



LEGISLATIVE UPDATE

June 17, 2016

Through last night and all day today, key budget negotiators from the House and Senate have been hammering out agreements on the many line items that will comprise our state budget for 2016-17. At the same time, and throughout this week, closely-watched bills, such as the Math Standards Revisions bill ([HB 657](#)), continued to advance through the legislative process. Additionally, bills that would revise charter school laws, retirement system rules, tax laws, and even the North Carolina/South Carolina state line were considered by lawmakers this week.

Education-Related Bills

[HB 242](#) Various Charter School Law Changes

On Tuesday, the Senate approved HB 242, entitled “Various Charter School Law Changes.” As reported in prior Updates, this bill would amend the processes for final approval of initial applications for charter schools, charter reviews and renewals, and materials revisions of charters, among other changes. The Senate amended the bill on the fast-track replication of schools process to make it applicable for eligible schools opening in 2018-19 (versus 2017-18). A second amendment passed that sets forth new parameters under G.S. 115C-218.35 for charter schools to lease “available building(s) or land” from a local board of education. The bill’s next stop is the House for a concurrence vote.

[HB 657](#) Math Standard Course of Study Revisions

The Senate passed HB 657 after a heated Senate floor debate and the adoption of several amendments to it this week. An earlier version of the bill required schools to offer only the traditional mathematics standard course of study (Algebra I, Geometry, Algebra II) to all high school students beginning with the 2017-18 school year; however, an adopted amendment changes the projected implementation year to 2018-19 to provide the State Board of Education (SBE) more time to create the curriculum and assessments for the standards, among other necessary statewide shifts. Another amendment exempts Cooperative Innovative High Schools from the requirement to offer the traditional sequence of math courses. Initially, the bill prohibited students from taking a Career/Technical Education (CTE) course in place of a fourth credit in mathematics, unless otherwise indicated on a student’s IEP; however, an amendment passed to allow students to keep that option. Lastly, lawmakers amended the bill by mandating that the State Board of Education require local boards of education to provide information to the student and the student’s parents/guardians about both choices and allow them to make an informed choice based on their student’s needs. On Thursday, House Bill 657 passed 33-13 on the Senate floor. If you have input to share with legislators on this bill, please [contact](#) your House representative, as this bill will next be heard by the House.

[SB 330](#) Change Orders on School Construction Projects

This bill directs local boards of education to adopt a policy overseeing change orders to any construction or repair work for which a contract has been awarded (under G.S.143-128, 143-128.1, 143-128.1A, 143-128.1B, 143-128.1C, or 143-129). The policy would include the following: 1) The process by which a proposed change order is submitted by the contractor for approval, including any request for expedited review; 2) The individual or individuals with responsible authority for approving change orders of a particular category of work or amount, or a combination thereof, and the corresponding descriptions and dollar limits; 3) The process by which any change order that must be reviewed and approved by the local board is submitted to the local board; 4) The process by which the local board is notified of all change orders submitted to the individual or individuals identified with responsible authority to approve those orders, and the resulting actions taken. The bill, if enacted, will become effective October 1, 2016. The bill heads back to the Senate for a vote to concur with changes made by the House.

[SB 575](#) NC/SC Original Border Confirmation

This bill, approved by the House on Thursday, makes corrections to the North Carolina/South Carolina state line while providing conditions for those impacted by the changes. As explained in prior Updates, the boundaries would be certified as of January 1, 2017, except for property tax purposes. The bill now awaits the Governor's signature.

[SB 881](#) Union County School Funding

SB 881, which has passed both the House and Senate chambers, would prohibit the Union County Board of Education from initiating litigation under 115C over the amount of the local funds appropriated by the Union County Board of Commissioners. SB 881 will establish a moratorium on the Union County Board of Education from filing such litigation in 2016-17 as the county moves forward with the budget process and upcoming board elections. The bill requires the Union County Board of Education and the Union County Board of Commissioners to meet periodically for the duration of the one-year moratorium to assess the needs of Union County Schools and develop a five-year plan for meeting those needs. On Wednesday, the House passed SB 881 and it now proceeds to the Governor.

[SB 867](#) Protect Students in Schools

On Wednesday, the House Judiciary IV Committee amended and approved this bill regarding public school employee criminal backgrounds checks. SB 867 would create a statewide system of mandatory criminal background checks for state licensure applicants and renewals for certified public school employees. At present, G.S. 115C-332 requires local school boards to have a policy on criminal background checks, state law does not mandate required checks, although school systems consistently conduct such checks as a good business practice. The bill would create a new statute, G.S. 115C-297.1, entitled, "School personnel criminal history checks," and other conforming statutes applying to local school boards, regional school boards of directors, and charter school boards of directors, and it would go into effect with licensure applications "received 60 or more days after" the bill becomes law. Currently, the bill would have the SBE or LEA charge these applicants a fee for the background check, or an LEA may choose to cover the cost of the fee. Committee members raised questions about who should

bear the cost of such checks and whether technology advances will enable schools to obtain more comprehensive background checks on prospective employees in the future. There are no appropriations made in this bill for the proposed system. The bill will be heard next by the House Finance Committee.

[SB 747](#) State-Owned Real Property Management/PED

On Wednesday, SB 747 passed through the Senate Finance Committee. This bill would allow North Carolina to dispose of unneeded property by evaluating the usage of space in state-owned buildings. The bill directs the Department of Administration (DOA) to develop a performance management system, and state-owned property would be consolidated or disposed of based on this system. As provided by SB 747, DOA would need to perform an unannounced visit to a random facility owned by or allocated to each state agency by June 1, 2017.

State-owned property, as defined by this bill, could include public schools and other associated buildings. During the Senate Finance Committee meeting, speakers from DOA voiced their support of the bill. Those in opposition raised concerns that since there is already a state property management program, this bill is unnecessary and overly time-consuming. On Thursday, SB 747 passed second reading on the Senate floor and was placed on the calendar for third reading Monday.

[SB 770](#) Farm Act of 2016

SB 770 is an agriculture omnibus bill that addresses the needs of farmers and other agricultural professionals across the state. With regard to public schools, the bill would give local school boards the statutory authority to develop policies to maximize, in school cafeterias, the amount of food grown or raised in North Carolina. On Thursday, SB 770 passed second reading on the Senate floor and was placed on the calendar for third reading on Monday.

[SB 382](#) Revision of SB 612

This bill is local and applies only to Edgecombe and Nash Counties. SB 382 is a revision of a bill from 1991 that established the funding arrangement between Edgecombe County Schools and Nash-Rocky Mount Schools. The bill creates new local funding requirements for the Nash-Rocky Mount LEA, and institutes a moratorium on the Nash-Rocky Mount School Board from suing the Edgecombe County Commission over insufficient school funding. However, the bill stipulates that if Edgecombe County or the City of Rocky Mount fail to supply adequate funding to the Nash-Rocky Mount LEA, then the portions of the LEA located within Edgecombe County would be absorbed by the Edgecombe County LEA the following year. The bill was passed swiftly by the House and Senate, and was signed into law by the Governor on Thursday.

[SB 888](#) Buncombe School Capital Fund Commission

This bill makes changes to the distribution of Article 39 sales tax revenues by the Buncombe School Capital Fund Commission by creating one account for Commission funds and distributing said funds between Buncombe County Schools and Asheville City Schools based

on priority of needs rather than on a pro-rata basis based on average daily membership. For more details on the changes being made, please consult the [bill summary](#). The bill has passed the Senate and now awaits consideration by the House.

[HB 960](#) Retirement Creditable Service Charter Schools

The Senate Pensions & Retirement Committee approved an amended version of this bill on Thursday. It amends G.S. 135-4(cc) and removes the requirement that employees who are purchasing creditable service in the Teachers' and State Employees' Retirement System (TSERS) for employment at a public charter school must return to a traditional public school and then complete 5 years of membership service after the period of employment at the charter school that is being purchased. Also, the bill caps the purchase at 5 years in order to be consistent with federal law for purchases of "non qualified service credit." The amended bill revises G.S. 120-114 to require the General Assembly's Fiscal Research Division to provide an estimate using a "risk-free" 30-year U.S. Treasury interest rate and other consistent assumptions to evaluate the cost of bills that propose changes to service purchase state statutes.

[HB 1011](#) Retirement Technical Corrections Act of 2016

Senate Pensions also approved this bill which makes a host of technical corrections to state retirement statutes, and it is now calendared for the Senate floor on Monday. Of import to public education is Section 6 of the bill, which slightly changes the purchase of creditable service for "educational leave" (further amending changes from 2015) as follows:

SECTION 6.(a) G.S. 135-8(b)(5) reads as rewritten:

"(5) The Board of Trustees may approve the purchase of creditable service by any member for leaves of absence or for interrupted service to an employer only for the sole purpose of acquiring knowledge, talents, or abilities and ~~increasing to increase~~ the efficiency of service to the employer, subject to the provisions of this subdivision. A leave of absence or interrupted service may be approved for purchase under this subdivision for a period of employment as a teacher in a charter school. Any other leave of absence or interrupted service shall qualify for purchase under this subdivision only if (i) during the time of the leave or interrupted service the member is enrolled and participates in a full-time degree program at an accredited institution of higher education, (ii) the member is not paid for the activity in which he or she is acquiring knowledge, talents, or abilities, and (iii) the service is not purchased for any month in which the member performed any services for any of the organizations listed in G.S. 135-27(a) or G.S. 135-27(f), or a successor to any of those organizations."

Other Relevant Bills with Action This Week:

1. [HB 169](#) Regulatory Reduction Act of 2016
 - Passed the Senate, sent to the House for concurrence to the Senate version
 - Referred to House Committee on Regulatory Reform

2. [HB 451](#) LRC/Study Suicide Prevention
 - Passed the House, sent to the Senate
 - Referred to the Senate Committee on Health Care
3. [HB 976](#) Enhance Oversight of Service Contracts/PED
 - Passed the House, sent to the Senate
4. [HB 1014](#) NC Pre-K Conforming Change/Taylor's Law
 - Passed the Senate, sent to the Governor
5. [HB 1035](#) LGC/Training for Local Gov't Finance Officers
 - Passed the House, referred to Senate Committee on Education/Higher Education
6. [HB 1055](#) State Ethics Comm. Revisions
 - Referred to Senate Committee on Rules and Operations
7. [HB 1090](#) Prosperity & Econ. Opportunity for All NC Act
 - Referred to the House Committee on Finance
8. [HB1133](#) Partisan Election/Transylvania Bd. of Ed.
 - Referred to the Senate Committee on Redistricting
9. [HB 1137](#) Treasurer's 2016 Investment Admin. Changes
 - Placed on Senate Calendar for Monday, June 20
10. [HB 1148](#) Gun Rights Amendment
 - Referred to the House Committee on Rules
11. [SB 536](#) Students Know Before You Go & Central Residency
 - Passed the House, sent to the Senate for concurrence to the House version

Committee Meetings/Session: June 20 – June 23

Monday, June 20

- 2:00 PM Senate Session
- 7:00 PM House Session

Tuesday, June 21:

- TBA

Wednesday, June 22:

- TBA

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