

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017

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SENATE BILL 15  
Education/Higher Education Committee Substitute Adopted 4/24/17  
House Committee Substitute Favorable 6/5/18  
PROPOSED HOUSE COMMITTEE SUBSTITUTE S15-PCS15321-BN-8

Short Title: ISD Changes and Capital Grant Clarification.

(Public)

Sponsors:

Referred to:

January 30, 2017

1 A BILL TO BE ENTITLED  
2 AN ACT TO MODIFY THE INNOVATIVE SCHOOL DISTRICT STATUTES; TO CLARIFY  
3 ELIGIBILITY FOR NEEDS-BASED PUBLIC SCHOOL CAPITAL FUND GRANTS;  
4 AND TO APPROPRIATE FUNDS TO THE TRIANGLE LITERACY COUNCIL.

5 The General Assembly of North Carolina enacts:

6  
7 **PART I. CHANGES TO THE INNOVATIVE SCHOOL DISTRICT STATUTES**

8 **SECTION 1.(a)** G.S. 115C-75.5(5) reads as rewritten:

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

11 a. The school earned an overall school performance score in the lowest  
12 five percent (5%) of all schools in the prior school year that meet all  
13 of the following requirements:

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

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

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

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

27 **SECTION 1.(b)** G.S. 115C-75.7(a) reads as rewritten:

28 "(a) State Board Selection. – The State Board of Education is authorized to select, upon  
29 the recommendation of the ISD Superintendent, no more than five qualifying elementary schools  
30 to transfer to the ISD as innovative ~~schools.~~ schools through the 2019-2020 school year. The five  
31 qualifying schools selected for inclusion in the ISD should represent geographic diversity,  
32 including urban and rural schools. The State Board of Education shall select no more than one  
33 qualifying school per local school administrative unit, unless the local board of education  
34 consents. Beginning with the 2021-2022 school year, provided that schools that have been in the



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1 ISD for three or more school years have earned a grade of C or higher under G.S. 115C-12(9)c1.,  
2 the ISD Superintendent may recommend up to two additional qualifying schools per school year  
3 for State Board approval."

4 **SECTION 1.(c)** G.S. 115C-75.7(b) reads as rewritten:

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

17 **SECTION 1.(d)** G.S. 115C-75.7(c) reads as rewritten:

18 "(c) Local Board Response. – Upon notification by the ISD Superintendent of selection  
19 by the State Board of Education of the qualifying school as a prospective innovative school, the  
20 local board of education shall determine whether to (i) close the selected qualifying school or (ii)  
21 transfer the school into the ISD. The local board shall not be required to undertake the study  
22 required by G.S. 115C-72 before closing the ~~school~~, school but shall submit a plan to the State  
23 Board of Education that outlines the impact of closure, including information addressing at least  
24 the following: reassignment of students and staff, school bus travel time, and alternative  
25 enrollment options for students. Before the adoption of a resolution, the local board of education  
26 shall provide for a public hearing in regard to the proposed transfer or closure, at which hearing  
27 the public shall be afforded an opportunity to express their views. No later than ~~February~~  
28 ~~4~~, December 15, the local board of education shall adopt a resolution either (i) consenting to  
29 transfer of the selected qualifying school to the ISD as an innovative school or (ii) closing that  
30 school at the conclusion of that school year. The State Board of Education may delay the transfer  
31 of a selected school to the ISD for one year only upon the recommendation of the ISD  
32 Superintendent."

33 **SECTION 1.(e)** G.S. 115C-75.9(d) reads as rewritten:

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

- 36 (1) In addition to the transfer of funds as provided in G.S. 115C-75.10, the local  
37 board of education shall be responsible for facility and capital expenditures at  
38 the qualifying school.
- 39 (2) All IS operators and local boards of education shall enter into an occupancy  
40 agreement establishing the terms of occupancy for the IS operator not  
41 otherwise addressed in statute. If the parties are unable to reach agreement,  
42 either party may petition the State Board of Education to resolve any issues in  
43 dispute.
- 44 (3) The IS operator shall have first priority in use of the facility and capital  
45 expenditures at the school for any purpose related to the operation of the  
46 innovative school. The local board of education may allow use of the facility  
47 by governmental, charitable, civic, or other organizations for activities within  
48 the community and may retain any funds received for such use for any time  
49 the IS operator has not provided written notice to the local board of its use of  
50 the facility during that time for a purpose related to the operation of the  
51 innovative school.

1 For the purposes of this subsection, facility and capital expenditures include routine  
2 maintenance and repair, and capital expenditures include building repair and maintenance,  
3 furniture, furnishings, ~~and equipment~~ equipment, and any existing IT network, hardware,  
4 computers, instructional technology, phones, and related cabling."

5 **SECTION 1.(f)** G.S. 115C-75.9(f) reads as rewritten:

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

- 10 (1) Facility and capital expenditures.
- 11 (2) Transportation services.
- 12 (3) Services for Children with Disabilities.

13 If the IS operator elects to use a memorandum of understanding for alternate arrangements,  
14 the IS operator and local board of education shall finalize the memorandum of understanding  
15 within ~~30~~45 days of the initial request by the IS operator. If the parties have not completed the  
16 memorandum of understanding within ~~30~~45 days, the State Board of Education shall resolve any  
17 issues in dispute."

18 **SECTION 1.(g)** G.S. 115C-75.9(h) reads as rewritten:

19 "(h) Innovative School Employees. – The IS operator shall select and hire the school  
20 principal for an innovative ~~school~~ school with input and approval from the ISD Superintendent.  
21 Within the limits of the school budget, the IS operator or its designee shall select staff members  
22 in accordance with guidance from the ISD Superintendent. Before finalizing staffing  
23 recommendations, the IS operator and the ISD Superintendent or the Superintendent's designee  
24 shall interview all existing staff members at the qualifying school and review student growth and  
25 performance data for those staff members for whom it is available. Notwithstanding Article 21A  
26 of this Chapter, the IS operator and the ISD Superintendent shall be permitted to examine  
27 personnel files of existing staff members for the qualifying school. The IS operator shall have  
28 the authority to decide whether any administrator, teacher, or staff member previously assigned  
29 to a qualifying school selected to become an innovative school shall continue as an employee of  
30 the innovative school. Any such employees retained shall become employees of the ISD. An  
31 employee hired to work in an innovative school shall be an employee of the ISD, and the  
32 employees shall be under the exclusive control of the ISD. All employees of the ISD shall be  
33 eligible for enrollment in the Teachers' and State Employees' Retirement System of North  
34 Carolina, the State Health Plan, and other benefits available to State employees. The IS operator  
35 shall provide funds to the ISD in an amount sufficient to provide salary and benefits for  
36 employees of the ISD working in the innovative school based on the terms of employment  
37 established by the IS operator. A teacher employed with career status under G.S. 115C-325 and  
38 assigned to a school transferred to the ISD who accepts employment at that ISD school may  
39 return to the local school administrative unit with career status upon the end of employment at  
40 the ISD school."

41 **SECTION 1.(h)** G.S. 115C-75.13(d) reads as rewritten:

42 "(d) A low-performing school in an innovation zone, created as provided in clause (ii) of  
43 subsection (a) of this section, ~~shall~~may become an innovative school if that low-performing  
44 school does not exceed expected growth in the last two years of the five consecutive years in the  
45 innovation zone."

## 47 **PART II. CLARIFY ELIGIBILITY FOR NEEDS-BASED PUBLIC SCHOOL CAPITAL** 48 **FUND GRANTS**

49 **SECTION 2.(a)** Section 5.3(e) of S.L. 2017-57, as amended by Section 1.1(a) of  
50 S.L. 2017-187, Section 1.1 of S.L. 2017-212, and Section 5.3(a) of S.L. 2018-5, reads as  
51 rewritten:

1 "SECTION 5.3.(e) Grant funds awarded under this section shall be subject to a matching  
2 requirement from the recipient county as follows:

3 (1) For a county designated as a development tier one area, the grant shall not  
4 exceed three dollars (\$3.00) in grant funds for every one dollar (\$1.00)  
5 provided by the county. Grant funds awarded to a county designated as a  
6 development tier one area shall not exceed fifteen million dollars  
7 (\$15,000,000).

8 (2) For a county designated as a development tier two area, the grant shall not  
9 exceed one dollar (\$1.00) for every one dollar (\$1.00) in grant funds provided  
10 by the county. Grant funds awarded to a county designated as a tier two area  
11 shall not exceed ten million dollars (\$10,000,000).

12 Grant funds shall be used for the construction of new school buildings only. Grant  
13 funds shall not be used for real property acquisition. Grant funds shall be disbursed in a series of  
14 payments based on the progress of the project. To obtain a payment, the grantee shall submit a  
15 request for payment along with documentation of the expenditures for which the payment is  
16 requested and evidence that the matching requirement contained in subsection (b) of this section  
17 has been met. Grant funds shall not be awarded to any county that has received an aggregate  
18 amount exceeding eight million seven hundred fifty thousand dollars (\$8,750,000) in funds from  
19 the Public School Building Capital Fund from the 2012-2013 fiscal year to the 2016-2017 fiscal  
20 year. No county may receive grant funds under this section more than once every five years. No  
21 portion of grant funds may be used to acquire a Leadership in Energy and Environmental Design  
22 (LEED) certification. For fiscal year 2018-2019, for the purposes of this section, a county shall  
23 be considered to be designated as a development tier one area if (i) it was so designated by the  
24 Department of Commerce in 2017 or 2018 and (ii) the county filed a grant application under this  
25 section in 2017."

26 SECTION 2.(b) This section becomes effective July 1, 2018.

27 SECTION 2.5.(a) Of the funds appropriated to the Department of Public Instruction  
28 for the 2018-2019 fiscal year by S.L. 2018-5, the sum of seven hundred thousand forty dollars  
29 (\$740,000) in nonrecurring funds for the 2018-2019 fiscal year shall be provided to the nonprofit  
30 organization known as the Triangle Literacy Council to be used to support juvenile literacy  
31 centers that serve court-involved or otherwise at-risk youth.

32 SECTION 2.5.(b) The Triangle Literacy Council, in consultation with the  
33 Department of Public Instruction, shall submit a report by September 1 of each year following  
34 the fiscal year in which the Triangle Literacy Council spends State funds made available pursuant  
35 to this section. The report shall be submitted to the Joint Legislative Education Oversight  
36 Committee and the Fiscal Research Division on the activities described by this section and the  
37 use of State funds.

38 SECTION 2.5.(c) This section becomes effective July 1, 2018.

### 39 PART III. EFFECTIVE DATE

40 SECTION 3. Except as otherwise provided, this act is effective when it becomes  
41 law.  
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