

Summary of the 2010 State Budget Session Law 2010-31, Senate Bill 897 (Signed into Law June 30, 2010)

Editor's Note: Senate Bill 1202, Budget Technical Corrections, made several changes to the enacted state budget for 2010-2011, including some changes to provisions affecting public schools and their personnel. See separate summary for S1202 in 2010 Enacted Bills Affecting Public Schools at <HTTP://WWW.NCASA.NET/DISPLAYCOMMON.CFM?AN=1&SUBARTICLENBR=265> for the impact of those changes. The pages that follow summarize the enacted state budget but do not incorporate the changes made by enacted Senate Bill 1202, except as noted.

Governor Beverly Perdue signed Senate Bill 897 into law on June 30, 2010, to establish the state's \$18.9 billion budget for the 2010-2011 fiscal year that reflects efforts to balance an \$800 million revenue shortfall and to establish a contingency funding plan if Congress fails to provide \$519 million in additional Medicaid funds to North Carolina during this fiscal year.

The budget provides \$10,807,660,079 for the state's public schools, universities and community colleges. State spending for public schools is set at \$7,030,929,981, which reflects a 4.48 percent decrease in state funding from the 2010-11 budget that lawmakers approved for K-12 education last summer as part of the 2009 Appropriations Act. However, when additional state lottery funding, federal funds the state has received to offset a \$30 million cut to More at Four, and some other fund transfers are factored in, the revised public school budget is \$7,143,169,888, which is only 2.96 percent less than the certified budget that lawmakers used as the starting point for their deliberations.

Links to the budget act and the complete money report are available at:

- **BUDGET ACT (Bill Text)** – http://ncasa.net/associations/2410/files/S897_SessionLaw.pdf: (Session Law 2010-31, Senate Bill 897). Public Education, Sections 7.1-7.31, Pages 20-32.
- **MONEY REPORT** – *Joint Conference Committee Report on the Continuation, Expansion, and Capital Budgets, dated June 28, 2010 and outlining funding directives:* http://ncasa.net/associations/2410/files/SB897_JointConfCommitteeReport_Final.pdf: Education Section F, Pages F1-F6. In this document, please note that "R" refers to recurring or ongoing funds and "NR" refers to non-recurring or one-time funds.

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 at the end of this document.

S897 "Special Provisions" Affecting Public Schools:

PART II, CURRENT OPERATIONS AND EXPANSION/GENERAL FUND

- **SECTION 2.1 CURRENT OPERATIONS AND EXPANSION/GENERAL FUND** – Cuts \$275,244,311 from public school funds for 2010-2011, while providing total state funding of \$18,981,762,494 and \$23,469,157 remaining in fund balance.
- **SECTION 2.3(a)-(j) EXTRAORDINARY MEASURES TO ADDRESS THE POTENTIAL LOSS OF FEDERAL FUNDS** – States the General Assembly's findings, including that Congress has considered but not authorized the extension of the enhanced federal Medical Assistance Percentage (FMAP) funds and that the modification to the 2010-11 budget includes the use of these anticipated federal receipts to offset General Fund appropriations to the Department of Health and Human Services. Provides that if Congress does not authorize all or part of the enhanced FMAP funds before January 1, 2011, the Governor, in conjunction with

other officials, is directed to make the following budget adjustments to the extent necessary to backfill the funds, in the following priority order:

1. Transfer from the Disaster Relief Reserve Fund established in SL 2005-1 (\$30,000,000)
 2. Transfer of unclaimed lottery prize money and excess receipts (\$35,000,000)
 3. Use of interest from all other funds (\$50,000,000)
 4. Use of balance in General Fund Availability (\$23,469,157)
 5. Reduction of Medicaid Provider rates (\$26,618,975)
 6. Use of funds from the Savings Reserve Fund (\$37,307,714)
 7. Reduction in Retirement System contributions (\$139,000,000)
 8. One percent (1%) Management Flexibility Reduction (\$177,500,000)
- TOTAL (\$518,895,846)**

Provides that if it is necessary to implement the budget adjustment concerning the transfer of unclaimed lottery money and excess receipts, then: (1) the Office of State Budget and Management (OSBM) must transfer 2010-11 unclaimed lottery money that would be used to enhance prizes to the State Controller to be deposited in Intrastate Transfers, or the appropriate budget code; (2) OSBM must transfer 2009-10 lottery receipts in excess of \$419,463,272 to the State Controller to be deposited in Intrastate Transfers, or the appropriate budget code, and (3) the Governor and the Lottery Commission must hold funds in reserve to ensure implementation of this provision. Provides that if it is necessary to implement the budget adjustments concerning the use of interest from all other funds, the State Controller must credit to the General Fund for 2010-11, unless it is inconsistent with specified agreements and requirements, \$50 million from the 2010-11 interest earnings from all governmental and proprietary funds, except for the Highway Fund and the Highway Trust Fund. Provides that if it is necessary to implement the budget adjustment concerning the use of balance in General Fund availability, the Governor must use the unappropriated General Fund balance to offset the reduction in federal funds, and appropriates funds for that purpose. Provides that if it is necessary to implement the budget adjustment concerning reduction of medical provider rates, the Department of Health and Human Services must reduce reimbursement rates paid to Medicaid service providers to generate savings in the amount of \$26,618,975. Exempts specified programs from the rate reduction. Provides that if it is necessary to implement the budget adjustment concerning the use of funds from the Savings Reserve Fund, OSBM must use up to \$37,307,714 from the Savings Reserve Fund to offset the reduction in federal fund availability and appropriates funds for that purpose. Amends Section 6(c) of SL 2009-16, as amended, to decrease the state's employer contribution rates budgeted for reserves, retirement and related benefits effective July 1, 2010, to the following: (1) 9.15% (was, 10.51%) for Teachers and State Employees and (2) 14.15% (was, 15.51%) for State Law Enforcement Officers. The rate for the Teachers and State Employees' Retirement System also includes 4.90% for hospital and medical benefits, 0.52% for the Disability Income Plan and 0.16% for the Death Benefits Plan. Also for each of these retirement groups, adds an additional contribution of 1.36% to a reserve in OSBM to be transferred to the Retirement System only if not needed as an adjustment as required by (7) above. Provides that if it is necessary to implement the 1% management flexibility reduction, the Governor must implement a 1% annualized management flexibility reduction. Allows the Governor to use funds for any purpose or program and from any governmental or proprietary funds for this purpose, unless it is inconsistent with specified types of agreements or requirements. Effective July 1, 2010, requires agency heads to take steps to prepare for the potential 1% reduction. Provides that if Congress restores any portion of the enhanced FMAP funding on or after January 1, 2011, then the funds must be used to reverse any of the actions taken in steps 1-8 above, in reverse priority order.

PART V, OTHER APPROPRIATIONS

- **SECTION 5.1 EDUCATION LOTTERY** – Transfers \$441,347,500 for 2010-11, pursuant to GS 18C-164 (concerning transfer of State Lottery Fund net revenues), from the State Lottery

Fund. Requires \$16,808,076 to be transferred from the Education Lottery Reserve Fund to the Education Lottery Fund to be allocated for class size reduction. Makes the following appropriations from the Education Lottery Fund for 2010-11: class size reduction, \$220,643,188; pre-kindergarten programs, \$79,635,709; Public School Building Capital Fund, \$113,741,929; and scholarships for needy students, \$44,134,750 for total funding of \$458,155,576. Requires that \$31,881,046 of the excess lottery receipts realized in 2009-10 be transferred to the Public School Building Capital Fund and allocated on the basis of average daily membership (ADM) to those local school administrative units that did not qualify for funding in the 2009-10 fiscal year pursuant to GS 115C-546.2(d)(2). Requires that the balance of the excess lottery revenues realized in the 2009-10 fiscal year be used for scholarships for needy students. Effective June 30, 2010. Repeals Section 5.2.(d) of SL 2009-451, as enacted by Section 3N of SL 2009-575 (directing the allocation of excess net lottery revenues). Effective June 30, 2010. Provides that funds appropriated to the Public School Building Capital Fund for 2010-11 are to be allocated to counties on the basis of average daily membership and allows counties to authorize local school administrative units to use funds received from the Fund for one or more of the following purposes only: (1) school construction projects, (2) retiring indebtedness for school construction projects incurred on or after January 1, 2003, and (3) classroom teachers. Adds that a county may authorize the use of these funds for classroom teachers only when requested by the local board of education and provides that funds used for classroom teachers must supplement and not supplant existing local current expense funding for the public schools and stipulates these fund transfers are not subject to calculations of per-pupil expenditures that must be shared with charter schools located in the school district. Requires that \$26,661,046 of the funds appropriated for Scholarships for Needy Students be administered under the Board of Governors of The University of North Carolina policy. Provides that if the actual net lottery revenues for 2010-11 exceed the amounts appropriated in (b) above, the excess must be allocated on the basis of average daily membership.

PART VI, GENERAL PROVISIONS

- **SECTION 6.6 LEGISLATIVE BUDGET PRIORITIES** – Lists retention of classroom teachers as one of the 2010 General Assembly’s key priorities for funding and support.

PART VII, PUBLIC SCHOOLS

- **SECTION 7.1 CHILDREN WITH DISABILITIES** – Requires that the State Board of Education (SBE) allocate funds for children with disabilities on the basis of \$3,598.55 per child. Directs that each local school administrative unit (LEA) is to receive funds for children with disabilities based on whichever is the lesser number: (1) all students who are identified as children with disabilities or (2) 12.5% of the 2009-10 allocated average daily membership (ADM) in the LEA. Provides that the dollar amounts allocated under this section for children with disabilities are to adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve children with disabilities.
- **SECTION 7.2 FUNDS FOR ACADEMICALLY GIFTED CHILDREN** – Requires that the SBE allocate funds for academically or intellectually gifted children (AG) on the basis of \$1,192.90 per child. Provides that an LEA receive funds for a maximum of 4% of its 2010-11 allocated ADM regardless of the number of children identified as AG in an LEA. Provides that the dollar amounts allocated under this section for academically or intellectually gifted children are to adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children.
- **SECTION 7.3 STATE FISCAL STABILIZATION FUND APPROPRIATION** – Directs the Office of State Budget and Management (OSBM) to adjust the State Fiscal Stabilization Fund

appropriation amounts in order to ensure compliance with Title XIV of the American Recovery and Reinvestment Act of 2009 (ARRA). Requires that this adjustment include any associated budget reductions that were (1) between the State Public School Fund and the University of North Carolina budget and (2) made to align with the requirements of the State Fiscal Stabilization Fund application as amended for 2010-11. Also directs the Office of State Budget and Management to first adjust the Classroom Materials/Instructional Supplies/Equipment allotment before adjusting any other allotments within the State Public School Fund, if there are associated budget reductions required within that fund.

- **SECTION 7.4 NORTH CAROLINA VIRTUAL PUBLIC SCHOOLS ALLOTMENT FORMULA** – Directs the State Board of Education (SBE) to implement an allotment formula for the North Carolina Virtual Public Schools (NCVPS) beginning with the 2010-11 school year. Provides that the allotment formula should, in accordance with Section 7.16 of SL 2006-66, create a sustainable source of funding that (1) increases based on increases in student enrollment and (2) recognizes the impact that projected enrollment in e-learning courses has on the funding required for other allotments based on ADM. Directs the SBE to use only funds provided through the NCVPS Allotment Formula to fund NCVPS. Directs the Department of Public Instruction (DPI) to take the following steps to implement the NCVPS Allotment Formula: (1) Project the unduplicated NCVPS enrollment for each local school administrative unit and for each grade level; (2) Divide the projected unduplicated NCVPS enrollment for each unit by six in order to calculate its ADM-equivalent student enrollment in NCVPS; (3) Reduce the unit's ADM allotments by 75% of its ADM-equivalent student enrollment in NCVPS; and (4) Transfer a dollar amount equal to 75% of the unit's ADM-equivalent student enrollment to NCVPS. Provides that the NCVPS program is available at no cost to all high school students enrolled in North Carolina's public schools, Department of Defense schools, and schools that are operated by the Bureau of Indian Affairs. Limits NCVPS to providing only high school courses. Charges the Director of NCVPS with ensuring that course quality standards are established and met and that all e-learning opportunities offered by state-funded entities to public school students are consolidated under the NCVPS program, eliminating course duplication. Further requires the Director of NCVPS to ensure that all of the courses offered through NCVPS are aligned to the North Carolina Standard Course of Study and prohibits NCVPS from providing any courses in physical education. Caps the funds for the administration of NCVPS at a maximum of 15% per year of the funds transferred to NCVPS.
- **SECTION 7.5 MORE AT FOUR PROGRAM** – Directs the Department of Public Instruction (DPI) to continue the implementation in all counties of the More at Four pre-kindergarten program for four-year-olds who are at risk for school failure. Directs the More at Four program to serve children who reach the age of four on or before August 31 of that school year and who meet eligibility criteria that indicate a child's risk for school failure. Provides that the More at Four classrooms are to be operated in public schools, Head Start programs, and licensed child care facilities that choose to participate under procedures defined by the Office of Early Learning within the Department of Public Instruction. Requires that all of the participating classrooms are (1) subject to the supervision of the Office of Early Learning and (2) operated in accordance with standards adopted by the SBE. Enumerates the areas to be addressed by the Office of Early Learning in its program standards and requirements. Requires the SBE to submit, by March 15 of each year, an annual report that includes data about enrollment numbers, any prior educational experiences of enrollees, the expected costs and the source for local contributions, and the results of an annual evaluation of the program to the Joint Legislative Commission on Governmental Operations, the Joint Legislative Education Oversight Committee, the Senate Appropriations Committee on Education, the House of Representatives Appropriations Subcommittee on Education, the Office of State Budget and Management, and the Fiscal Research Division. Directs the Office of Early Learning to establish the More at Four income eligibility

requirements at not more than 75% of the state median income; however, permits up to 20% of the children enrolled to have family incomes in excess of 75% of median income if they have other designated risk factors. Also provides that any age-eligible child is eligible for the program who is the child of (1) an active duty member of the armed forces of the United States, including the North Carolina National Guard, state military forces, or a reserve component of the armed forces who is ordered to active duty by the proper authority within the last 18 months or expected to be ordered within the next 18 months or (2) a member of the armed forces of the United States, including the North Carolina National Guard, state military forces, or a reserve component of the armed forces, who was injured or killed while serving on active duty. Prohibits More at Four program funding to be used to supplant any funding for classrooms serving four-year-olds as of the 2005-06 fiscal year. Permits the support of existing four-year-old classrooms with More at Four program funding when current funding is eliminated, reduced, or redirected as required to meet other specified federal or state mandates. Directs the Office of Early Learning to develop a new More at Four funding model to be implemented in the 2010-11 fiscal year. Specifies that the per-child funding rates are (1) to be based on participating provider cost structures and (2) to require a contribution of local resources to support the full cost of providing high quality prekindergarten. Further directs the Office of Early Learning to implement an administrative cap on More at Four program funding and to establish parameters for allowable administrative costs. Directs the Office of Early Learning to produce an annual report that includes a longitudinal review of the More at Four program and includes academic, behavioral, and other child-specific outcomes. Specifies that the longitudinal review is to include a quasi-experimental research design that tracks the progress of comparable groups of students through the end of ninth grade who complete More at Four and who do not attend a More at Four program. Requires that the review be presented to the Joint Legislative Oversight Committee on Education by January 31 of every year.

- **SECTION 7.6 LEADERSHIP ACADEMY** – Provides that up to \$200,000 of the funds appropriated to DPI for 2010-11 may be used to support a Leadership Academy that provides professional development to principals and assistant principals to address critical areas such as student achievement and teacher recruitment and retention.
- **SECTION 7.7 DEPARTMENT OF PUBLIC INSTRUCTION** – Provides that DPI is not required to eliminate receipt-supported positions for the 2010-11 fiscal year. Directs DPI to review expenditures of federal funds for personnel and contracts at the state level. Directs DPI to reallocate the funds to local school administrative units whenever possible, unless the expenditure is a condition of receiving the funds. Requires DPI to report on the reallocation of these funds to LEAs, to the Office of the Governor, the chairs of the House of Representatives Committee on Appropriations and the House of Representatives Appropriations Subcommittee on Education, the chairs of the Senate Committee on Appropriations/Base Budget and the Senate Appropriations Subcommittee on Education/Higher Education, and the Office of State Budget and Management by January 15, 2011. Authorizes DPI to reorganize if necessary in order to implement the budget reductions set out in this act. Requires DPI to consult with the Office of State Budget and Management and the Fiscal Research Division before requesting budgetary and personnel changes through the budget revision process. Directs DPI to provide a current organization chart during the consultation process and to report any reorganization to the Joint Legislative Commission on Governmental Operations.
- **SECTION 7.8 CAREER AND COLLEGE – READY, SET, GO!** – Directs the SBE to work with all member institutions of the Education Cabinet and the Joint Governing Boards to focus funding and program priorities to ensure that all North Carolina students graduate prepared to successfully pursue a career or further education. Directs each Education Cabinet Institution to prioritize the Governor's Ready, Set, Go! initiative and to ensure to the extent possible that all

students PK-20: (1) are prepared to be successful in school; (2) can successfully progress through PK-20 education; (3) receive clear standards and high expectations; (4) benefit from the best teachers and principals that can help them to reach those standards; and (5) fully understand and complete the prerequisites for the career, certification, or degree of choice that promotes workforce success. Includes strategies for meeting the PK-20 Ready, Set Go! initiative goals. Requires the Education Cabinet to report by January 15, 2011, to the Office of the Governor, the Joint Governing Boards, and the Joint Education Oversight Committee on its progress toward reaching the Governor's goal that every North Carolina student will graduate ready to be successful in a career, a 2- or 4-year college, or technical training.

- **SECTION 7.9 SCHOOL CONNECTIVITY INITIATIVE** – Repeals Section 7.12.(a) of SL 2009-451, which had authorized an annual transfer of \$350,000 to the Office of the Governor for the NC Virtual Public Schools. Allows up to \$350,000 of the connectivity funds to be used for this and subsequent years by the Office of the Governor for education innovation and the Education E-Learning Portal.
- **SECTION 7.10 SCHOOL CALENDAR PILOT PROGRAM** – Amends Section 7.40 of SL 2009-451 (establishing a school calendar pilot program in Wilkes County Schools) to add the 2010-11 school calendar year to the pilot program which authorizes Wilkes County Schools to have a school calendar that includes a minimum of 180 days *or* 1,000 hours of instruction covering at least nine calendar months notwithstanding the requirement in GS 115C-84.2(a)(1) that the school calendar include a minimum of 180 days *and* 1,000 hours of instruction covering at least nine calendar months. Changes the date for the SBE to report on the pilot program to the Joint Legislative Education Oversight Committee from March 15, 2010, to Mach 15, 2011.
- **SECTION 7.11 NATIONAL BOARD FOR PROFESSIONAL TEACHING STANDARDS (NBPTS) FUNDS** – Amends GS 115C-296.2 as amended by Section 7.30(b) of SL 2009-451 to provide that the State Education Assistance Authority may forgive the loan for the application fee if the teacher dies or becomes permanently disabled. Directs the SBE to transfer funds in the amount of \$3,274,500 from the State Public School Fund to the State Education Assistance Authority for the 2010-11 fiscal year for NBPTS loans. Requires cash repayment of the NBPTS application fee loan to begin 12 months following the disbursement of the loan funds. Directs the Joint Legislative Education Oversight Committee (JLEOC) to study a National Board Certification Program for Principals (NBCPP) in conjunction with the pilot program being developed by the NBPTS and to report its recommendations to the 2011 General Assembly by March 1, 2011.
- **SECTION 7.12 DRIVER EDUCATION** – Directs the Highway Safety Research Center Institute of UNC-Chapel Hill to work in collaboration with DPI and the Governor's Highway Safety Commission to create a standard curriculum for DPI's Driver Education Program. Requires that the curriculum be (1) ready for use in the fall of the 2011 school year and (2) used for all driver education programs funded with state funds.
- **SECTION 7.13 PROTECTION OF THE CLASSROOM WHILE MAXIMIZING FLEXABILITY** – Amends Section 7.8 of SL 2009-451 to direct LEAs to reduce spending for the 2010-11 fiscal year wherever and whenever the budget reductions are appropriate to protect direct classroom services. Directs LEAs to implement administrative and other operating efficiencies before dismissing classroom-based personnel. Directs LEAs to maximize federal funding streams such as ARRA, IDEA, and Title I and II and any other federal funding that may be spent on positions. Directs each LEA to report to the SBE, the OSBM, and DPI on the flexibility budget reductions it has identified for the LEA within 30 days of the date this act becomes law. Provides that the report should explain how administrative efficiencies, federal

funds, and attrition have been maximized before the dismissal of classroom personnel. Directs LEAs to make every effort to reduce spending from Career-Technical Education State Program Support Funds before making any reductions to Career-Technical Education State Months of Employment Funds to the extent that the LEAs reduce Career-Technical Education spending in order to meet the LEA adjustment. Authorizes local boards of education to implement furloughs, subject to Section 29.1 of this act, for the 2010-11 fiscal year in order to manage funding amounts. *(For specifics of the furlough authority, see Section 29.1 below.)*

- **SECTION 7.14 PROBATIONARY TEACHERS** – Amends GS 115C-325(c)(5) to provide that when a probationary teacher in a full-time permanent position is not renewed because of (1) a decrease in positions due to a decrease in funding, (2) decreased enrollment, or (3) a district reorganization and is subsequently rehired by that same school system (LEA) within three years, the intervening years when the teacher was not employed by the LEA are not considered to be (i) a consecutive year of service for the teacher or (ii) a break in the continuity of service. Provides that if at the time of the non-renewal, the teacher was eligible for career status after having been employed for four consecutive years under GS 115C-325(c)(1), or one year pursuant to GS 115C-325(c)(2), and the local board rehires the teacher within three years, the teacher will be eligible for a career status decision after one additional year of employment. Requires a teacher seeking the benefit detailed in GS 115C-325(c)(5), as amended, to provide written notice to the LEA's head of human resources within 60 calendar days after the first day of re-employment of the prior non-renewal due to decreased funding, decreased enrollment, or a district reorganization. Provides an exception to the notice requirement if an LEA superintendent unilaterally grants the benefit to a teacher under a policy adopted by the local board for this purpose. Requires the LEA to provide actual notice of the 60-day deadline to a teacher within 30 calendar days after the first day of re-employment of the teacher. Provides that the teacher bears the burden of submitting the information to show that non-renewal falls into the specified categories and therefore the teacher's non-renewal did not constitute a break in determining eligibility for career status. The tolling of the 60-day deadline for submission of information by the teacher does not begin until the teacher is notified of the 60-day deadline. Provides that the decision is final and that the teacher will be informed of the decision by the superintendent or the superintendent's designee within a reasonable period of time after receiving the information submitted by the teacher. Provides that there is no right of appeal except permits the teacher to make a written petition to the local board within 10 days after receipt of the decision of the superintendent or designee. Directs the board or a board panel to review the matter on the record and provide the teacher with a written decision. Prohibits any appeal to court or otherwise regarding the benefits provided under this statute, as amended. Declares that the proposed subsection does not create a private right of action, basis of liability on the part of the LEA, or any re-employment rights for a non-renewed probationary teacher. Additionally, provides that the proposed subsection applies to a probationary teacher in a full-time permanent position who resigns effective at the end of the school year after receiving documentation that the teacher's position may be eliminated because of decreased funding, decreased enrollment, or district reorganization if that teacher is subsequently rehired. Requires that the teacher must have been in good standing at the time of the resignation. Provisions apply to probationary teachers rehired by the same LEA beginning in the 2010-2011 school year.
- **SECTION 7.17 UNIFORM BUDGET FORMAT** – Amends previous budget requirements for school districts in response to the 2009 court ruling in Sugar Creek Charter School's funding dispute with Charlotte-Mecklenburg Schools to validate the 2009 establishment of Fund 8 by the Department of Public Instruction and the Local Government Commission, thereby allowing funds received by the school district for specific purposes to be set aside from the local current expense fund that the court has ruled must be shared with charter schools located in the school district. Previous law had directed that the uniform budget format for school districts required the

following funds: (1) the State Public School Fund; (2) the local current expense fund; and (3) the capital outlay fund. This new provision amends GS 115C-426(c) to provide that other funds *may be used* to account for reimbursements, including indirect costs, fees for actual costs, tuitions, sales tax revenues distributed using the ad valorem method pursuant to GS 105-472(b)(2), sales tax refunds, gifts and grants restricted as to use, trust funds, federal appropriations made directly to LEAs, funds received for pre-kindergarten programs, and special programs. Additionally amends GS 115C-426(c) to provide that the appropriation or use of fund balance or interest income by an LEA is not to be construed as a local current expense appropriation. Provides that the provisions amending GS 115C-426(c) which allow for the use of other funds in the uniform budget format apply beginning with the 2010-11 school year. Provides that any LEA that failed to comply with the provisions of GS 115C-238.29H(b) (requiring a transfer by the LEA of the equivalent of the per pupil local current expense appropriation to the charter school attended by a student who resides in that LEA), prior to the effective date of this section, may make payments required under a judgment, court order, or binding settlement agreement resulting from the noncompliance over a payment period not to be more than three years. *(Note: Senate Bill 1202, Budget Technical Corrections, further amended this section to clarify that school district transfers to Fund 8 after it was initially established by the Department of Public Instruction and the Local Government Commission in 2009 are valid if they meet the terms of this provision, even though the effective date of the provision is for the 2010-11 school year. See separate summary of Senate Bill 1202 for more information.)*

- **SECTION 7.19 DROPOUT PREVENTION GRANTS** – Directs the Committee on Dropout Prevention (Committee) to provide grants of \$500,000 to each of the following evidence-based operators of dropout prevention initiatives: (1) Communities in Schools of North Carolina, Inc., (2) North Carolina Congress of Parents and Teachers, Inc., and (3) the Greater Winston-Salem Chamber of Commerce Foundation, Inc. Directs the Committee to identify a minimum of three additional Dropout Prevention Grant recipients that show promise as statewide models for dropout prevention interventions. Requires the Committee to report the selected grantees and the reasons why they were selected to the Joint Legislative Education Oversight Committee and the Joint Legislative Commission on Dropout Prevention and High School Graduation by March 15, 2011. Amends Section 7.13(b) of SL 2009-451 to require that grants be made no later than November 1 in 2010 and in subsequent years. Directs the Committee to report to the Joint Legislative Commission on Dropout Prevention and High School Graduation (Commission) and the Joint Legislative Education Oversight Committee by March 1, 2010, and annually thereafter on Dropout Prevention Grants awarded under this section. Amends Section 7.13(c) of SL 2009-451 to implement an annual reporting requirement by the recipients of the dropout grants to the Committee on Dropout Prevention beginning January 31, 2011 and annually by that date thereafter. Amends Section 7.32(e) of SL 2007-323, as amended, to delete a provision directing the Committee to terminate as of December 31, 2010. Amends Section 7.32(f)(8) of SL 2007-323, as amended, to provide that the Commission may report its findings and recommendations to the Joint Legislative Education Oversight Committee and the General Assembly. Deletes a provision requiring the Commission to terminate upon the filing of its final report. Amends Section 7.32(c) of SL 2007-323, as amended, to provide that the terms of the initial appointees to the Committee expire December 1, 2010, and to provide for the appointment of subsequent appointees to the Committee for four-year terms.
- **SECTION 7.20 UNIFORM EDUCATION REPORTING SYSTEM (UERS) FUNDS** – Prohibits funds appropriated for the Uniform Education Reporting System from reverting at the end of the 2009-10 fiscal year effective June 30, 2010.
- **SECTION 7.21 COOPERATIVE AND INNOVATIVE HIGH SCHOOLS** – Amends GS 115C-238.50(e) to include among approved cooperative innovative high school programs a five-

year career academy (academy) operating as a part of an existing high school. Amends GS 115C-238.54 to make an exception permitting DPI to forego assigning a school code to a five-year academy operating as part of an existing high school and to instead allow the academy to continue to use the existing school code. Requires an academy operating as a part of an existing high school to maintain records to identify and evaluate students who are enrolled in the academy separately from the general school population. Amends GS 115C-238.50A(3) to include the State Board of Education among the entities defined as *governing board*, in GS Chapter 115C, Article 16, Part 9 (regarding cooperative and innovative high schools). Directs DPI to study the fiscal impact of the Cooperative and Innovative High School Act (GS Chapter 115C, Article 16, Part 9) and to report the study results to the Joint Legislative Education Oversight Committee and the Fiscal Research Division by March 15, 2011. Prohibits the SBE from approving any additional schools under the Cooperative and Innovative High School Act that are to begin operation after July 1, 2010, unless the school has received an explicit appropriation from the General Assembly. Provisions apply beginning with the 2010-11 school year.

- **SECTION 7.22 ELIMINATION OF CERTAIN REPORTS** – Amends (1) GS 115C-301(g) regarding allotment adjustments and waivers and (2) Section 7.61(b) of SL 2005-276 regarding the State Board of Education’s annual report on the expenditures of the At-Risk/Alternative Schools allotment and the Improving Student Accountability allotment to remove respective reporting requirements for each. Repeals Sections 4 through 6 of SL 2007-453 and Section 7.60 of SL 2005-276 to also remove respective reporting requirements.
- **SECTION 7.23 DISADVANTAGED STUDENT SUPPLEMENTAL FUNDING** – Directs the State Board of Education, in determining whether or not to approve an LEA’s plan for the use of Disadvantaged Student Supplemental Funding, to consider the extent to which an LEA’s policies or expenditures contribute to the increased segregation of schools on the basis of race or socioeconomic status.
- **SECTION 7.24 HIGHER EDUCATION COURSES FOR HIGH SCHOOL STUDENTS** – Indicates the intent of the General Assembly to implement a funding formula in the 2011-12 school year to provide money to LEAs for use in paying any required tuition for high school students taking community college courses. Also provides that it is the intent of the General Assembly to eliminate the tuition waiver set out in GS 115D-5(b) for courses taken by high school students effective July 1, 2011. Makes an exception to retain the tuition waiver for students in cooperative innovative high school programs. Provides a formula for calculating reductions to the Community College System General Fund appropriations for the 2011-12 school year and provides for the transfer of funds realized as a result of the reduction formula to the SBE for distribution to the LEAs. Additionally provides a formula for reducing the State Public School Fund for the 2011-12 school year and provides that the funds realized from the reduction formula are to be made available for the SBE for distribution to LEAs. Provides that distributions from the SBE to LEAs are to be based on the pro rata share of each LEA’s number of FTE (full-time equivalent) high school students for whom tuition is required. Directs that for the 2011-12 school year, the General Fund appropriation for Learn and Earn Online is to be available to the State Board of Education for distribution to LEAs. Prohibits the allocations to LEAs under this section from being transferred to other uses and restricts the funds to be used only to pay the tuition of high school students taking higher education courses at community colleges and universities for which tuition is required. Provides that beginning with the 2010-11 school year, the following courses offered to high school students will no longer generate state funding through budget FTE (refers to full-time equivalent students): (1) general education, except for math, science, and technology; (2) physical education; and (3) college success skills courses. Permits an institute of higher learning that offers these courses to high school students to

charge a sufficient amount to cover the costs of the courses. Specifies that the provision regarding tuition does not apply to courses provided to students of Early and Middle College High Schools.

- **SECTION 7.25 ENVIRONMENTAL ENGINEER/SUPPORT SERVICES DIVISION** – Authorizes the State Board of Education to use up to \$200,000 of available funds to provide an environmental engineer in the Support Services Division of DPI, to address increasing environmental concerns in North Carolina’s public schools.
- **SECTION 7.30 COMPONENTS OF THE TESTING PROGRAM** – Amends GS 115C-174.11(a) to limit LEAs’ use of standardized tests in first and second grades to those required as a condition of receiving federal grants. Previously standardized testing in first and second grades was allowable only when required as a condition of receiving a federal grant under the Reading First Program.
- **SECTION 7.31 ADDITIONAL FEDERAL FUNDS FOR EDUCATION** – Provides that federal funds not specified in this act are appropriated in the amounts provided. Requires the Director of the Budget to use the federal funds, to the extent that federal laws and regulations permit, in the following priority order: (1) to eliminate the LEA adjustment in its entirety, (2) to eliminate all reductions to the State Public School Fund provided for in this act, (3) to eliminate all reductions to the State Public School Fund provided for in SL 2009-451, and (4) for expansion items. Restricts the Director of the Budget from reducing any General Fund appropriations to DPI or LEAs as a result of receiving any additional federal funds that are appropriated in this section.

PART IX, UNIVERSITIES

- **SECTION 9.1. REPEAL ESCHEAT FUND APPROPRIATION FOR MILLENNIUM TEACHING SCHOLARSHIP LOAN PROGRAM** – Repeals Section 9.1(c) of SL 2009-451 (2009 Appropriations Act) to do as section title indicates.
- **SECTION 9.3 COORDINATE THE REPORT DUE DATES FOR VARIOUS TEACHER (AND SCHOOL ADMINISTRATOR) EDUCATION REPORTS** – Enacts new GS 116-11(12d) to require the Board of Governors to provide to the Joint Legislative Education Oversight Committee and the State Board of Education (SBE) on April 15 of each year a report on issues relating to teacher education efforts, including information about teacher education and recruitment, 2+2 initiatives, distance education programs focused on teacher education, and professional development for teachers and school administrators. Makes conforming changes to the specified report due date in various General Statutes and Session Laws to have all reports due on April 15, including amending GS 116-74.21(c) regarding the annual report on the supply and demand of school administrators.
- **SECTION 9.7 REVIEW OF UNC SCIENCE, TECHNOLOGY, ENGINEERING AND MATHEMATICS (STEM) PROGRAMS** – Directs the University of North Carolina General Administration to compile lists of programs whose primary objective is to provide community outreach in the form of teacher professional development to strengthen the quality of science or mathematics instruction in the public schools or are K-12 student enrichment programs in STEM content areas. This listing is to be submitted to the Office of State Budget and Management and the Fiscal Research Division (FRD) by February 15, 2011. Directs the UNC General Administration to review the identified programs and report, to the same offices, by September 30, 2011, findings as specified. Also directs the Department of Public Instruction (DPI) to survey math and science educators in the state who attended a Pre-College or Summer Ventures

program sponsored by the UNC system before entering college and to report to the same offices by February 15, 2011.

- **SECTION 9.8 TRANSFER OF A+ SCHOOLS FROM UNC-GREENSBORO TO DEPARTMENT OF CULTURAL RESOURCES** – Effects a Type I transfer, as if under GS 143A-6, as the section title indicates, and includes \$58,638 in funding for the transfer.
- **SECTION 9.25 ELIMINATE IN-STATE TUITION FOR NON-RESIDENT ATHLETIC SCHOLARSHIPS** – Amends GS 116-143.6(a) to prohibit the use of in-state tuition for non-residents receiving athletic scholarships at UNC System campuses.

PART X, DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS)

- **SECTION 10.20B OFFICE OF EDUCATION SERVICES/CONSOLIDATION OF PRINCIPAL FUNCTIONS** – Directs the Office of Education Services (OES) within the Department of Health and Human Services to consolidate the functions of the School Director of OES Residential Schools and School Principal positions located at the North Carolina School for the Deaf, Eastern North Carolina School for the Deaf, and Governor Morehead School for the Blind. Requires DHHS to consult with the State Board of Education and the Department of Public Instruction to set minimum qualifications for the consolidated School Director of OES Residential Schools positions. Eliminates seven positions from the OES and directs that office to ensure that the elimination of those positions does not interrupt oversight of instructional programming by a fully licensed official at the affected schools.
- **SECTION 10.21A OFFICE OF EDUCATION SERVICES/TRANSFER OF RESIDENTIAL AND PRESCHOOLS FOR THE DEAF AND BLIND** – Requires the State Board of Education to assume administrative responsibility for the NC School for the Deaf, Eastern NC School for the Deaf, Governor Morehead School for the Blind, Early Intervention Services – Preschool, and Governor Morehead Preschool programs, and dissolves the Office of Education Services effective June 1, 2011. Sets the transition plan, including the appointment of an interim superintendent by Oct. 1, 2010, and establishes reporting requirements. Directs the establishment of a search committee to hire a superintendent to oversee the schools. Eliminates 15 specified positions in the Office of Educational Services effective October 1, 2010, and transfers four positions to the Department of Public Instruction's Exceptional Children's Division by the same date. Directs the OES to reinstate residential and instructional schedules that were in effect before February 8, 2010, at the North Carolina School for the Deaf, Eastern North Carolina School for the Deaf, and Governor Morehead School for the Blind. Establishes periods during which residential students may arrive. Directs OES to reinstate on-site summer school programming.
- **SECTION 10.37.(s) TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) EMERGENCY CONTINGENCY FUNDS** – Provides \$30,559,012 to the Department of Public Instruction in 2010-11 for operation of the More at Four program to offset a one-time cut in state funds in the same amount. This funding comes from the Temporary Assistance to Needy Families (TANF) funds that North Carolina received as an emergency contingency through the American Recovery and Reinvestment Act (ARRA).

PART XI, DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

- **SECTION 11.5 RECLASSIFY ONE VACANT POSITION IN DACS FOR THE NC FARM TO SCHOOL PROGRAM** – Requires the Department of Agriculture and Consumer Services to reclassify one vacant position and fill it in a timely manner to provide support to the NC Farm to School Program within the Food Distribution Division of the department.

PART XXVIII, DEPARTMENT OF TRANSPORTATION

- **SECTION 28.2 DRIVER EDUCATION PROGRAM FUNDING STUDY** – Directs the Office of State Budget and Management (OSBM) to study the Driver Education Program to determine the best funding source and to report to the Governor and the General Assembly by November 1, 2010. Requires OSBM to work with the Department of Public Instruction to establish measures to determine the program’s effectiveness.

PART XXIX, SALARIES AND BENEFITS

- **SECTION 29.1 FURLOUGHS AUTHORIZED/PUBLIC SCHOOLS** – Presents the General Assembly’s findings supporting the economic necessity of allowing local school boards to implement furloughs to balance LEA budgets for the 2010-11 fiscal year. Authorizes local boards of education, in accordance with Section 7.13 of the Appropriations Act of 2010 to implement furloughs of state-funded public school employees to offset the LEA funding flexibility adjustment (LEA Discretionary Reduction of \$304.8 million for 2010-11). Defines *furlough* as a temporary period of leave from employment without pay that (1) is ordered by a local board of education and (2) is not in connection with a demotion or other disciplinary action. Defines *public school employee* as any person employed by a local school administrative unit, including public officers. Provides that the provisions of Section 26.14E.(b) and (c) of SL 2009-451 (regarding the impact of economic furloughs on participation in the Retirement System and the State Health Plan) apply to public school employees furloughed pursuant to the section. Directs LEAs to cooperate with DPI in the implementation of a required furlough. Directs the SBE to adopt rules for the implementation of this section in accordance with GS 150B-21.1A, except that notwithstanding GS 150B-21.1A(d), those emergency rules may remain in effect until the expiration of this section. Sets as a timetable that the rules should be adopted as soon as practicable, and requires that the adoption of the rules take place no more than 30 calendar days from the effective date of this section. Directs local boards of education to apply the rules in designating the times public school employees may be subject to furlough. Sets out minimal requirements of matters to be addressed in the rules including prohibiting (1) the use of furloughs for employees who work only on instructional days; (2) prohibits furloughs of employees who earn an annual base rate of \$32,000 or less; and (3) the furlough of a teacher on an instructional day or a protected work day. Also requires that the rules direct (1) all of the savings realized as a result of a furlough to be used to offset the LEA funding flexibility adjustment; (2) an LEA to cut all bonus pay before imposing a furlough; and (3) a local school board to have a public hearing on the LEA’s finances before the local board implements a furlough. Provides that the rules direct the county in which an LEA implements a furlough not to supplant existing local current expense funds for schools; require the local school board to report the details of any furlough implemented by the LEA to the SBE; and that a furlough be for the same number of days for all similarly situated employees and for a maximum of two days. Provides that Section 26.14E.(e) of SL 2009-451 (delineating reporting requirements for the authorizing officer or entity for the use of furlough) applies to furloughs under this section. Provides that a furlough as implemented by this section does not constitute a demotion. Provides that public school employees who are not paid out of state funds shall receive the same reduction in pay applicable to state-paid employees in the event a furlough is enacted by an LEA. Provisions are effective when the act becomes law and expire June 30, 2011.
- **SECTION 29.2 TEACHER SALARY SCHEDULES** – Establishes the monthly salary schedules for the 2010-11 fiscal year for certified personnel of the public schools who are classified as teachers. The schedule contains 34 steps with each step corresponding to one year of teaching experience. Salaries range from \$3,043 for “A” Teachers with 0 years of experience to \$5,255 for those with 33+ years of experience and from \$3,455 for teachers that are NBPTS

certified with 3 years of experience to \$5,886 for those with 33+ years of experience. Salaries range from \$3,347 for "M" teachers with 0 years of experience to \$5,781 for those with 33+ years of experience and from \$3,801 for those that are NBPTS certified with 3 years of experience to \$6,475 for those with 33+ years of experience. Directs that public school employees paid according to this salary schedule who receive NBPTS certification or obtain a master's degree are not to be prohibited from receiving the appropriate increase in salary. Provided, however, that teachers employed during the 2009-10 school year who did not work the required number of months to acquire an additional year of experience do not receive a decrease in salary as otherwise would be required by the salary schedule. Specifies the following annual longevity payment rates for teachers: (1) 1.5% percent of base salary for 10 to 14 years of state service; (2) 2.25% of base salary for 15 to 19 years of state service; (3) 3.25% of base salary for 20 to 24 years of state service; and (4) 4.5% of base salary for 25 or more years of state service. The longevity payment must be paid in a lump sum once a year. Authorizes the following salary supplements (1) \$126 per month for certified personnel of the public schools who are classified as "M" teachers for certified public school teachers with certification based on academic preparation at the six-year degree level; and (2) \$253 per month for certified personnel of the public schools who are classified as "M" teachers for certified public schoolteachers with certification based on academic preparation at the doctoral degree level. Specifies that the first step of the salary schedule for school psychologists is equivalent to Step 5, corresponding to five years of experience, on the salary schedule established in this section for certified personnel of the public schools who are classified as "M" teachers. Directs that certified psychologists be placed on the salary schedule at an appropriate step based on their years of experience and receive longevity payments based on years of State service in the same manner as teachers. Authorizes the following salary supplements (1) \$126 per month for certified psychologists for certified psychologists with certification based on academic preparation at the six-year degree level; and (2) \$253 per month for certified psychologists for certified psychologists with certification based on academic preparation at the doctoral degree level. Specifies that speech pathologists who are certified as speech pathologists at the master's degree level and audiologists who are certified as audiologists at the master's degree level and who are employed in the public schools as speech and language specialists and audiologists must be paid on the school psychologist salary schedule. Authorizes the following salary supplements (1) \$126 per month for speech pathologists and audiologists for certified speech pathologists and audiologists with certification based on academic preparation at the six-year degree level; and (2) \$253 per month for speech pathologists and audiologists for certified speech pathologists and audiologists with certification based on academic preparation at the doctoral degree level. Directs that certified school nurses who are employed in the public schools as nurses be paid on the "M" salary schedule. Specifies that, as used in this section, the term "teacher" also includes instructional support personnel.

- **SECTION 29.3 SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE** – Directs that the base salary schedule for school-based administrators applies only to principals and assistant principals. Establishes the base salary schedule for the 2010-11 fiscal year, commencing July 1, 2010, for principals and assistant principals. Directs that school-based administrators (1) employed during the 2009-10 school year who did not work the required number of months to acquire an additional year of experience and (2) employed during the 2010-11 school year in the same classification are not to receive a decrease in salary as otherwise would be required by the salary schedule. Provides that the appropriate classification for the placement of principals and assistant principals, excluding principals of alternative schools and cooperative innovative high schools, on the salary schedule is based on the number of teachers supervised. Specifies that the number of teachers supervised includes teachers and assistant principals paid from state funds only; it does not include teachers or assistant principals paid from non-state funds or the principal or teacher assistants. Provides that the beginning classification for principals in

alternative schools and in cooperative innovative high school programs is the Principal III level. Principals in alternative schools who supervise 33 or more teachers are classified according to the number of teachers supervised. Directs that a principal be placed on the step on the salary schedule that reflects total number of years of experience as a certificated employee of the public schools and an additional step for every three years of experience as a principal. Prohibits a principal acquiring an additional step for the 2009-10 or 2010-11 fiscal years from receiving a corresponding increase in salary during the 2009-2011 fiscal biennium and maintains the freeze implemented in 2009 on the additional step increase that principals receive after every three years of service. Specifies that a principal or assistant principal also continue to receive any additional state-funded percentage increases earned for the 1997-98, 1998-99, and 1999-00 school years for improvement in student performance or maintaining a safe and orderly school. Directs that principals and assistant principals with certification based on academic preparation at the six-year degree level are to be paid a salary supplement of \$126 per month and at the doctoral degree level are to be paid a salary supplement of \$253 per month. Directs that longevity pay for principals and assistant principals must be as provided for state employees under the State Personnel Act. Specifies that if a principal is reassigned to a higher job classification because the principal is transferred to a school within a local school administrative unit with a larger or smaller number of state-allotted teachers, the principal must be placed on the salary schedule as if the principal had served the principal's entire career as a principal at the higher job classification. Applies to all transfers on or after the effective date of this section, except transfers in school systems created by merging two or more school systems. Transfers in these merged systems are exempt from the provisions of this subsection for one calendar year following the date of the merger. Directs that participants in an approved full-time master's in school administration program receive up to a 10-month stipend at the beginning salary of an assistant principal during the internship period of the master's program. Specifies that for the 2006-07 fiscal year and subsequent fiscal years, the stipend may not exceed the difference between the beginning salary of an assistant principal plus the cost of tuition, fees, and books and any fellowship funds received by the intern as a full-time student, including awards of the Principal Fellows Program. Requires the Principal Fellows Program or the school of education where the intern participates in a full-time master's in school administration program to supply the DPI with certification of eligible full-time interns. Provides that for the 2010-11 fiscal year, the placement on the salary schedule of an administrator with a one-year provisional assistant principal's certificate is to be at the entry-level salary for an assistant principal or the appropriate step on the teacher salary schedule, whichever is higher.

PART XXXII, MISCELLANEOUS PROVISIONS

- **SECTION 32.2.(a) COMMITTEE REPORT** – Provides that the Joint Conference Committee Report on the Continuation, Expansion and Capital Budgets dated June 28, 2010, 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. See chart below for synopsis of spending directives for public schools.)
- **SECTION 32.7 EFFECTIVE DATE** – Makes all portions of this act effective July 1, 2010, except as otherwise provided in individual sections.

Public School Funding Adjustments for Fiscal Year 2010-2011

Certified 2010-2011 Budget As Approved in 2009		\$7,360,833,223
<u>State Public School Fund (SPSF)</u>		
Average Daily Membership Adjustment	R	(\$4,980,046)
Average Salary Adjustment	R	(\$44,950,676)
Central Office	R	(\$2,400,000)
Child and Family Support Teams	R	(\$2,500,000)
Children with Disabilities	R	(\$12,077,255)
Classroom/Instructional Materials	R	(\$3,289,447)
Classroom/Instructional Materials (to be Offset by ARRA Stabilization)	NR	(\$54,658,931)
Classroom Teachers (funded from Lottery)	R	(\$121,243,793)
Contingency Reserve for ADM	R	(\$2,618,501)
EVAAS	R	\$1,000,000
JOBS Commission Pilot Schools	R	\$200,000
Learn & Earn Early College High Schools	R	(\$306,200)
Limited English Proficiency	R	(\$4,000,000)
Mentors – Teachers & Instructional Support	NR	(\$9,214,190)
More at Four Program (Offset by TANF Funds)	NR	(\$30,559,012)
NC Virtual Public Schools	R	(\$5,574,784)
NCWISE	R	(\$2,000,000)
NCWISE	NR	(\$10,025,000)
School Buses	NR	(\$11,900,000)
School Connectivity	R	(\$1,000,000)
School Connectivity	NR	(\$3,000,000)
Small County Supplemental Funding	R	(\$2,400,000)
Student Diagnostics (Handheld Devices)	R	\$10,000,000
Testing (Eliminates Funding from Discontinued Geometry EOC)	R	(\$585,459)
Textbooks	NR	2,500,000
Transportation	R	(\$10,000,000)
SPSF Adjustments		(\$325,583,294)
<u>Department of Public Instruction (DPI)</u>		
Agency Operating	R	(\$2,000,000)
Agency Positions (Cuts 10 from Tech. Services & 20 Receipt-Funded)	R	(\$1,080,000)
Legacy Funds for IT Projects	NR	(\$1,300,000)
Transfer OES from DHHS to DPI (Schools for Blind and Deaf)	R	\$55,000
DPI Adjustments		(\$4,325,000)
<u>Education Support Organizations (ESO)</u>		
Dropout Prevention Grants	R	\$290,683
Kids Voting	R	\$50,000
NC Science, Math & Technology Education Center	R	\$100,000
Science Olympiad	NR	\$25,000
Tarheel Challenge Academy	R	(\$460,631)
ESO Adjustments		\$5,052
<u>Receipts, Other Reserves and Transfers</u>		
Classroom Materials (Offset from ARRA Stabilization Funds)	NR	\$54,658,931
Driver's Education (Funded from Highway Fund)	R	\$32,021,964
More at Four (Offset from TANF Emergency Contingency Funds)	NR	\$30,559,012
More at Four (Lottery Funding)	R	(\$5,000,000)
Receipts, Other Reserves & Transfer Adjustments		\$112,239,907
Revised 2010-2011 Budget After All Adjustments		\$7,143,169,888