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SENATE BILL 15*
Education/Higher Education Committee Substitute Adopted 4/24/17
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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



1 consents. Beginning with the 2021-2022 school year, provided that schools that have been in the
2 ISD for three or more school years have earned a grade of C or higher under G.S. 115C-12(9)c1.,
3 the ISD Superintendent may recommend up to two additional qualifying schools per school year
4 for State Board approval."

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

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

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

19 "(c) Local Board Response. – Upon notification by the ISD Superintendent of selection
20 by the State Board of Education of the qualifying school as a prospective innovative school, the
21 local board of education shall determine whether to (i) close the selected qualifying school or (ii)
22 transfer the school into the ISD. The local board shall not be required to undertake the study
23 required by G.S. 115C-72 before closing the ~~school-school~~ but shall submit a plan to the State
24 Board of Education that outlines the impact of closure, including information addressing at least
25 the following: reassignment of students and staff, school bus travel time, and alternative
26 enrollment options for students. Before the adoption of a resolution, the local board of education
27 shall provide for a public hearing in regard to the proposed transfer or closure, at which hearing
28 the public shall be afforded an opportunity to express their views. No later than ~~February~~
29 ~~1,~~ December 15, the local board of education shall adopt a resolution either (i) consenting to
30 transfer of the selected qualifying school to the ISD as an innovative school or (ii) closing that
31 school at the conclusion of that school year. The State Board of Education may delay the transfer
32 of a selected school to the ISD for one year only upon the recommendation of the ISD
33 Superintendent."

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

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

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

1 the facility during that time for a purpose related to the operation of the
2 innovative school.

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

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

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

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

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

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

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

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

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

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49 **PART II. CLARIFY ELIGIBILITY FOR NEEDS-BASED PUBLIC SCHOOL CAPITAL**
50 **FUND GRANTS**

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

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

6 (1) For a county designated as a development tier one area, the grant shall not
7 exceed three dollars (\$3.00) in grant funds for every one dollar (\$1.00)
8 provided by the county. Grant funds awarded to a county designated as a
9 development tier one area shall not exceed fifteen million dollars
10 (\$15,000,000).

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

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

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

30 **SECTION 2.5.(a)** Of the funds appropriated to the Department of Public Instruction
31 for the 2018-2019 fiscal year by S.L. 2018-5, the sum of seven hundred forty thousand dollars
32 (\$740,000) in nonrecurring funds for the 2018-2019 fiscal year shall be provided to the nonprofit
33 organization known as the Triangle Literacy Council to be used to support juvenile literacy
34 centers that serve court-involved or otherwise at-risk youth.

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

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

42 43 **PART III. EFFECTIVE DATE**

44 **SECTION 3.** Except as otherwise provided, this act is effective when it becomes
45 law.