

Summary of the 2008 State Budget

Session Law 2008-107, House Bill 2436

(Signed into Law July 16, 2008)

Governor Mike Easley signed House Bill 2436 into law on July 16, 2008, to establish the state's \$21.4 billion budget for the 2008-2009 fiscal year. The budget reflects a 3.2 percent increase in state spending over the previous year, and it provides \$11.4 billion for the state's public schools, universities and community colleges. The budget earmarks \$7,802,046,538 in state spending for public schools and reflects a 1.22 percent increase over the previous year's state budget for K-12 education.

Adjustments that the enacted state budget made to the 2008-2009 spending plan for public schools may be viewed in their entirety at: http://www.ncasa.net/associations/2410/files/2008-2009_Public_Schools_Budget_from_HB2436_Money_Report_7-14-08.pdf. In that document, which is a portion of the complete "Money Report" for the new state budget, please note that "R" refers to recurring funds and "NR" refers to non-recurring or one-time funds. Links to the budget act and the complete money report are available at:

- **BUDGET ACT** – *Session Law 2008-107 (House Bill 2436):* <http://www.ncleg.net/Sessions/2007/Bills/House/PDF/H2436v9.pdf>
Public Education, Sections 7.1-7.25, Pages 18-27 and Sections 26.13–26.22, Pages 151-161. Salary Schedules: Teacher Schedules, Pages 153–155; Principal/Assistant Principals Schedules, Pages 155–158; and Central Office and Other Salary increases, Pages 158-161.
- **MONEY REPORT** – *Joint Conference Committee Report on the Continuation, Expansion, and Capital Budgets, dated July 3, 2008 and outlining funding directives:* <http://www.ncleg.net/sessions/2007/budget/2008/conferencecommitteebudgetreport.pdf>
Education Section F, Pages 9-15 and Reserves/Debt Service/Adjustments Section L, Pages 116-119.

Highlights of the enacted budget's "special provisions" that affect public schools and their personnel are summarized below, and a chart listing all public school funding from the "money report" is on the last page.

H2436 "Special Provisions" Affecting Public Schools:

PART V, OTHER AVAILABILITY AND APPROPRIATIONS

- **SECTION 5.1.(a)-(b) CIVIL PENALTY AND FORFEITURES FUND AVAILABILITY AND APPROPRIATIONS** – Increases the estimated collection of fines and forfeitures for 2008-2009 for the Department of Revenue from \$85,200,000, to \$90,738,000. Provides \$18,000,000 to the School Technology Fund and \$114,038,000 to the State Public School Fund for 2008-2009 for a total appropriation of \$132,038,000.
- **SECTIONS 5.2.(a)-(d) EDUCATION LOTTERY** – Allocates \$405,250,000 for the 2008-2009 fiscal year to provide \$127,864,291 for class size reduction efforts, \$84,635,709 for pre-kindergarten programs, \$154,200,000 for the Public School Building Capital Fund and \$38,550,000 for scholarships for needy students. To help cover this total funding as indicated,

the provision transfers \$19,750,000 from the Education Lottery Reserve Fund, thus acknowledging that lottery proceeds are expected to fall short of earlier projections.

PART VII, PUBLIC SCHOOLS

- **SECTION 7.1 CHILDREN WITH DISABILITIES** – Standard language that increases funding to match growth and requires that salary increases be applied to the funding factor. Provides \$6.2 million in additional funding, increases the funding factor to \$3,386.84 per child for a maximum of 172,079 students and maintains the funding cap of 12.5 percent of total ADM in each school district.
- **SECTION 7.2 FUNDS FOR ACADEMICALLY GIFTED CHILDREN** – Standard language to establish the funding rate. Provides \$3.2 million in additional funding, increases the funding factor by \$94.66 to \$1,137.19 for a maximum of 59,063 students statewide and maintains the funding cap of 4 percent of total ADM in each school district.
- **SECTION 7.3 FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION** – Provides \$90 million to pay incentive awards to Teachers and Teacher Assistants at schools meeting or exceeding student performance expectations. Also sets a limit of \$94,325,612 to be expended for this program, with that amount matching the average annual expenditure of the program over the last 11 years.
- **SECTION 7.4 NORTH CAROLINA VIRTUAL PUBLIC SCHOOL (NCVPS)** – Extends the operation of the NCVPS through 2009-2010 and stipulates that funds appropriated for NCVPS for 2007-2008 shall remain available for 2008-2009 operations. Also directs the State Board of Education to report by Dec. 15, 2008 to the Joint Legislative Education Oversight Committee on the operation of the program.
- **SECTION 7.5 LEARN AND EARN ONLINE CARRY FORWARD** – Stipulates that funds appropriated for this program shall not revert at the end of the fiscal year but remain available for expenditure.
- **SECTION 7.6 SCHOOL CONNECTIVITY INITIATIVE** – Provides \$10 million in additional funding to support the enhancement of the technology infrastructure for public schools. Authorizes an expenditure of \$600,000 per year through June 30, 2013 to the Friday Institute at North Carolina State University to evaluate the effectiveness of using technology and its impact on 21st Century teaching and learning outcomes approved by the State Board of Education. Provides that \$250,000 of the funding may be used to sustain the E-Learning Portal. Also stipulates that funds appropriated for this program shall not revert at the end of the fiscal year but remain available for expenditure until the project is fully implemented by June 30, 2010.
- **SECTION 7.8 ALLOTMENT FOR MENTORING SERVICES** – Provides \$3 million in funding for this effort. Also directs that the State Board of Education allot funds to each school district for mentoring services based on the highest number of employees in the preceding three school years who (1) are paid with State, federal or local funds and (2) are either teachers paid on the first or second steps of the teacher salary schedule or instructional support personnel paid on the first step of the instructional support personnel salary schedule.

- **SECTION 7.9 DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING** – Adds an additional \$6 million and stipulates that funds appropriated to a local school administrative unit for disadvantaged student supplemental funding shall be allotted based on: (i) the local school administrative unit's eligible DSSF population and (ii) the difference between a teacher-to-student ratio of 1:21 and the following teacher-to-student ratios:
 - For counties with wealth greater than 90% of the statewide average (SWA) **1:19.9** (*was 1:20*)
 - For counties with wealth not less than 80% and not more than 90% of SWA **1:19.4** (*was 1:19.5*)
 - For counties with wealth less than 80% of the SWA **1:19.1** (*was 1:19.3*)
 - For the original 16 LEAs, they shall receive no less than their FY 2006-07 allocations and have a ratio of **1:16**.

- **SECTION 7.10 MODIFY LOW-WEALTH SUPPLEMENTAL FUNDING** – Appropriates \$2,904,043 in non-recurring funds to provide a second year of one-time funding to LEAs that experienced decreases in this allotment in FY 2007-2008 and is intended restore 40 percent of each LEA's expected loss.

- **SECTION 7.11 ADDITIONAL LOTTERY FUNDS FOR SCHOOL BUILDINGS** – Stipulates that if state lottery proceeds exceed projections, then \$14.2 million of the \$154,200,000 earmarked by this budget act for the Public School Building Capital Fund may be allocated on an ADM basis to LEAs that otherwise would not qualify for this capital funding due to limitations in the current lottery funding formula.

- **SECTION 7.12 STUDY OF STUDENTS WITH DISABILITIES** – Directs the Department of Public Instruction to analyze the participation of students with disabilities in Learn and Earn Early College High Schools, Redesigned High Schools, the North Carolina Virtual Public School and North Carolina public schools that are on a block schedule. The analysis shall consider enrollment, graduation and dropout rates of students with disabilities in these programs, and the department's findings and recommendations shall be reported to the Joint Legislative Education Oversight Committee and the Joint Legislative Commission on Dropout Prevention and High School Graduation by March 15, 2009.

- **SECTION 7.13 FOCUSED EDUCATION REFORM PROGRAM FUNDS DO NOT REVERT** – Allows unexpended or unallocated funds to carry over for use for the duration of the pilot program for five school districts that is being overseen by the Public School Forum of North Carolina.

- **SECTION 7.14 RE-ESTABLISH COMMITTEE ON DROPOUT PREVENTION** – Re-establishes this committee to work through Dec. 31, 2010 to award \$15 million this budget act earmarks for the second round of dropout prevention grants that began in 2007-2008. The committee is charged with evaluating the impact of grants awarded and reporting on this process to the Joint Legislative Commission on Dropout Prevention and High School Graduation. Also stipulates that \$5.5 million of the funds appropriated for this purpose shall be used to fund grant applicants that were considered but were not funded in 2007-08, \$100,000 shall fund a contract vendor to assist the committee with evaluation efforts and up

to \$50,000 may be used by the Department of Public Instruction for its administrative support of this effort.

- **SECTION 7.15 USE OF LEARN AND EARN ONLINE FOR HYBRID COURSES** – Stipulates that local school administrative units may use funds appropriated for Learn and Earn Online for college-level courses taught by university instructors at public schools. Instruction for these courses shall be partially delivered online. Payments related to the textbooks and the prorated cost of the instructor shall be paid to the university supplying the instruction. The State Board of Education shall adopt policies to establish guidelines and reimbursement procedures.
- **SECTION 7.16 COMPREHENSIVE SUPPORT FOR SCHOOL SYSTEMS AND SCHOOLS** – Directs that if a local school administrative unit is designated by the State Board of Education as a targeted school district for comprehensive support, the State Board may:
 - (1) Authorize additional flexibility with regard to State allotments to allow the State Board's assigned support team and the local school administrative unit's leadership to redirect State funding to address the identified reform requirements. This additional flexibility shall not increase overall State funding available to the unit.
 - (2) Use funds already appropriated to the State Board of Education to allocate time-limited funds to implement strategies identified by the State Board's assigned support team and the school unit's leadership. The State Board shall adopt policies regarding (i) the strategies for which these time-limited funds may be used and (ii) the maximum time a unit may receive these funds. This funding shall not be allotted for more than one fiscal year. This funding is intended to allow the implementation of necessary reform initiatives while the unit obtains local funding or identifies other State or federal funding to cover the initiatives.
- **SECTION 7.17 MORE AT FOUR PROGRAM** – Allows the Office of School Readiness to continue to implement the More at Four pre-kindergarten program for at-risk four-year-olds and adds \$30 million for expansion of the program statewide. Calls for an independent research organization to produce an annual report to include a longitudinal review of the program and the academic, behavioral and other child-specific outcomes of children in the program as well as providing comparative information from a study on children who do not enter the program but are of the same grade level and demographic as program participants. The review will follow the progress of students through Grade 9 and is to be presented to the Joint Legislative Education Oversight Committee by Jan. 31 of each year.
- **SECTION 7.18 PLANT OPERATION FUNDING** – Allows the State Board of Education to use up to \$1million each year to support the Plant Operation Section of the School Support Division of the Department of Public Instruction. This eliminates the need for receipt support and allows all LEAs to utilize the expertise of the Plant Operation Section staff.
- **SECTION 7.19 REPORT ON THE USE OF FUNDS FOR AGRICULTURAL EDUCATION PROGRAMS** – Directs the State Board of Education to report by January 2009 to the Joint Legislative Education Oversight Committee on the use of federal funds that support career and technical education.

- **SECTION 7.20 ALLOTMENTS OF TEACHERS FOR SMALL SCHOOLS** – Directs that the State Board of Education shall modify its policy on the allotment of funds for small schools by:
 - (1) Defining small schools to include schools of fewer than 110 students; and
 - (2) Giving consideration to small, geographically isolated schools over other qualifying programs and schools.

- **SECTION 7.21 MATH AND SCIENCE TEACHERS PILOT PROGRAM MODIFIED** – Adjusts the existing pilot program providing for salary supplements for newly hired mathematics or science teachers to permit both highly qualified and newly hired teachers in the pilot units to qualify to receive salary supplements.

- **SECTION 7.23 INCREASES IN STUDENT POPULATION DUE TO BRAC ACTIVITY** – Directs that if a local school administrative unit employs more classroom teachers than are allotted to it due to a projected increase in student population resulting from Base Realignment and Closing (BRAC) activity, the State Board of Education shall allot additional teachers to the unit based on the greater of (i) the local school administrative unit's first month average daily membership (ADM) or (ii) fifty percent (50%) of the projected increase in ADM resulting from BRAC activity that is in excess of the increase anticipated in the allotted ADM. The Department of Public Instruction shall notify each impacted local school administrative unit as to the BRAC population increase in excess of allotted average daily membership on or before the distribution of the initial allotments.

- **SECTION 7.24 REPORT ON USE OF TEACHER ACADEMY FUNDS** – Directs the academy to report to the state budget office and the legislature by March 15, 2009 on the use of funds for literacy coach training.

- **SECTION 7.25 CHILD NUTRITION** – Requires that new Child Nutrition Program Standards that were previously mandated for implementation in all elementary schools for the 2008-2009 school year must now be implemented effective with the 2009-2010 school year for that grade level. Encourages school districts to use existing funds to begin this implementation process in 2008-2009. Also provides \$500,000 for the State Board of Education (SBE) to establish child obesity pilot programs and directs the SBE to establish guidelines for designing and implementing the programs.

PART VIII, COMMUNITY COLLEGES

- **SECTION 8.17 NO FEES FOR FIRST AID COURSES TAKEN BY SCHOOL EMPLOYEES** – Appropriates \$80,000 to support a tuition waiver for non-certified elementary and secondary school employees taking first aid or cardiopulmonary resuscitation courses at community colleges across the state. Previously, only teachers received the tuition waiver.

- **SECTION 8.18 STUDENTS IN THE GATEWAY TO COLLEGE PROGRAM MAY ENROLL IN DEVELOPMENTAL COURSES** – Directs that the State Board of Community Colleges permit high school students who are in this program to take

developmental courses based on an assessment of their individual needs and to include this coursework in computing enrollment data for the college.

PART IX, UNIVERSITIES

- **SECTION 9.1.(a)-(b) ELIMINATE COACHING SCHOLARSHIP LOAN PROGRAM/TRANSFER FUND BALANCE TO GENERAL FUND** – Repeals this program and indicates that existing scholarship loans are to be fulfilled so long as the student remains eligible and requires that no new scholarship loans be awarded as of July 1, 2008.
- **SECTION 9.2. (a)-(e) PRIVATE COLLEGE STUDENT ELIGIBILITY FOR EARN SCHOLARSHIP/USE OF ESCHEAT FUNDS FOR CERTAIN EARN SCHOLARSHIPS** – Permits students enrolled at any of North Carolina’s private, independent colleges or universities to be eligible for the Education Access Rewards North Carolina (EARN) Scholars Program established by the 2007-2008 state budget but stipulates that only State General Fund appropriations to that program, and not appropriations from the State Escheat Fund, may be used for the private university or private college scholarships. Also adjusts the appropriation to this program to provide \$16,255,000 in General Fund support for 2008-2009 and \$60 million in support from the Escheat Fund for the same year.
- **SECTION 9.4.(a)-(c) OPTIONAL SCHOLARSHIP FOR CERTAIN GRADUATES OF THE PRINCIPAL FELLOWSHIP PROGRAM** – Directs the North Carolina Principal Fellows Commission to make available an optional six-month scholarship in the amount of \$20,000 to any person who was a recipient of a scholarship loan through the Principal Fellows Program and who: (1) was in Class 10 of the Principal Fellows Program for the 2003-04 academic year, (2) completed the Principal Fellows Program, (3) has either served as a school administrator for four years at a North Carolina public school or at a school operated by the United States as required by GS 116-74.43 or who has had the loan forgiven by the State Education Assistance Authority pursuant to GS 116-74.43, and (4) meets other specified requirements. Directs the Principal Fellows Commission to develop the criteria for awarding the scholarship, including a requirement that the person agree to work at least another six months as a school administrator in a North Carolina public school or at a school operated by the United States after satisfying the four-year work requirement set out in GS 116-74.43. Directs the Commission, in collaboration with the State Education Assistance Authority, to develop a process for evaluating a scholarship recipient's work performance and for issuing a final approval and certification of the work performance and directs the State Education Assistance Authority to provide all administrative functions related to the scholarship. Effective June 30, 2008, directs that \$1 million revert from the Principal Fellows Trust Fund to the General Fund and that \$1,740,000 in the Principal Fellows Trust Fund be held in reserve to pay each participant in the optional scholarship program the stipend of \$20,000 upon successful completion of the optional scholarship program.
- **SECTION 9.7.(a)-(c) UNC-NCCS 2+2 E-LEARNING INITIATIVE** – Directs that funds appropriated to the University of North Carolina and the North Carolina Community College System for the UNC-NCCCS 2+2 E-Learning Initiative be used to fund further development of online courses for 2+2 programs. Funds must be used first to develop online teacher education programs, including baccalaureate and associate pre-major programs. Directs the University of North Carolina and Community Colleges System Office to report specified

information by September 1, 2008, and annually thereafter, to the Joint Legislative Education Oversight Commission, the State Board of Education, the Office of State Budget and Management and the Fiscal Research Division on the implementation of the UNC-NCCCS 2+2 E-Learning Initiative.

- **SECTION 9.9 REVERT THE 2007-2008 APPROPRIATION FOR THE EDUCATION ACCESS REWARDS NORTH CAROLINA (EARN) SCHOLARS FUND** – Effective June 30, 2008, directs that the unencumbered balance of the funds appropriated in 2007-08 to the University of North Carolina Board of Governors and the State Education Assistance Authority in section 9.7 of Session Law 2007-323 revert to the General Fund. The amount reverted must be no less than \$27,605,210.
- **SECTION 9.11 LEGISLATIVE TUITION GRANT/REDEFINE PART-TIME STUDENT** – Amends GS 116-21.2 to reduce the number of academic credit hours per semester required to qualify as a part-time North Carolina undergraduate student for purposes of qualifying for a legislative tuition grant from 9 hours to 6 hours. Applies to academic semesters beginning on or after July 1, 2008.
- **SECTION 9.14 STUDY OF STRUCTURE AND ORGANIZATION OF THE DEPARTMENT OF PUBLIC INSTRUCTION** – Provides that the Joint Legislative Program Evaluation Division of the General Assembly must include in the 2008-09 Work Plan for the Program Evaluation Division of the General Assembly a review and study of the structure and organization of the Department of Public Instruction and the State Board of Education. Provides for reporting to the Joint Legislative Education Oversight Committee and chairmen of the House and Senate Appropriations Committees by Dec. 31, 2008.

PART XVI, DEPARTMENT OF JUVENILE JUSTICE & DELINQUENCY PREVENTION

- **SECTION 16.2 SUPPORT OUR STUDENTS GRANT ELIGIBILITY** – Amends GS 143B-152.4(a) to (1) add local government agencies, school systems, and a community-based, public or private nonprofit, tax-exempt organizations and (2) remove consortiums consisting of one or more local 501(c)(3) entities from the list of entities that may apply for a Support Our Students grant.

PART XXVI, SALARIES AND BENEFITS

- **SECTION 26.13 MOST STATE EMPLOYEES/ SALARY INCREASES** – Amends SL 2007-323, Section 28.14, to increase salaries for the following categories of state employees by the greater of \$1,100 or 2.75 percent: (1) all permanent, full-time state employees whose salaries are set in accordance with the State Personnel Act (SPA) and who are paid from the General Fund or the Highway Fund; and (2) permanent, full-time state officials and persons in EPA positions that are recommended by the Governor and set by the General Assembly. Increases the salaries of permanent, part-time state employees by the greater of pro rata amounts of \$1,100 or 2.75 percent. Also authorizes state agencies and departments to increase by the greater of pro rata amounts of \$1,100 or 2.75 percent the rate of pay of temporary and permanent hourly state employees, subject to availability of funds in the particular agency or department. Makes conforming changes.

- SECTION 26.14 ALL STATE SUPPORTED PERSONNEL/SALARY INCREASES** – Amends SL 2007-323, Section 28.15, to provide that salary increases do not apply to persons separated from state service due to resignation, dismissal, reduction in force, death, or retirement before July 1, 2008. Directs the Director of the Budget to transfer from the Reserve for Compensation Increases, for the 2008-09 fiscal year, all funds necessary for the salary increases provided by the act, including funds for the employer's retirement and Social Security contributions. For the 2008-09 fiscal year, gives permanent full-time employees who work a nine-, ten-, or eleven-month work-year schedule an annual salary increase that is the greater of \$1,100 or 2.75 percent.
- SECTION 26.16 TEACHER SALARY SCHEDULES** – Provides funds for an experience-based step increase of 1.83 percent on average for teachers and instructional support personnel and a flat annual increase in the base teacher salary schedule of \$680 for steps 0-2 and \$470 for steps 3-31 for Fiscal year 2008-2009 to provide a total average increase of 3 percent. Provides that effective for the 2008-09 school year, the Director of the Budget is to transfer funds from the Reserve for Compensation necessary to implement the salary schedules and benefits for all teachers whose salaries are supported from the state's General Fund. Adopts salary schedule for certified personnel classified as teachers as follows: "A" teachers, \$3,043 to \$5,255 per month; National Board for Professional Teaching Standards (NBPTS) certified "A" teachers, \$3,656 to \$5,886 per month; "M" teachers, \$3,347 to \$5,781 per month; and NBPTS certified "M" teachers, \$4,021 to \$6,475 per month. Provides for annual lump sum longevity payments for teachers at the following rates based on percentage of base salary: 1.5% for 10-14 years; 2.25% for 15 to 19 years; 3.25% for 20 to 24 years; and 4.5% for 25 or more years of state service. In addition to the compensation provided for certified public school personnel classified as "M" teachers, provides a salary supplement in the following amounts: \$126 monthly to certified public school teachers at the six-year degree level and \$253 monthly to those at the doctoral degree level. Specifies salary schedules for school psychologists, speech pathologists, and school nurses and salary supplements for school psychologists and speech pathologists. (For purposes of this section, the term "teacher" includes instructional support personnel.)
- SECTION 26.17 SCHOOL BASED ADMINISTRATOR SALARY SCHEDULE** – Provides funds to support an experience-based step increase of 1.67 percent on average for school-based administrators and a flat annual increase in the school based administrators' salary schedule for Fiscal Year 2008-2009 for a total average increase of 2.69 percent. Requires the Director of the Budget to transfer funds necessary to implement the salary schedule from the Reserve for Compensation Increases. Adopts salary schedules for principals, from \$4,243 to \$8,340 per month, and assistant principals, \$3,781 to \$5,839 per month. Provides for a salary supplement for principals and assistant principals of \$126 per month at the six-year degree level and \$253 per month at the doctoral degree level. Classifies assistant principals and principals (except for principals of alternative and cooperative innovative high schools) for salary purposes according to the number of state-funded teachers and assistant principals supervised. Provides that the beginning classification for principals in alternative schools and in innovative high school programs is Principal II level. Principals in alternative high schools who supervise 33 or more teachers are classified based on the number of teachers supervised. Provides that principals or assistant principals continue to receive state-funded percentage increases earned in school years from 1997-98 through 1999-2000 for improvement in student performance or maintaining a safe and

orderly school. Directs that longevity pay for principals and assistant principals be as provided for state employees under the State Personnel Act. Makes additional provisions governing salary schedule placement related to school reassignment and transfers, changes in job classification, internship in a school administration program, and provisional status.

- **SECTION 26.18 CENTRAL OFFICE SALARIES** – Adopts a salary schedule for public school assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers of \$3,309 to \$8,336 per month. Directs that the local board of education determine the appropriate placement on the salary schedule for assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers. Adopts a salary schedule for public school superintendents of \$4,720 to \$11,196 per month. Directs that the local board of education determine the appropriate placement on the salary schedule for the superintendent based on the average daily membership (ADM) of the local school administrative unit. Provides for a monthly salary supplement of \$126 per month for six-year degree level and \$253 per month for doctoral degree. Directs that longevity pay for superintendents, assistant superintendents, associate superintendents, directors, coordinators, supervisors, and finance officers is to be as provided for state employees under the State Personnel Act. Provides an annual salary increase for all permanent full-time personnel paid from the Central Office Allotment that is the greater of \$1,100 or 2.75 percent. Prohibits the State Board of Education (SBE) from allowing school districts to transfer state funds from other funding categories for public school central office administrators.
- **SECTION 26.19 NON-CERTIFIED PERSONNEL SALARIES** – Beginning July 1, 2008, provides for permanent, full-time, non-certified public school employees whose salaries are supported from the General Fund an annual salary increase that is the greater of \$1,100 or 2.75 percent. Directs local boards of education to increase pay rates for employees employed for all or part of fiscal year 2007-08 who continue their employment for 2008-09 with an annual salary increase of the greater of \$1,100 or 2.75 percent. Directs that part-time employees receive a pro rata pay increase based on the number of hours worked. Provides that the State Board of Education may adopt salary ranges for non-certified personnel to support the proposed increases of the greater than \$1,100 or 2.75 percent for the 2008-09 fiscal year.
- **SECTION 26.20 BONUS FOR CERTIFIED PERSONNEL AT THE TOP OF THEIR SALARY SCHEDULES** – Effective July 1, 2008, provides for a one-time bonus equivalent to 1.8 percent for permanent personnel (1) employed on July 1, 2008, and (2) paid on the teacher salary schedule with 31+ years of experience. Also provides for a one-time bonus equivalent to 2% for any permanent personnel (1) employed on July 1, 2008, and (2) paid at the top of the principal and assistant principal salary schedule. Excludes personnel defined as “retired teacher” under GS 115C-325(a)(5a) from eligibility for the one-time bonus.
- **SECTION 26.21 NO PENALTY FOR TEACHERS TAKING ONE DAY OF PERSONAL LEAVE** – Amends GS 115C-302.1(d) to permit teachers who use up to one day of personal leave per year to receive full salary for the day of personal leave that is used, regardless of whether the day is taken on an instructional day or non-instructional teacher workday. Defines teachers to mean classroom teachers and media specialists who require a substitute. Provides \$5 million to cover the anticipated cost of state-funded teachers and

media specialists who will take one personal leave day in 2008-09. This provision allowing one personal leave day to be taken on a student instructional day expires June 30, 2009 and applies only to the 2008-09 fiscal year. *(See also enacted House Bill 15, which supplements this provision by eliminating the \$50 substitute teacher deduction when a teacher uses personal leave on non-protected, non-instructional teacher workdays.)*

- **SECTION 26.22 SALARY-RELATED CONTRIBUTIONS/EMPLOYER** – Amends SL 2007-323, Section 28.19(c) to increase the state’s employer contribution rates that are budgeted for retirement and related benefits as a percentage of covered salaries for the 2008-09 fiscal year from 7.83% to 8.14% for Teachers and State Employees. This rate includes 4.10% for hospital and medical benefits, 0.52% for the Disability Income Plan and 0.16% for the Death Benefits Plan.
- **SECTION 26.23 PROVIDE COST-OF-LIVING INCREASES FOR RETIREES OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT SYSTEM** – Amends GS 135-5 (Teachers’ and State Employees’ Retirement System), GS 135-65 (Judicial Retirement Act), and GS 120-4.22A (Legislative Retirement System), to adopt retirement allowance increases of 2.2%, effective July 1, 2008. The amount of the increase is pro-rated for individuals who retired after July 1, 2007 and before June 30, 2008.

PART XXX, MISCELLANEOUS PROVISIONS

- **SECTION 30.2 COMMITTEE REPORT** – Provides that the "Joint Conference Committee Report on the Continuation, Expansion, and Capital Budgets," dated July 3, 2008, shall be used to construe this budget act. (This report serves as the commonly called “Money Report” and provides specific funding levels and spending directives for various line items funded by the state, including those pertaining to public schools.)
- **SECTION 30.6 EFFECTIVE DATE** – Makes all portions of this act effective July 1, 2008 except as otherwise provided in individual sections.

Editor’s Note: House Bill 2438, 2008 Budget Technical Corrections, made numerous changes to the enacted state budget for 2008-2009, including some changes to provisions affecting public schools and their personnel. See separate summary for H2438 for the impact of those changes.

FY 2008-2009 State Budget	Approved	R/NR
<i>State Public School Fund</i>		
ABC Bonuses	90,000,000	NR
Academically or Intellectually Gifted	3,200,000	R
At-Risk Funding	(500,000)	R
Average Daily Membership Adjustment	(1,463,191)	R
Average Salary Adjustment	(43,615,839)	R
ADM Contingency Reserve	(3,000,000)	R
Child Obesity Pilot Program	500,000	NR
Children with Disabilities	6,200,000	R
Children with Disabilities Headcount	(7,135,129)	R
Disadvantaged Student Supplemental Funding	6,000,000	R
Dropout Prevention Grants	15,000,000	NR
Group Homes/Residential Centers	(2,000,000)	R
Instructional Supplies (Reduce Inflationary Increase)	(396,052)	R
Learn and Earn	3,459,461	R
	110,000	NR
Learn and Earn Online	(3,600,000)	R
	(5,000,000)	NR
Learn and Earn Virtual Schools	1,000,000	R
Low Wealth Counties Supplemental Funding	2,904,043	NR
Mentors-Teachers & Instructional Support	3,000,000	R
More at Four (Expansion)	30,000,000	R
N.C. 1:1 Learning Project (Technology Pilot)	1,500,000	NR
School Buses	(4,500,000)	NR
School Connectivity	10,000,000	R
Testing (Eliminate Writing Tests for Grades 4, 7 & 10)	(3,343,412)	R
Textbooks (Eliminate Inflationary Increase)	(1,039,128)	R
Transportation (Fuel)	35,000,000	NR
Transportation (ADM Adjustment)	(4,000,000)	R
State Public School Fund Adjustments	128,280,753	
<i>Department of Public Instruction</i>		
Teacher Academy	(500,000)	NR
Teacher Working Conditions Survey	(90,000)	NR
Department of Public Instruction Adjustments	(590,000)	
<i>Education Support Organizations</i>		
Communities in Schools	500,000	R
ExplorNet	100,000	NR
Kids Voting	250,000	NR
N.C. Science/Math/Technology Ed. Center	100,000	NR
NC Humanities Council Teacher Institute	100,000	NR
Teach for America	750,000	NR
Teacher Cadet	278,500	R
PTA Parental Involvement Initiative	300,000	NR
Literacy Connection Program	200,000	R
Education Support Organizations Adjustments	2,578,500	
<i>Receipts</i>		
Civil Penalties and Forfeitures Fund	(36,538,000)	R
Receipts Adjustments	(36,538,000)	
SPSF Adjustments	128,280,753	
DPI Adjustments	(590,000)	
ESO Adjustments	2,578,500	
Receipts Adjustments	(36,538,000)	
Total Adjustments	93,731,253	
FY 2007-2008 Appropriated Budget	7,708,315,285	
FY 2008-2009 Appropriated Budget	7,802,046,538	