

House Approves \$22.1 Billion Budget

By Adam Pridemore for NCASA

With votes occurring just before midnight Thursday and again early this morning, the House approved a \$22.1 billion dollar [spending plan for the 2015-2016 fiscal year](#). Before gaining strong bipartisan approval on the House floor, the budget gained approval during the week in the House Finance Committee, House Appropriations Committee and House Pensions and Retirement Committee before then being adjusted twice again in the House Rules Committee.

The House's \$8.62 billion K-12 education budget includes over \$519 million in additional K-12 spending, much of which is in increased salaries and benefits outlined below. Without the salaries factored in, the K-12 budget is increased by \$268 million, or 3.3 percent over the current fiscal year. As noted previously by NCASA, lawmakers are working with a \$400 million projected surplus this session which translated to no cuts to the K-12 budget other than cuts which were technical in nature and a \$20 million cut to transportation due to lower fuel costs than previously projected. The following is a summary of highlights in the House budget.

Salary and Benefits Items:

- **School Based Administrator Salary Increase – \$10.8 million** in recurring funds for a 2% pay increase plus a step increase for an average pay increase of over 3.5%.
- **Teacher Salary Increase – \$169.4 million** in recurring funds to provide an average 4% pay increase for teachers, with at least a 2% pay increase in each tier of the teacher salary schedule, and a 6% increase to raise beginning teacher pay (0-4 years of experience) from \$33,000 to \$35,000.
- **Compensation Increase-Other LEA Personnel – \$27.4 million** in recurring funds for a 2% pay increase for **central office personnel, non-certified personnel, and other LEA employees.**
- **State Retirement Contributions – \$26.4 million** in recurring funds to increase the State's contribution for members of the Teachers' and State Employees' Retirement System to fund the annual required contributions. Also provides **2% cost-of-living increase.**
- **State Health Plan (SHP) – \$15.3 million** in recurring funds to cover employer costs for medical coverage, including roughly \$3 million for the state to reimburse school districts and other state agency employers for costs for allowing rehired retirees to retain their chosen SHP coverage rather than only the "bronze level" high-deductible plan.
- **Bonus Leave Days –** Provides one time additional 5 bonus annual leave days for all state employees and local board of education personnel.

Budget Expansion Items:

- **K-12 Enrollment Growth** – Provides **\$100 million** in 2015-16 and \$207 million in FY 2016-17 to cover increases in the number of K-12 students the next two years.
- **Driver Education Funding** – **\$26.4 million** in non-recurring funds to restore driver education funding for 2015-16. State support for driver education in future years will be paid for through a new late fee on car license tags that will flow through the Civil Fines and Forfeitures Fund.
- **Textbooks and Digital Resources** – **\$43.5 million** in recurring funds and **\$4.8 million** in non-recurring funds for textbooks and digital resources, bringing total funding for this allotment to \$74.3 million.
- **Teacher Assistants** – **\$88.8 million** in recurring funds for teacher assistants to replace non-recurring funds provided this school year through excess state lottery receipts to keep TA funding stable at \$376.1 million for 2015-16.
- **Distinguished Leadership In Practice** – **\$300,000** in non-recurring funds to DPI to contract with the N.C. Principals and Assistant Principals' Association (NCPAPA) to continue the Distinguished Leadership in Practice (DLP) leadership development program for practicing school principals.
- **School Connectivity Initiative** – **\$12 million** in recurring funds to support the School Connectivity Initiative and help leverage up to \$60 million in federal E-rate funds over the biennium for a \$31.9 million total in available funds statewide.
- **Digital Learning Plan** – **\$9 million** in recurring funds to support the Digital Learning Plan as outlined earlier this session in House Bill 660.
- **NC Elevating Educators Act of 2015** – **\$200,000** in recurring funds the first year and \$10 million in the second to allow the State Board of Education to launch a three-year pilot program for up to 10 LEAs to experiment with differentiated pay for teachers in advanced leadership roles, with much of the funding available to cover pay supplements, plan design and technical assistance. NCASA worked with the NC School Boards Association and the Professional Educators of NC to propose this pilot program as a replacement to the original concepts outlined in House Bill 662 and address earlier concerns the organizations and our members had with that legislation.
- **School Safety-Instructional Support Personnel** – **1.8 million** in recurring funds for LEAs, regional schools, and charter schools to hire additional school psychologists, school counselors, and school social workers.
- **Advanced Placement/International Baccalaureate Teacher Bonuses** – **\$3.9 million** in recurring funds for advanced placement and international baccalaureate teacher bonuses of up to \$2,000 based on the number of students who score high levels on either AP or IB exams.
- **Career and Technical Education Teacher Bonuses** – **\$600,000** in recurring funds for career and technical education teacher bonuses of up to \$2,000 based on the number of their students who receive industry credentials.

- **Regional Education Service Alliances – \$2.4 million** in recurring funds as a direct appropriation of \$300,000 to each of the Regional Education Service Alliances (RESAs) to provide professional development to teachers and other LEA personnel.
- **Microsoft Statewide Agreement – \$2.6 million** in recurring funds for DPI to enter into a statewide cooperative purchasing agreement with Microsoft to make Microsoft Office products available to all students and staff members in North Carolina public schools.
- **Regional Leadership Academies – \$4 million** in non-recurring funds to support the efforts of three Regional Leadership Academies in developing new school administrators.
- **Competency Education Pilot – \$2 million** in recurring funds to provide support to launch a competency education pilot developed by North Carolina New Schools Project, Inc. as part of its public and private partnership with LEAs to advance education innovation.

In addition to these line item funding changes, the House's education budget includes some key special provisions that outline funding directives for K-12 schools as follow:

- **Master's Degree Supplements** – In addition to those paid on the "M" salary schedule prior to the 2014-2015 school year, and those positions for which a master's degree is required for licensure, teachers who spend at least 70% of their work time in classroom instruction related to their graduate degree are eligible for the master's degree supplement.
- **NC Virtual Public School** – Creates an alternative funding formula for NCVPS that LEAs may use in lieu of the existing formula.
- **Competency-Based Learning and Assessments** – Reflects the contents of House Bill 439 that call for a shift in the types of testing administered in public schools.
- **Principal Pay** – Includes a directive that any Assistant Principal who becomes a Principal in the same LEA without a break in service can be paid no less than the previous pay as an Assistant Principal. In addition, provides that no principal can be paid less than an assistant principal in that same LEA. This corrects some salary schedule glitches as requested by NCASA and NCPAPA.
- **Read to Achieve** – Refines the requirements for implementation of Read to Achieve assessments, portfolios and other program components.

While the majority of the House's proposed Education budget is positive, there are two provisions in the budget which are particularly concerning to NCASA.

Concerning Budget Items:

- **Opportunity Scholarships (private school vouchers) – \$6.8 million** in non-recurring funds for the Opportunity Scholarship program. This brings the total funding to this program, which provides vouchers to eligible students to attend nonpublic schools, to \$17.6 million dollars for the 2015-2016 fiscal year. Although unsuccessful,

attempts were made in various committee meetings to remove this appropriation in various committee meetings during the week.

- **Charter School Accelerator – \$1 million** in recurring funds to support a pilot program administered by Parents for Educational Freedom in North Carolina intended to accelerate charter school development in rural North Carolina. During debate of the budget on the House floor Thursday evening, Rep. Rosa Gill (D-Wake) offered an amendment seeking to remove this appropriation from the budget and to appropriate the \$1 million to fund additional teacher assistant positions. The amendment failed 52-61. To read more about this budget provision, and the debate surrounding it, please click [here](#) for an article by Raleigh's *News & Observer*.

While not affecting the K-12 budget, there are budget provisions in the proposed UNC System budget aimed at teacher support, teacher recruitment, and teacher retention programs. Those budget items are as follows:

- **North Carolina New Teacher Support Program – \$1.5 million** in recurring funds to the North Carolina New Teacher Support Program, bringing the total funding for that program to \$2.7 next year.
- **Teacher Recruitment and Retention – \$200,000** in recurring funds establishing a new teacher scholarship loan program intended to recruit teacher for placement in hard-to-staff schools or subjects. This amount increases to \$3 million for the 2016-2017 fiscal year.
- **Principal Preparation – \$500,000** in recurring funds for a competitive grant program for principal development. This amount increases to \$9.5 million for the 2016-2017 fiscal year.
- **Evaluation of Teacher Recruitment and Retention Programs – \$235,000** in non-recurring funds to evaluate six programs within the UNC System that provide teacher education and retention programs.
- **Appalachian State University: Recruit Community College Students Pilot – \$91,000** in non-recurring funds to establish a pilot program at Appalachian State University for the purposes of recruiting and retaining community college student into the College of Education.

The full money report reflecting line item funding in the House's budget can be found [here](#). A document comparing the Governor's proposed budget with the House adopted budget can be found [here](#). Please note this money report and budget comparison document reflects funding levels reflected in the budget as debated on the House floor previous to any adopted amendments. The adopted amendments only made minor adjustments to the education budget reflected in these two documents. The final money report and final version of the bill, [House Bill 97](#), should be able to be found later this afternoon at www.ncleg.net.

The budget now heads to the Senate for consideration. The Senate will craft its own version of the State's spending plan and will likely release and approve its version by mid-late June. Senate leaders have already indicated their plan would focus more on savings while supporting teachers and education. The Senate version of the budget will likely have very different ideas

regarding tax reform and economic incentives than those found in the House version of the budget passed this week. The two chambers will ultimately negotiate a final budget later this summer.

To read more on the House budget, please click [here](#) for an article by WRAL-TV, and please click [here](#) for an article by Raleigh's *News & Observer*.