

2018-19 Biennial Budget Passed June 2018

The budget bill, [SB 99](#), was released on the [NCGA website](#) on Monday, May 28. The legislative leaders did not allow amendments thus the budget was voted on without any adjustments. The Senate’s final budget vote was 36-14 on May 31, 2018. The House voted in favor of the budget Friday, June 1, 2018 with a final vote of 66-44. The bill was vetoed by Gov. Cooper on June 6, 2018. On June 7, 2018, the Senate voted to override Gov. Cooper’s veto. The House concurred on June 11, 2018. A technical correction bill, [SB 335](#) was used to fix some of the identified issues. One of the most surprising elements in the bill was the provision that would allow North Carolina municipalities to spend property tax revenues on any public school. The text of the full budget bill can be found on the NCGA website: <https://www.ncleg.net/Sessions/2017/Bills/Senate/PDF/S99v6.pdf>.

2018-2019 Budget Adjustments to the 2017-19 Biennial Budget

Compensation and Benefits

- \$11.8 million is allocated to fund salary increases for teachers. The average teacher raise is 6.5%. The teacher salary schedule starts at \$3,500 per month and increases by \$100 for each year of service until 15 years. Between years 15-24, teachers would earn \$5,000 per month. This rate is frozen until teachers reach 25 years of service. At 25+ years, the monthly salary would be \$5,200 per month. This budget eliminates \$5 million dollars for veteran teacher bonuses.
- \$12 million is allocated for a principal pay increase and tied to test performance. The base salary schedule for principals is determined by the average daily membership (ADM) and whether or not their school failed to meet, met, or exceeded growth.

2018-2019 Principal Annual Salary Schedule

ADM	BASE	MET	EXCEEDED
0-400	\$66,010	\$72,611	\$79,212
401-700	\$69,311	\$76,242	\$83,173
701-1000	\$72,611	\$79,872	\$87,133
1001 to 1300	\$75,911	\$83,503	\$91,094
1300+	\$79,212	\$87,133	\$95,054

Performance bonuses are also included and are awarded according to the Principal Bonus Schedule, calculated using schools’ A-F grades. Bonus levels are as follows:

Top 5%: \$10,000, Top 10%: \$7,500, Top 15%: \$5,000 Top 20%: \$2,500, Top 50%: \$1,000

- Further, a principal who qualifies for a bonus and supervises a school with an overall school performance grade of D or F for a majority of the 2017-2018 school year qualifies for a bonus of twice the amount listed in the Principal Bonus Schedule.
- \$418K is allocated for an assistant principal pay increase. The assistant principal salary schedule is equivalent to the base teacher salary plus 19%.

- \$22.9 million is allocated to make the 4th-5th grade reading bonus program and the 4th-8th grade math bonus program recurring.
- The programs will provide \$2,000 bonuses to the top 25% of teachers statewide and the same amount to the top 25% of teachers within individual LEAs, based on growth scores.
- State employees will earn a salary increase of either 2% or the amount required to reach an average annual salary of \$31,200 or approximately \$15/ hour. Notably, school employees such as teacher assistants or custodial staff are not included in the increase to reach \$31,200, but will receive a prorated 2% raise.
- The budget increases the State's contribution for members of the Teachers and State Employees Retirement System to fund a 1% one-time cost of living supplement to retirees.

Infrastructure

- Increases Needs-Based School Capital fund by \$42 million, largely through changing percentages of lottery funds going to this fund. School building funding was otherwise omitted. A blue ribbon panel estimated that, not including repercussions from the class size mandate, school construction needs were approximately \$8 billion dollars and critical infrastructure needs remain.
- No additional state funding provided to meet mandated class size reduction.

Education Funding

- Section 38.8 authorizes cities in North Carolina to use local property taxes to fund any public school located within their localities. This could include charters, lab schools, and any other publicly funded entity. It appears to address a deficiency in HB 514, a bill that allowed for the creation of charters in the suburbs of Charlotte. HB514 will drastically alter the way schools could be funded. It could further the divide between have and have not schools by allowing cities to supplement funds for certain schools.
- \$35 million is allocated for the school safety package, though only \$5 million is recurring. The funding goes to expand the SRO grant program, to expand the anonymous tip line, and to create new grants to support students in crisis, school safety training, safety equipment, and school mental health personnel. Includes \$10 million of non-recurring funds transferred from the Dorothea Dix hospital fund.
- What could have been used to fund approximately 1,000 more Pre-K slots was instead appropriated elsewhere. Over \$75 million of federal funds were allocated to NC to expand Pre-K programs and of that, \$50 million dollars was used to replace state funding.

Per Pupil Spending

- Little investment was made to expand school resources. Allotments for teaching assistants, textbooks, at-risk student services and more are still below 2008-2009 levels when adjusted for inflation.

Vouchers

- Opportunity Scholarship funding increases from \$45 to \$55 million.
- Funding for the Disabilities Grants increases from \$10 million to \$13 million.

General Spending

- Adds \$161 million to the rainy day fund.
- Tax cuts for the wealthy and corporations will remain in place at the expense of public schools and other worthy recipients. By 2019 corporate tax rates will fall to 2.5 percent and rates for top earners will fall to 5.25 percent. These cuts have taken, and will continue to take a huge chunk out of potential public school funding, resulting in a \$900-million-dollar decrease.

Other Education Provisions

- Grants the virtual charter schools pilot an extension for another 4 years even though both virtual schools are low-performing.
- Section 7.2 allows the ISD to essentially oversee itself “in the event that temporary management is necessary due to contract termination, lack of a qualified ISD operator or other unforeseen emergency.”
- Military families are now permitted to enroll their children prior to residency in NC if they are in the process of being transferred to NC. They can enroll their children in public schools or participate in charter school lotteries ([SB99](#)).

Department of Public Instruction/State Board of Education

- Continues planned cuts in the amount of \$4 million for central office and \$5 million for DPI. This provision led to the layoff of 40 DPI employees, many of whom served low income populations.

Summary of the public schools education budget provisions is found here:
<http://www.ncpublicschools.org/docs/fbs/budget/budgetsummary2019.pdf>.

Summary about some of the issues that impact public schools are found here:
<https://www.ncsbac.org/advocacy/issue-briefs/>.

Highlights of Education Bills Passed During Short Session 2018

[HB514](#): Permit Municipal Charter School/Certain Towns. This bill allows Cornelius, Huntersville, Matthews, and Mint Hill, majority white suburbs of Charlotte, to create their own charter schools. Further, they will be permitted to restrict access to local residents. **In the budget amendments, a related provision (38.8) allows local municipalities to use (and raise) property taxes to fund schools.** It is worrisome that this will exacerbate existing segregation and inequality. Charlotte is already experiencing high levels of segregation. Additionally, taxpayers could see increases in tax bills as localities take on school funding responsibilities. Many public school advocates think these related pieces of legislation will eventually be found unconstitutional. Also troubling is how this legislation could return North Carolina back to a time when the quality of education was inequitably distributed based on one's zip code. On June 6, 2018, the N.C. House approved HB 514 with a 64-53 vote. It was ordered enrolled and ratified (Ch. SL 2018-3). Public school advocates have serious concerns about segregation and inequity. It was treated as a local law and therefore did not require the governor's signature.

[HB 374](#): Regulatory Reform Act of 2018. Repeals State Board of Education policies that are inconsistent with the June 8, 2018 Supreme Court ruling.

[HB 670](#): Protect Educational Property. This bill increases the criminal penalty for making a threat of mass violence on educational property or at a place of worship; provides for conditional discharge of persons convicted of those offenses when the offense is committed under the age of twenty.

[HB 986](#): Various Changes to Education Law. This bill enacted the following:

- Requires the State Board of Education and the Department of Public Instruction to report to the Joint Legislative Oversight Committee by March 30 of each year on the compliance of schools with the requirements regarding cursive writing and the memorization of multiplication tables,
- Includes a provision that directs DPI to develop a mental health training program and suicide referral protocol and that the State Board of Education repeals its School-Based Mental Health Initiative Policy,
- Requires school districts to offer placement in advanced mathematics courses to students who score a level 5 or higher on end-of-grade or end-of-year mathematics testing,
- Instructs the State Superintendent of Public Instruction to study and make recommendations on ways to reduce testing not otherwise required by State or federal law in kindergarten through twelfth grade by January 15, 2019 and report findings and recommendations to the President Pro Tempore of the Senate, the Speaker of the House of Representatives, and the Joint Legislative Education Oversight Committee, and
- Creates a "Renewal School System" model that authorizes a qualifying local school administrative unit to become a renewal school system and to receive **charter-like flexibility**. The only school district that qualified for "restart status" (see Bill for the criteria) is Rowan-Salisbury (<https://www.rssed.org/>). This LEA already has 16 of their 35 schools identified as low-performing restart schools and these schools as such have the same kind of flexibility enjoyed by charter schools. This special flexibility allows them to change their calendar or hire half of their teachers without certification and vary how they pay teachers in the pursuit of school improvement. A Renewal School System will allow the entire school district to treat all schools in its district like a restart school.

Many school boards and Superintendents across NC have complained about having one set of rules for their restart schools and one set of rules for their traditional schools. Education advocates have long lobbied for giving all school districts the same flexibility as charters to give them more options when it comes to curriculum, calendars, budgeting, and staffing for all of their schools not just low-performing schools.

If school boards were given the right to have their own charters under their elected purview or given system-wide flexibility like charters for traditional schools per se, one could argue you do not need a separate system for charter schools with non-elected governing boards.

[HB 1031](#): Local Ed Funding Dispute Process. This bill repeals the authority for a local board of education to file legal action challenging the sufficiency of funds appropriated by county commissioners.

Key Bills Not Passed During 2018 Short Session

[HB53](#): School Calendar Modification is an example of numerous Local Bills on School Calendar Flexibility: No movement of allowing school districts calendar flexibility

Calendar Flexibility Bills: H20, H41, H47, H50, H51, H60, H77, H79, H93, H106, H108, H121, H166, H167, H188, H202, H203, H209, H210, H213, H231, H234, H253, H269, H291, H296, H301, H313, H314, H318, H346, H372, H377, H419, H430, H521, H523, H839

[HB 866/SB 542](#): No statewide construction bond.

[HB933](#): Bill to improve flexibility needed to hire more school psychologists due to severe shortage.

[HB746](#): Omnibus bill that included permit-less carry. If this bill would have passed it would mean that people as young as 18 years old with no training and no background check could carry a hidden loaded weapon in public. Bill did not receive a committee hearing on the Senate side.

For a more detailed list of Key Legislative Bills that did and did not see action during the 2018 Legislative Session, visit this link:

<https://www.publicschoolsfirstnc.org/wp-content/uploads/2013/09/06-29-18-Week-in-Review.pdf>

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