

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1993

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HOUSE BILL 273

Short Title: GPAC/Public School Funding.

(Public)

Sponsors: (by request) Representatives Diamont, Blue, Barnes, Hackney, Hensley, H. Hunter, G. Miller, Nesbitt, and Robinson.

Referred to: Appropriations.

February 25, 1993

A BILL TO BE ENTITLED

AN ACT TO IMPLEMENT THE RECOMMENDATIONS OF THE GOVERNMENT
PERFORMANCE AUDIT COMMITTEE REGARDING PUBLIC SCHOOL
FUNDING.

The General Assembly of North Carolina enacts:

—BEP FUNDING.

Section 1. (a) The General Assembly finds that the funding formulas for the Basic Education Program, which were established in 1984, represented the best ideas and estimates at that time regarding improving student achievement in North Carolina. The formulas did not and could not have considered the significant changes that the State and public education have undergone in the ensuing eight years, such as the economic challenges that the State is facing and educational changes including the increased use of automation in the local school administrative units and the movement to site-based management in the schools. The General Assembly is committed to the improvement of education and to the complete implementation of the strongest possible Basic Education Program; therefore, it is the intent of the General Assembly to complete the funding of the Basic Education Program, as scheduled, for teachers and instructional support personnel. It is the intent of the General Assembly to reconsider the anticipated use of the remainder of the funds scheduled for appropriation under the Basic Education Program and to consider redirecting the funds to other State education needs such as (i) instructional and administrative needs identified through the Annual Report Card or other measures in the School Improvement and Accountability Act of 1989, (ii) funding for small and low wealth local school administrative units, (iii) gaps

1 in the current public education program such as the need for comprehensive preschool
2 programs, and (iv) new educational reforms such as school-linked collaborative
3 services.

4 (b) This section is effective upon ratification.

5 ---LOCAL FLEXIBILITY/SCHOOL FUNDS.

6 Sec. 2. (a) The General Assembly finds that it is appropriate to consolidate
7 major nonteaching funding categories in the Public School Fund; therefore, the
8 following existing funding categories in the Public School Fund are combined into the
9 following categories:

- 10 (1) School Administration
11 School Administration
12 Finance Officers
- 13
- 14 (2) Noncertified Personnel
15 Clerical Assistants
16 Teacher Assistants
17 Custodians
- 18
- 19 (3) Support Services Summer
20 School/Remediation
21 Dropout Prevention
22 Community Schools
23 Duty-Free Period
24 Sports Medicine
25 Child Nutrition
26 Staff Development
27 Textbooks
28 Consolidated Allotment

29 For budgetary reporting and accounting purposes, the local school administrative units
30 shall continue to provide expenditure data at such detailed levels as required by the
31 State Board of Education. Presentation, control, and reporting of salary and salary-
32 related objects of expenditure shall be in accordance with applicable statutes and the
33 directives of the Director of the Budget.

34 (b) The General Assembly encourages local school administrative units to
35 become more efficient in their current operations by (i) implementing the
36 recommendations in the State Auditor's performance audits, (ii) using the funds in the
37 combined funding category created in subsection (a) of this section to contract out for
38 services where private sector resources are available, and (iii) working with other local
39 school administrative units to deliver shared services.

40 (c) The General Assembly finds that because of the increased management
41 flexibility provided to local school administrative units in this section, local school
42 administrative units can operate more efficiently; therefore, appropriations to the
43 combined funding categories created in subsection (a) of this section are decreased by
44 five percent (5%). As an incentive to increase this efficiency, the local school

1 administrative units may, notwithstanding any other provision of law, retain at the end
2 of each fiscal year twenty-five percent (25%) of the unencumbered and unexpended
3 funds in the combined funding categories created in subsection (a) of this section.

4 (d) There is appropriated from the General Fund to the Department of Public
5 Education, the sum of five hundred thousand dollars (\$500,000) for the 1993-94 fiscal
6 year and the sum of five hundred thousand dollars (\$500,000) for the 1994-95 fiscal
7 year to fund model programs to increase efficiency in local school administrative unit
8 operations and to provide incentive awards to local school administrative units that
9 operate efficiently. The funds shall be awarded by the State Board of Education based
10 upon proposals submitted by the local school administrative units or by multiple local
11 governments in a single county or adjoining counties.

12 (e) This section becomes effective July 1, 1993.

13 —STABILIZE SCHOOL ACCOUNTABILITY.

14 Sec. 3. (a) G.S. 115C-238.1 reads as rewritten:

15 "**§ 115C-238.1. Performance-based Accountability Program; development and**
16 **implementation by State Board.**

17 The General Assembly believes that all children can learn. It is the intent of the
18 General Assembly that the mission of the public school community is to challenge with
19 high expectations each child to learn, to achieve, and to fulfill his or her potential. With
20 that mission as its guide, the State Board of Education shall develop and implement a
21 Performance-based Accountability Program. The primary goal of the Program shall be
22 to improve student performance. The State Board of Education shall adopt:

- 23 (1) Procedures and guidelines through which, beginning with the 1990-91
24 fiscal year, local school administrative units may participate in the
25 Program;
- 26 (2) Guidelines for developing local school improvement plans with three-
27 year student performance goals and annual milestones to measure
28 progress in meeting those goals; and
- 29 (3) A set of student performance indicators for measuring and assessing
30 student performance in the participating local school administrative
31 units. These indicators may include attendance rates, dropout rates,
32 test scores, parent involvement, and post-secondary outcomes.

33 Because local school administrative units need time to adapt to changes in the
34 Performance-based Accountability Program, the General Assembly urges the State
35 Board of Education to minimize departmental changes to the Performance-based
36 Accountability Program until July 1, 1995. It is the intent of the General Assembly also
37 to minimize legislative changes to the Performance-based Accountability Program until
38 July 1, 1995."

39 (b) G.S. 115C-12(9) reads as rewritten:

40 "(9) Miscellaneous Powers and Duties. – All the powers and duties
41 exercised by the State Board of Education shall be in conformity with
42 the Constitution and subject to such laws as may be enacted from time
43 to time by the General Assembly. Among such duties are:

- 1 a. To certify and regulate the grade and salary of teachers and
2 other school employees.
3 b. To adopt and supply textbooks.
4 c. To adopt rules requiring all local boards of education to
5 implement the Basic Education Program on an incremental
6 basis within funds appropriated for that purpose by the General
7 Assembly and by units of local government. Beginning with
8 the 1991-92 school year, the rules shall require each local
9 school administrative unit to implement fully the standard
10 course of study in every school in the State in accordance with
11 the Basic Education Program so that every student in the State
12 shall have equal access to the curriculum as provided in the
13 Basic Education Program and the standard course of study.

14 The Board shall establish benchmarks by which to measure
15 the progress that each local board of education has made in
16 implementing the Basic Education Program. The Board shall
17 report to the Joint Legislative Education Oversight Committee
18 and to the General Assembly by December 31, 1991, and by
19 February 1 of each subsequent year on each local board's
20 progress in implementing the Basic Education Program,
21 including the use of State and local funds for the Basic
22 Education Program.

23 The Board shall develop a State accreditation program that
24 meets or exceeds the standards and requirements of the Basic
25 Education Program. The Board shall require each local school
26 administrative unit to comply with the State accreditation
27 program to the extent that funds have been made available to
28 the local school administrative unit for implementation of the
29 Basic Education Program. Because local school administrative
30 units need time to adapt to changes in the State accreditation
31 program, the General Assembly urges the State Board of
32 Education to minimize departmental changes to the
33 Performance-based Accountability Program until July 1, 1995.
34 It is the intent of the General Assembly also to minimize
35 legislative changes to the State accreditation program until July
36 1, 1995.

37 The Board shall use the State accreditation program to
38 monitor the implementation of the Basic Education Program.

- 39 c1. To issue an annual 'report card' for the State and for each local
40 school administrative unit, assessing each unit's efforts to
41 improve student performance and taking into account progress
42 over the previous years' level of performance and the State's
43 performance in comparison with other states. This assessment
44 shall take into account demographic, economic, and other

factors that have been shown to affect student performance. Because local school administrative units need time to adapt to changes in the Performance-based Accountability Program, the General Assembly urges the State Board of Education to minimize departmental changes to the annual report card until July 1, 1995. It is the intent of the General Assembly also to minimize legislative changes to the annual report card until July 1, 1995.

c2. To develop management accountability indicators to measure the efficiency and appropriate use of staff in each school and at the administrative office. Staff development for school administrators shall be a high priority of the Department of Public Instruction.

c3. To develop a system of school building improvement reports for each school building. The purpose of school building improvement reports is to measure improvement in student performance at each school building from year to year, not to compare school buildings. The Board may consider for inclusion in the building reports the following criteria: test scores, the success of graduating students in postsecondary institutions, attendance, graduation and dropout rates, the numbers of children enrolled in free lunch or Chapter 1 programs, the education level of the parents of children enrolled in the school, the teaching experience of the school staff, and whether the building has been successful in meeting the goals of the building and systemwide plans developed in accordance with G.S. 115C-238.1 through G.S. 115C-238.6. Local school administrative units shall produce school building improvement reports by March 15, 1995, and annually thereafter. Each report shall be based on building-level data for the prior school year.

d. To formulate rules and regulations for the enforcement of the compulsory attendance law.

e. To manage and operate a system of insurance for public school property, as provided in Article 38 of this Chapter.

In making substantial policy changes in administration, curriculum, or programs the Board should conduct hearings throughout the regions of the State, whenever feasible, in order that the public may be heard regarding these matters."

(c) This section is effective upon ratification.

—LINK SCHOOL FUNDING/PERFORMANCE.

Sec. 4. (a) G.S. 115C-64.2 reads as rewritten:

"§ 115C-64.2. Development of plans to improve student performance and decrease dropout rates.

1 (a) Each ~~identified~~ local school administrative unit that is identified as a low
2 performing local school administrative unit shall submit to the State Board of Education
3 a plan for improving student performance and decreasing dropout rates. The plan may
4 include requests for the State Board to waive State laws and regulations so as to grant
5 the unit the fiscal and programmatic flexibility necessary to implement the plan. The
6 State Board may grant such waivers if it finds that the waivers are necessary and
7 appropriate for the unit to improve student performance and decrease dropout rates.
8 The State Board may also withhold State funding from an identified unit if it deems it
9 necessary to make the unit more accountable for the use of State funds.

10 (b) It is the goal of the General Assembly to provide significant assistance to an
11 identified unit and to enable the unit to implement successfully its improvement plan.
12 To accomplish these goals the Department of Public Instruction shall contact each
13 identified unit, notify it of the services available through the Department to assist the
14 unit in developing its plan and in improving student performance and decreasing
15 dropout rates, and assist the unit in developing and implementing its plan. Department
16 services shall include monitoring the unit's progress, and tutoring and counseling unit
17 personnel in strategies to reach the unit's goals, and providing additional funds to the unit to
18 accomplish approved portions of the plan. goals. The Department shall also make
19 challenge grant funds available to identified units on a competitive basis as an incentive
20 to improve."

21 (b) There is appropriated from the General Fund to the Department of Public
22 Education, Department of Public Instruction, the sum of one million two hundred fifty
23 thousand dollars (\$1,250,000) for the 1993-94 fiscal year and the sum of one million
24 two hundred fifty thousand dollars (\$1,250,000) for the 1994-95 fiscal year for incentive
25 grants for local school administrative units identified as low performing local school
26 administrative units.

27 (c) There is appropriated from the General Fund to the Department of Public
28 Education, Department of Public Instruction, the sum of three hundred fifty thousand
29 dollars (\$350,000) for the 1993-94 fiscal year and the sum of three hundred fifty
30 thousand dollars (\$350,000) for the 1994-95 fiscal year for incentive grants for local
31 school administrative units identified by the Department of Public Instruction as high
32 performing local school administrative units.

33 (d) This section becomes effective July 1, 1993.

34 ~~—SCHOOL ACCOUNTABILITY MANDATORY.~~

35 Sec. 5. (a) G.S. 115C-238.2 reads as rewritten:

36 "**§ 115C-238.2. Local participation in the Program ~~voluntary;~~ mandatory; the**
37 **benefits of local participation. the program.**

38 (a) Local school administrative units ~~may, but are not required to,~~ shall participate
39 in the Performance-based Accountability Program.

40 (b) ~~Local~~ As a result of the Performance-based Accountability Program, local
41 school administrative units that participate in the Performance-based Accountability Program:
42 units:

- 43 (1) Are exempt from State requirements to submit reports and plans, other
44 than local school improvement plans, to the Department of Public

1 Education; they are not exempt from federal requirements to submit
2 reports and plans to the Department.

3 (2) Are subject to the performance standards but not the opportunity
4 standards or the staffing ratios of the State Accreditation Program.
5 The performance standards in the State Accreditation Program,
6 modified to reflect the results of end-of-course and end-of-grade tests,
7 may serve as the basis for developing the student performance
8 indicators adopted by the State Board of Education pursuant to G.S.
9 115C-238.1.

10 (3) May receive funds for differentiated pay for teachers and
11 administrators, in accordance with G.S. 115C-238.4, if they elect to
12 participate in a differentiated pay plan.

13 (4) May be allowed increased flexibility in the expenditure of State funds,
14 in accordance with G.S. 115C-238.5.

15 (5) May be granted waivers of certain State laws, regulations, and policies
16 that inhibit their ability to reach local accountability goals, in
17 accordance with G.S. 115C-238.6(a).

18 (6) Shall continue to use the Teacher Performance Appraisal Instrument
19 (TPAI) for evaluating beginning teachers during the first three years of
20 their employment; they may, however, develop other evaluation
21 approaches for teachers who have attained career status.

22 The Department of Public Instruction shall provide technical
23 assistance, including the provision of model evaluation processes and
24 instruments, to local school administrative units that elect to develop
25 dual personnel evaluation processes. A dual personnel evaluation
26 process includes (i) an evaluation designed to provide information to
27 guide teachers in their professional growth and development, and (ii)
28 an evaluation to provide information to make personnel decisions
29 pertaining to hiring, termination, promotion, and reassignment."

30 (b) G.S. 115C-238.3(a) reads as rewritten:

31 "(a) Development of systemwide plan by the local board of education. – The
32 board of education of ~~a each~~ local school administrative unit ~~that elects to participate in~~
33 ~~the Program~~ shall develop and submit a local school improvement plan for the entire
34 local school administrative unit to the State Superintendent of Public Instruction before
35 April 15 of the fiscal year preceding the fiscal year in which participation is sought.

36 A systemwide improvement plan shall remain in effect for no more than three
37 years."

38 (c) G.S. 115C-238.5 reads as rewritten:

39 "**§ 115C-238.5. Flexible funding.**

40 (a) For fiscal years beginning with the 1990-91 fiscal year, the State Board of
41 Education, only upon the recommendation of the State Superintendent, shall increase
42 flexibility in the use of State funds for schools by combining into a single funding
43 category the existing categories for instructional materials, supplies and equipment,
44 textbooks, testing support, and drivers education except for funds for classroom teachers

1 of drivers education. ~~Only local school administrative units electing to participate in the~~
2 ~~Performance-based Accountability Program shall be eligible to receive this flexible funding.~~

3 (b) Notwithstanding subsection (a) of this section, for fiscal years beginning with
4 the 1992-93 fiscal year, State funds for textbooks shall be set out in a separate allotment
5 category.

6 (c) Local boards of education shall provide maximum flexibility in the use of
7 funds to individual schools to enable them to accomplish their individual schools'
8 goals."

9 (d) G.S. 115C-238.6(b) reads as rewritten:

10 "(b) Local school administrative units shall continue to ~~participate in the Program~~
11 ~~and~~ receive funds for differentiated pay, if their local plans call for differentiated pay, so
12 long as (i) they demonstrate satisfactory progress toward student performance goals set
13 out in their local school improvement plans; or (ii) once their local goals are met, they
14 continue to achieve their local goals and they otherwise demonstrate satisfactory
15 performance, as determined by the State Superintendent in accordance with guidelines
16 set by the State Board of Education.

17 If the local school administrative units do not achieve their goals after two years, the
18 Department of Public Instruction shall provide them with technical assistance to help
19 them meet their goals. If after one additional year they do not achieve their goals, the
20 State Board of Education shall decide what steps shall be taken to improve the
21 education of students in the unit."

22 (e) This section becomes effective July 1, 1993.

23 —RAISE BEP INSTRUCTIONAL STDS.

24 Sec. 6. (a) G.S. 115C-12(9) reads as rewritten:

25 "(9) Miscellaneous Powers and Duties. – All the powers and duties
26 exercised by the State Board of Education shall be in conformity with
27 the Constitution and subject to such laws as may be enacted from time
28 to time by the General Assembly. Among such duties are:

- 29 a. To certify and regulate the grade and salary of teachers and
30 other school employees.
- 31 b. To adopt and supply textbooks.
- 32 c. To adopt rules requiring all local boards of education to
33 implement the Basic Education Program on an incremental
34 basis within funds appropriated for that purpose by the General
35 Assembly and by units of local government. Beginning with
36 the 1991-92 school year, the rules shall require each local
37 school administrative unit to implement fully the standard
38 course of study in every school in the State in accordance with
39 the Basic Education Program so that every student in the State
40 shall have equal access to the curriculum as provided in the
41 Basic Education Program and the standard course of study.

42 The Board shall establish benchmarks by which to measure
43 the progress that each local board of education has made in
44 implementing the Basic Education Program. The Board shall

1 report to the Joint Legislative Education Oversight Committee
2 and to the General Assembly by December 31, 1991, and by
3 February 1 of each subsequent year on each local board's
4 progress in implementing the Basic Education Program,
5 including the use of State and local funds for the Basic
6 Education Program.

7 The Board shall develop a State accreditation program that
8 meets or exceeds the standards and requirements of the Basic
9 Education Program. The Board shall require each local school
10 administrative unit to comply with the State accreditation
11 program to the extent that funds have been made available to
12 the local school administrative unit for implementation of the
13 Basic Education Program.

14 The Board shall use the State accreditation program to
15 monitor the implementation of the Basic Education Program.

- 16 c1. To issue an annual 'report card' for the State and for each local
17 school administrative unit, assessing each unit's efforts to
18 improve student performance and taking into account progress
19 over the previous years' level of performance and the State's
20 performance in comparison with other states. This assessment
21 shall take into account demographic, economic, and other
22 factors that have been shown to affect student performance.
- 23 c2. To develop management accountability indicators to measure
24 the efficiency and appropriate use of staff in each school and at
25 the administrative office. Staff development for school
26 administrators shall be a high priority of the Department of
27 Public Instruction.
- 28 c3. To develop a system of school building improvement reports
29 for each school building. The purpose of school building
30 improvement reports is to measure improvement in student
31 performance at each school building from year to year, not to
32 compare school buildings. The Board may consider for
33 inclusion in the building reports the following criteria: test
34 scores, the success of graduating students in postsecondary
35 institutions, attendance, graduation and dropout rates, the
36 numbers of children enrolled in free lunch or Chapter 1
37 programs, the education level of the parents of children enrolled
38 in the school, the teaching experience of the school staff, and
39 whether the building has been successful in meeting the goals
40 of the building and systemwide plans developed in accordance
41 with G.S. 115C-238.1 through G.S. 115C-238.6. Local school
42 administrative units shall produce school building improvement
43 reports by March 15, 1995, and annually thereafter. Each report
44 shall be based on building-level data for the prior school year.

- 1 c4. To establish a regular process, including an advisory panel of
2 accountability experts and public school personnel, to review
3 and revise the minimum standards that appear in the annual
4 report card, the end-of-course and end-of-grade tests, and the
5 Basic Education Program Standard Course of Study. As part of
6 the process, special attention shall be given to the effectiveness
7 of the Basic Education Standard Program Course of Study and
8 local instructional practices, as reflected in assessment results.
9 Also, the use and function of the 'Index of Advantagemnt' on
10 the annual report cards shall be studied and refined, in
11 collaboration with appropriate State university experts.
12 d. To formulate rules and regulations for the enforcement of the
13 compulsory attendance law.
14 e. To manage and operate a system of insurance for public school
15 property, as provided in Article 38 of this Chapter.

16 In making substantial policy changes in administration,
17 curriculum, or programs the Board should conduct hearings
18 throughout the regions of the State, whenever feasible, in order
19 that the public may be heard regarding these matters."

20 (b) This section becomes effective July 1, 1993.

21 —SCHOOLS/ACCOUNTABILITY.

22 Sec. 7. (a) There is appropriated from the General Fund to the Department of
23 Public Education, Department of Public Instruction, the sum of three hundred sixty
24 thousand dollars (\$360,000) for the 1993-94 fiscal year and the sum of three hundred
25 sixty thousand dollars (\$360,000) for the 1994-95 fiscal year to augment the Technical
26 Assistance Center staffs with regional assessment coordinators and accountability
27 experts to help local school administrative units implement the Performance-based
28 Accountability Program and the end-of-course and end-of-grade tests. The Department
29 shall intensify the staff development and communications program to promote the
30 outcomes-based focus of these programs and to assist users of data with interpreting and
31 using the evaluative data.

32 (b) This section becomes effective July 1, 1993.