures and shall select the recipients to receive forgivable loans under the North Carolina Teaching Fellows Program in accordance with the requirements of this Part. The Director of the North Carolina Teaching Fellows Program shall appoint staff to the Commission.

(b) Membership. – The Commission shall consist of 14 members who shall be appointed or serve as ex officio members as follows:

(1) The Board of Governors of The University of North Carolina shall appoint seven members to the Commission as follows:
   a. Two deans of approved schools of education at postsecondary constituent institutions of The University of North Carolina.
   b. The president of a North Carolina community college.
   c. A teacher who graduated from an approved educator preparation program located in the State within three years of appointment to serve on the Commission.
   d. A principal who graduated from an approved educator preparation program located in the State.
   e. A local board of education member.
   f. A member to represent business and industry in North Carolina.

(2) The General Assembly shall appoint two members to the Commission in accordance with G.S. 120-121 as follows:
a. One dean of an approved school of education at a private postsecondary institution operating in the State upon the recommendation of the Speaker of the House of Representatives.

b. One dean of an approved school of education at a private postsecondary institution operating in the State upon the recommendation of the President Pro Tempore of the Senate.

(3) The following five members shall serve as ex officio members to the Commission:
   a. The North Carolina Teacher of the Year.
   b. The North Carolina Principal of the Year.
   c. The North Carolina Superintendent of the Year.
   d. The chair of the Board of the State Education Assistance Authority.
   e. The Director of the North Carolina Teaching Fellows Program.

c. Terms of Office. – Appointments to the Commission shall be for two-year terms, expiring on July 1 in odd-numbered years. Members serving ex officio, other than the chair of the Board of the State Education Assistance Authority and Director of the North Carolina Teaching Fellows Program, who have otherwise completed their term of service, shall continue to serve on the Commission until July 1, annually.

d. Vacancies. – Except as otherwise provided, if a vacancy occurs in the membership of the Commission, the appointing authority shall appoint another person meeting the same qualifications to serve for the balance of the unexpired term.

e. Chair; Meetings. – The Director of the Program shall call the first meeting of the Commission. The Commission members shall elect a chair and a vice-chair from the membership of the Commission to serve one-year terms. The Commission shall meet regularly at times and places deemed necessary by the chair or, in the absence of the chair, by the vice-chair.

(f) Conflict of Interest. – A member of the Commission shall abstain from voting on the selection of an educator preparation program of a postsecondary constituent institution of The University of North Carolina or a private postsecondary institution operating in the State under G.S. 116-209.62(f) if the member is an officer or employee of the institution or sits as a member of the institution's board of directors.

g. Expenses. – Commission members shall receive per diem, subsistence, and travel allowances in accordance with G.S. 138-5 or G.S. 138-6, as appropriate.

§ 116-209.62. North Carolina Teaching Fellows Program established; administration.

(a) Program. – There is established the North Carolina Teaching Fellows Program to be administered by the General Administration of The University of North Carolina, in conjunction with the Authority and the Commission. The purpose of the Program is to recruit, prepare, and support students residing in or attending institutions of higher education located in North Carolina for preparation as highly effective STEM or special education teachers in the State's public schools. The Program shall be used to provide a forgivable loan to individuals interested in preparing to teach in the public schools of the State in STEM or special education licensure areas.

(b) Trust Fund. – There is established the North Carolina Teaching Fellows Program Trust Fund to be administered by the Authority, in conjunction with the General Administration of The University of North Carolina. All funds (i) appropriated to, or otherwise received by, the Program for forgivable loans, (ii) received as repayment of forgivable loans, and (iii) earned as interest on these funds shall be placed in the Trust Fund. The purpose of the Trust Fund is to provide financial assistance to qualified students for completion of teacher education and licensure programs to fill STEM or special education licensure areas in the public schools of the State.
(c) Uses of Monies in the Trust Fund. – The monies in the Trust Fund may be used only for (i) forgivable loans granted under the Program, (ii) administrative costs associated with the Program, including recruitment and recovery of funds advanced under the Program, and (iii) extracurricular enhancement activities of the Program. The Authority may use up to six hundred thousand dollars ($600,000) from the Trust Fund in each fiscal year for its administrative costs, the salary of the Director of the Program, expenses of the Commission, and to provide the Commission with funds to use for the extracurricular enhancement activities of the Program.

(d) Director of the Program. – The Board of Governors of The University of North Carolina shall appoint a Director of the Program. The Director shall appoint staff to the Commission and shall be responsible for recruitment and coordination of the Program, including proactive, aggressive, and strategic recruitment of potential recipients. Recruitment activities shall include (i) targeting regions of the State with the highest teacher attrition rates and teacher recruitment challenges, (ii) actively engaging with educators, business leaders, experts in human resources, elected officials, and other community leaders throughout the State, and (iii) attracting candidates in STEM and special education licensure areas to the Program. The Director shall report to the President of The University of North Carolina. The Authority shall provide office space and clerical support staff, as necessary, to the Director for the Program.

(e) Student Selection Criteria for Forgivable Loans. – The Commission shall adopt stringent standards for awarding forgivable loans based on multiple measures to ensure that only the strongest applicants receive them, including the following:

(1) Grade point averages.
(2) Performance on relevant career and college readiness assessments.
(3) Experience, accomplishments, and other criteria demonstrating qualities positively correlated with highly effective teachers, including excellent verbal and communication skills.
(4) Demonstrated commitment to serve in a STEM or special education licensure area in North Carolina public schools.

(f) Program Selection Criteria. – The Authority shall administer the Program in cooperation with five institutions of higher education with approved educator preparation programs selected by the Commission that represent both postsecondary constituent institutions of The University of North Carolina and private postsecondary institutions operating in the State. The Commission shall adopt stringent standards for selection of the most effective educator preparation programs, including the following:

(1) Demonstrates high rates of educator effectiveness on value-added models and teacher evaluations, including using performance-based, subject-specific assessment and support systems, such as edTPA or other metrics of evaluating candidate effectiveness that have predictive validity.
(2) Demonstrates measurable impact of prior graduates on student learning, including impact of graduates teaching in STEM or special education licensure areas.
(3) Demonstrates high rates of graduates passing exams required for teacher licensure.
(4) Provides curricular and co-curricular enhancements in leadership, facilitates learning for diverse learners, and promotes community engagement, classroom management, and reflection and assessment.
(5) Requires at least a minor concentration of study in the subject area that the candidate may teach.
Provides early and frequent internship or practical experiences, including the opportunity for participants to perform practicums in diverse school environments.

Is approved by the State Board of Education as an educator preparation program.

Awards of Forgivable Loans. – The Program shall provide forgivable loans to selected students to be used at the five selected institutions for completion of a program leading to teacher licensure as follows:

(1) North Carolina high school seniors. – Forgivable loans of up to eight thousand two hundred fifty dollars ($8,250) per year for up to four years.

(2) Students applying for transfer to a selected educator preparation program at an institution of higher education. – Forgivable loans of up to eight thousand two hundred fifty dollars ($8,250) per year for up to three years.

(3) Individuals currently holding a bachelor's degree seeking preparation for teacher licensure. – Forgivable loans of up to eight thousand two hundred fifty dollars ($8,250) per year for up to two years.

(4) Students matriculating at institutions of higher education who are changing to enrollment in a selected educator preparation program. – Forgivable loans of up to eight thousand two hundred fifty dollars ($8,250) per year for up to two years.

Forgivable loans may be used for tuition, fees, and the cost of books.

Identification of STEM and Special Education Licensure Areas. – The Superintendent of Public Instruction shall identify and provide to the Commission and the Authority a list of STEM and special education licensure areas and shall annually provide to the Commission the number of available positions in each licensure area relative to the number of current and anticipated teachers in that area of licensure. The Commission shall make the list of STEM and special education licensure areas readily available to applicants.

Administration of Forgivable Loan Awards. – Upon the naming of recipients of the forgivable loans by the Commission, the Commission shall transfer to the Authority its decisions. The Authority, in coordination with the Director, shall perform all of the administrative functions necessary to implement this Part, which functions shall include rule making, disseminating information, acting as a liaison with participating institutions of higher education, implementing forgivable loan agreements, loan monitoring, loan cancelling through service and collection, determining the acceptability of service repayment agreements, enforcing the agreements, and all other functions necessary for the execution, payment, and enforcement of promissory notes required under this Part.

Annual Report. – The Commission, in coordination with the Authority, shall report no later than January 1, 2019, and annually thereafter, to the Joint Legislative Education Oversight Committee regarding the following:

(1) Forgivable loans awarded from the Trust Fund, including the following:
   a. Demographic information regarding recipients.
   b. Number of recipients by institution of higher education and program.
   c. Information on number of recipients by anticipated STEM and special education licensure area.

(2) Placement and repayment rates, including the following:
   a. Number of graduates who have been employed in a STEM or special education licensure area within two years of program completion.
   b. Number of graduates who accepted employment at a low-performing school identified under G.S. 115C-105.37 as part of their years of service.
c. Number of graduates who have elected to do loan repayment and their years of service, if any, prior to beginning loan repayment.

d. Number of graduates employed in a STEM or special education licensure area who have received an overall rating of at least accomplished and have met expected growth on applicable standards of the teacher evaluation instrument.

e. Aggregate information on student growth and proficiency in courses taught by graduates who have fulfilled service requirements through employment in a STEM or special education licensure area.

(3) Selected school outcomes by program, including the following:

a. Turnover rate for forgivable loan graduates.

b. Aggregate information on student growth and proficiency as provided annually by the State Board of Education to the Commission in courses taught by forgivable loan graduates.

c. Fulfillment rate of forgivable loan graduates.

§ 116-209.63. Terms of forgivable loans; receipt and disbursement of funds.

(a) Notes. – All forgivable loans shall be evidenced by notes made payable to the Authority that bear interest at a rate not to exceed ten percent (10%) per year as set by the Authority and beginning on the first day of September after the completion of the program leading to teacher licensure or 90 days after termination of the forgivable loan, whichever is earlier. The forgivable loan may be terminated upon the recipient's withdrawal from school or by the recipient's failure to meet the standards set by the Commission.

(b) Forgiveness. – The Authority shall forgive the loan and any interest accrued on the loan if, within 10 years after graduation from a program leading to teacher licensure, exclusive of any authorized deferment for extenuating circumstances, the recipient serves as a teacher in a STEM or special education licensure area, as provided in G.S. 116-209.62(h), for every year the teacher was awarded the forgivable loan, in any combination of the following:

(1) One year at a North Carolina public school identified as low-performing under G.S. 115C-105.37 at the time the teacher accepts employment at the school or, if the teacher changes employment during this period, at another school identified as low-performing.

(2) Two years at a North Carolina public school not identified as low-performing under G.S. 115C-105.37.

The Authority shall also forgive the loan if it finds that it is impossible for the recipient to work for up to eight years, within 10 years after completion of the program leading to teacher licensure, at a North Carolina public school because of the death or permanent disability of the recipient. If the recipient repays the forgivable loan by cash payments, all indebtedness shall be repaid within 10 years after completion of the program leading to teacher licensure supported by the forgivable loan. If the recipient completes a program leading to teacher licensure, payment of principal and interest shall begin no later than the first day of September after the completion of the program. Should a recipient present extenuating circumstances, the Authority may extend the period to repay the loan in cash to no more than a total of 12 years."

SECTION 10A.3(b) Initial appointments to the North Carolina Teaching Fellows Commission shall expire no later than August 15, 2017. Initial appointments to the Commission shall expire July 1, 2019.

SECTION 10A.3(c) The Commission shall establish initial selection criteria for recipients and select the five institutions of higher education with approved educator preparation programs at which a recipient may use a forgivable loan no later than November 15, 2017, and shall make available applications to prospective students no later than December 31, 2017.
SECTION 10A.3.(d) The Superintendent of Public Instruction shall establish the list of STEM and special education licensure areas and provide that information to the Commission and Authority no later than October 1, 2017.

SECTION 10A.3.(e) The Commission shall select recipients and award the initial forgivable loans for the 2018-2019 academic year no later than April 1, 2018.

SECTION 10A.3.(f) G.S. 115C-472.16(b) reads as rewritten:

"(b) The General Assembly shall only appropriate moneys in the North Carolina Education Endowment Fund for teacher compensation that is related directly to improving student academic outcomes in the public schools of the State, the forgivable loans for the North Carolina Teaching Fellows Program and administration of the North Carolina Teaching Fellows Program under Part 3 of Article 23 of Chapter 116 of the General Statutes."

SECTION 10A.3.(g) G.S. 116-209.27(a) reads as rewritten:

"(a) The Authority shall, as of March 1, 2015, administer all outstanding scholarship loans previously awarded by the former North Carolina Teaching Fellows Commission and subject to repayment under the former Teaching Fellows Program, Program administered pursuant to Part 2 of Article 24C of Chapter 115C of the General Statutes."

SECTION 10A.3.(h) For the 2017-2018 fiscal year, the Department of Public Instruction shall transfer the sum of four hundred fifty thousand dollars ($450,000) in nonrecurring funds from the North Carolina Education Endowment Fund to the Board of Governors of The University of North Carolina to allocate to the Authority to be used to implement the North Carolina Teaching Fellows Program (Program), as established by this section. Beginning with the 2018-2019 fiscal year, the Department of Public Instruction shall transfer the sum of six million dollars ($6,000,000) in recurring funds from the North Carolina Education Endowment Fund to the Board of Governors to be allocated to the Authority for the operation of the Program and for the award of forgivable loans to selected recipients beginning with the 2018-2019 academic year.
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**AMEND TRANSFORMING PRINCIPAL PREPARATION**

SECTION #.  Section 11.9 of S.L. 2015-241, as amended by Section 11A.4 of S.L. 2016-94 and by Section 4.3 of S.L. 2016-123, reads as rewritten:

"SECTION 11.9.(a) Purpose. – The purpose of this section is to establish a competitive grant program for eligible entities to elevate educators in North Carolina public schools by transforming the preparation of principals across the State. The State Education Assistance Authority (Authority) shall administer this grant program through a cooperative agreement with a private, nonprofit corporation to provide funds for the preparation and support of highly effective future school principals in North Carolina.

"SECTION 11.9.(b) Definitions. – For the purposes of this section, the following definitions apply:

(1) Eligible entity. – A for-profit or nonprofit organization or an institution of higher education that has an evidence-based plan for preparing school leaders who implement school leadership practices linked to increased student achievement.

(2) High-need school. – A public school, including a charter school, that meets one or more of the following criteria:
   a. Is a school identified under Part A of Title I of the Elementary and Secondary Education Act of 1965, as amended.
   b. Is a persistently low-achieving school, as identified by the Department of Public Instruction for purposes of federal accountability.
   c. A middle school containing any of grades five through eight that feeds into a high school with less than a sixty percent (60%) four-year cohort graduation rate.
   d. A high school with less than a sixty percent (60%) four-year cohort graduation rate.

(3) Principal. – The highest administrative official in a public school building with primary responsibility for the instructional leadership, talent management, and organizational development of the school.

(4) School leader. – An individual employed in a school leadership role, including principal or assistant principal roles.

(5) Student achievement. – At the whole school level, after three years of leading a school, consistent and methodologically sound measures of:
   a. Student academic achievement.
   b. Aggregated individual student academic growth.
   c. Additional outcomes, such as high school graduation rates, the percentage of students taking advanced-level coursework, or the percentage of students who obtain a career-related credential through a national business certification exam.
"SECTION 11.9.(c) Program Authorized. – The Authority shall award grants to eligible entities to support programs that develop well-prepared school leaders in accordance with the provisions of this section. The Authority shall establish any necessary rules to administer the grant program.

"SECTION 11.9.(d) Contract With a Nonprofit for Administration. – By November 1, 2015, the Authority shall issue a Request for Proposal (RFP) for a private, nonprofit corporation to contract with the Authority for the administration of the program, including making recommendations to the Authority for the award of grants, as authorized by this section. The nonprofit corporation applying to the Authority shall meet at least the following requirements:

1. The nonprofit corporation shall be a nonprofit corporation organized pursuant to Chapter 55A of the General Statutes and shall comply at all times with the provisions of section 501(c)(3) of the Internal Revenue Code.

2. The nonprofit corporation shall employ sufficient staff who have demonstrated a capacity for the development and implementation of grant selection criteria and a selection process to promote innovative school leader education programs, including:
   a. Focus on school leader talent.
   b. Expertise supporting judgments about grant renewal based on achievement of or substantial school leader progress toward measurable results in student achievement.
   c. Expectation of creating positive experiences working with the educational community in North Carolina to establish the foundation for successfully administering the programs set forth in this section.

3. The nonprofit corporation shall comply with the limitations on lobbying set forth in section 501(c)(3) of the Internal Revenue Code.

4. No State officer or employee may serve on the board of the nonprofit corporation.

5. The board of the nonprofit corporation shall meet at least quarterly at the call of its chair.

"SECTION 11.9.(e) Report on Selection of the Nonprofit. – The Authority shall select a nonprofit corporation to enter into a contract with to administer the program by January 15, 2016. The Authority shall report to the Joint Legislative Education Oversight Committee on the selection of the nonprofit corporation by February 1, 2016.

"SECTION 11.9.(f) Application Requirements. – The nonprofit corporation entering into a contract with the Authority under subsection (d) of this section shall issue an initial RFP with guidelines and criteria for the grants no later than March 1, 2016. The nonprofit corporation may issue additional RFPs for grant applicants as it may deem necessary, subject to available funds. An eligible entity that seeks a grant under the program authorized by this section shall submit to the nonprofit corporation an application at such time, in such manner, and accompanied by such information as the nonprofit may require. An applicant shall include at least the following information in its response to the RFP for consideration by the nonprofit corporation:

1. The extent to which the entity has a demonstrated record of preparing school leaders who implement school leadership practices linked to increased student achievement.

2. The extent to which the entity has a rigorous school leader preparation program design that includes the following research-based programmatic elements:
   a. A proactive, aggressive, and intentional recruitment strategy.
b. Rigorous selection criteria based on competencies that are predictive of success as a school leader, including, but not limited to, evidence of significant positive effect on student learning growth in the classroom, at the school-level, and the local school administrative unit-level, professional recommendations, evidence of problem solving and critical thinking skills, achievement drive, and leadership of adults.

c. Alignment to high-quality national standards for school leadership development.

d. Rigorous coursework that effectively links theory with practice through the use of field experiences and problem-based learning.

e. Full-time paid clinical practice of at least five months and 750 hours in duration in an authentic setting, including substantial leadership responsibilities where candidates are evaluated on leadership skills and effect on student outcomes as part of program completion.

f. Multiple opportunities for school leader candidates to be observed and coached by program faculty and staff.

g. Clear expectations for and firm commitment from school leaders who will oversee the clinical practice of candidates.

h. Evaluation of school leader candidates during and at the end of the clinical practice based on the North Carolina School Executive Evaluation Rubric.

i. A process for continuous review and program improvement based on feedback from partnering local school administrative units and data from program completers, including student achievement data.

j. Established relationship and feedback loop with affiliated local school administrative units that is used to inform and improve programmatic elements from year to year based on units' needs.

"SECTION 11.9.(g) Priorities. – The nonprofit corporation shall evaluate the applicants for grants by giving priority to an eligible entity with a record of preparing principals demonstrating the following:

(1) Improvement in student achievement.

(2) Placement as school leaders in eligible schools.

(3) A proposed focus on and, if applicable, a record of serving high-need schools, high-need local school administrative units, or both.

(4) A detailed plan and commitment to share lessons learned and to improve the capacity of other entities in reaching similar outcomes.

(5) A service area that is underserved by existing principal preparation programs or demonstrates unmet need despite current available programs.

"SECTION 11.9.(h) Uses of Funds. – By June 1, 2016, the nonprofit corporation shall recommend to the Authority the recipients of grants under the program. Each eligible entity that receives grant funds shall use those funds to carry out the following:

(1) Recruiting and selecting, based on a rigorous evaluation of the competencies of the school leader candidates participating in the program and their potential and desire to become effective school leaders.

(2) Operating a school leader preparation program that provides the opportunity for all candidates to earn a master's degree, if they do not already have one, and subsequent principal licensure by doing the following:

a. Utilizing a research-based content and curriculum, including embedded participant assessments to evaluate candidates before program completion, that prepares candidates to do the following:
1. Provide instructional leadership, such as developing teachers’ instructional practices and analyzing classroom and school-wide data to support teachers.

2. Manage talent, such as developing a high-performing team.

3. Build a positive school culture, such as building a strong school culture focused on high academic achievement for all students, including gifted and talented students, students with disabilities, and English learners, maintaining active engagement with family and community members, and ensuring student safety.

4. Develop organizational practices, such as aligning staff, budget, and time to the instructional priorities of the school.

b. Providing opportunities for sustained and high-quality job-embedded practice in an authentic setting where candidates are responsible for moving the practice and performance of a subset of teachers or for school-wide performance as principal-in-planning or interim school leaders.

(3) Collecting data on program implementation and program completer outcomes for continuous program improvement.

"SECTION 11.9.(i) Duration of Grants. – The nonprofit corporation shall also recommend to the Authority the duration and renewal of grants to eligible entities according to the following:

(1) The duration of grants shall be as follows:

a. Grants shall be no more than five years in duration.

b. The nonprofit corporation may recommend renewal of a grant based on performance, including allowing the grantee to scale up or replicate the successful program as provided in subdivision (2) of this subsection.

c. The nonprofit shall develop a process with the Authority for early retrieval of grant funds from grant recipients due to noncompliance with grant terms, including participation in third-party evaluation activities. Grantees shall develop and enforce requirements for program graduates to serve a minimum of four years as school-based administrators in North Carolina. Requirements are subject to the approval of the nonprofit corporation.

(2) In evaluating performance for purposes of grant renewal and making recommendations to the Authority, the nonprofit corporation shall consider:

a. For all grantees, the primary consideration in renewing grants shall be the extent to which program participants improved student achievement in eligible schools.

b. Other criteria from data received in the annual report in subsection (j) of this section may include the following:

1. The percentage of program completers who are placed as school leaders in this State within three years of receiving a grant.

2. The percentage of program completers who are rated proficient or above on the North Carolina School Executive Evaluation Rubric.

"SECTION 11.9.(j) Reporting Requirements for Grant Recipients. – Recipients of grants under the program shall participate in all evaluation activities required by the nonprofit and submit an annual report to the nonprofit corporation contracting with the Authority, beginning...
in the third year of the grant, Authority with any information requested by the nonprofit
corporation. The recipients shall comply with additional report requests made by the nonprofit.
Whenever practicable and within a reasonable amount of time, grant recipients shall also make
all materials developed as part of the program and with grant funds publicly available to
contribute to the broader sharing of promising practices. Materials shall not include personally
identifiable information regarding individuals involved or associated with the program,
including, without limitation, applicants, participants, supervisors, evaluators, faculty, and staff,
without their prior written consent. The nonprofit corporation shall work with recipients and
local school administrative units, as needed, to enable the collection, analysis, and evaluation of
at least the following relevant data, within necessary privacy constraints:

(1) Student achievement in eligible schools.
(2) The percentage of program completers who are placed as school leaders
within three years in the State.
(3) The percentage of program completers rated proficient or above on school
leader evaluation and support systems.
(4) The percentage of program completers that are school leaders who have
remained employed in a North Carolina public school for two or more years
of initial placement.

"SECTION 11.9.(k) Licensure Process. – By June 1, 2016, the State Board of Education
shall adopt a policy to provide for a specific licensure process applicable to school
administrators who provide documentation to the State Board of successful completion of a
principal preparation program selected for a competitive grant in accordance with this section.
Licensure shall include a requirement for candidates to hold a master's degree.

"SECTION 11.9.(l) Evaluation and Revision of Program. – The nonprofit corporation
administering the program shall provide the State Board of Education and the Joint Legislative
Education Oversight Committee with the data collected in accordance with subsection (j) of
this section on an annual basis. By September 15, 2021, the State Board of Education, in
coordination with the Board of Governors of The University of North Carolina, shall revise, as
necessary, the licensure requirements for school administrators and the standards for approval
of school administrator preparation programs after evaluating the data collected from the grant
recipients, including the criteria used in selecting grant recipients and the outcomes of program
completers. The State Board of Education shall report to the Joint Legislative Education
Oversight Committee by November 15, 2021, on any changes made to the licensure
requirements for school administrators and the standards for approval of school administrator
preparation programs in accordance with this section.

"SECTION 11.9.(m) Of the funds appropriated by this act for the 2015-2016 fiscal year
for this program, the sum of five hundred thousand dollars ($500,000) shall be allocated to the
State Education Assistance Authority to contract with the nonprofit corporation selected
pursuant to subsection (e) of this section to establish and administer the program. The State
Education Assistance Authority may use up to five percent (5%) of those funds for
administrative costs.

Beginning with the 2017-2018 fiscal year, of the funds appropriated each fiscal year for this
program, the sum of three hundred eighty thousand dollars ($380,000) shall be allocated to the
State Education Assistance Authority to contract with the nonprofit corporation selected
pursuant to subsection (e) of this section to establish and administer the program. The State
Education Assistance Authority may use up to fifteen thousand dollars ($15,000) of those funds
for administrative costs.

"SECTION 11.9.(n) Beginning with the 2016-2017 fiscal year and for each subsequent
fiscal year, of the funds appropriated for this program for the 2016-2017 fiscal
year, the sum of three hundred thousand dollars ($300,000) shall be allocated to the State
Education Assistance Authority to contract with the nonprofit corporation selected pursuant to
 subsection (e) of this section to establish and administer the program, and the State Education
Assistance Authority may use up to five percent (5%) of those funds for administrative costs.
The remaining funds appropriated for the fiscal year for this program shall be allocated to the
State Education Assistance Authority to award grants to selected recipients.

"SECTION 11.9.(o) Beginning with the 2017-2018 fiscal year, of the funds appropriated
for this program, the sum of four million two hundred thousand dollars ($4,200,000) shall be
allocated each fiscal year to the State Education Assistance Authority to award grants to
selected recipients. Any unexpended funds appropriated to award grants to selected recipients
remaining at the end of each fiscal year shall revert to the General Fund, except that the
Authority may carry forward for the next fiscal year an amount necessary to ensure that any
outstanding allowable reimbursements can be disbursed in accordance with this section. Any
funds carried forward for the purpose of meeting anticipated reimbursement obligations from
the prior fiscal year that are not expended shall not be used to award additional grants to grant
recipients but shall revert to the General Fund at the end of the fiscal year."
SECTION #.(a) G.S. 115C-562.5(a)(4) reads as rewritten:

“(4) Administer, at least once in the fall semester and once in the spring semester of each school year, a nationally standardized test or other nationally standardized equivalent measurement selected by the chief administrative officer of the nonpublic school, the Iowa Test of Basic Skills (ITBS) to all eligible students whose tuition and fees are paid in whole or in part with a scholarship grant enrolled in grades three and higher. The nationally standardized test or other equivalent measurement selected must measure achievement in the areas of English grammar, reading, spelling, and mathematics—higher to enable comparison of student performance. After an eligible student is administered the test in the semester in which the student is first enrolled in the nonpublic school, the student shall only be required to take the test in the following semester and on an annual basis thereafter. Test performance data shall be submitted to the Authority by July 15 of each year. Test performance data reported to the Authority under this subdivision is not a public record under Chapter 132 of the General Statutes.”

SECTION #.(b) Notwithstanding G.S. 115C-562.5(a)(4), as amended by this section, all eligible students enrolled in grades three through 12 (i) whose tuition and fees are paid in whole or in part with a scholarship grant and (ii) who are enrolled in a nonpublic school for the 2017-2018 school year pursuant to Part 2A of Article 39 of the General Statutes shall be administered the Iowa Test of Basic Skills (ITBS) in the fall semester and in the spring semester of the 2017-2018 school year. Thereafter, those students shall be administered the Iowa Test of Basic Skills (ITBS) on an annual basis in the spring semester.

SECTION #.(c) Subsection (a) of this section applies only to students in grades three through 12 (i) whose tuition and fees are paid in whole or in part with a scholarship grant and (ii) who are enrolled for the first time in a nonpublic school pursuant to Part 2A of Article 39 of the General Statutes beginning with the 2018-2019 school year and subsequent school years thereafter.