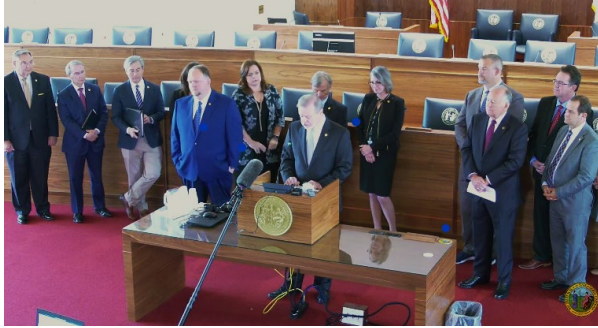


## Senate Unveils & Advances Initial State Budget Proposal

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Senate leadership on Monday, June 21, released a 400+-page [state budget package in Senate Bill 105](#), which includes at least \$12 billion for specific K-12 education needs. This initial budget proposes a total of \$25.7 billion in FY 2021-2022 (3.45% state spending increase plus federal relief funds) and \$26.6 billion in FY 2022-2023 (3.65% increase). S105 cleared the Senate Appropriations/Base Budget Committee on Tuesday and the Senate Finance Committee Wednesday, and is set for a debate and

vote on the Senate floor this afternoon, with a final chamber vote scheduled for Friday. The budget bill then will move to the House, which is expected to outline its own proposal in mid- to late July.

During a press conference Monday, Senate leader Phil Berger (R-Rockingham) stated, “This is not going to be the final budget,” adding the Senate will continue to have further conversations with the House and Executive Branch. Legislative leadership have already indicated the General Assembly will take the week of July 4<sup>th</sup> off, and possibly the week after, meaning it is unlikely there will be a final state budget in place before early August. The NCASA Advocacy Team plans to hold a State Budget Overview Webinar on Monday, August 9, so be sure to [reserve your spot](#) today! Please see below or access the [bill text](#) or the [accompanying committee “money” report](#) for additional information regarding the Senate’s proposals.

### Pay & Benefits

- **Teachers, Instructional Support Personnel (ISPs), Assistant Principals (APs), and Principals** — Provides an average 1.5% raise, inclusive of 0.25% step increases, in each year of the biennium for a total average 3% raise. Principal pay through Dec. 31 will be based on 2020-21 ADM, and any changes related to ADM in 2021-22 and school growth scores from the three most recent available school years will occur Jan. 1, 2022.
- **Central Office & Non-Certified Personnel** — Provides a set 1.5% raise in each year of the biennium for a total 3% raise; non-certified personnel would receive the higher of the 1.5% raise or adjustment to a minimum \$13/hour beginning July 1, 2021.
- **Bonuses** — 1) Provides a one-time \$1,500 bonus for all state and school employees earning less than \$75,000 (and regardless of their funding source) and a \$1,000 bonus for all earning over \$75,000; 2) Teachers and ISPs would receive an additional \$300 bonus; 3) No grades 3-8 math or reading bonuses, but performance bonuses for Advanced Placement, IB, AICE and CTE would be funded up to \$3,500; and 4) all principals would get an additional \$1,800 bonus that is in lieu of any performance bonus typically tied to the principal pay scale.
- **Health & Retirement** — Fully funds state health plan and retirement system needs, but does not offer bonuses or cost-of-living increases for retirees; proposes employer contribution rates of 22.75% for retirement and \$7,046 for health benefits.

**ADM Hold Harmless** — Includes \$22M in non-recurring funds for the ADM Contingency Reserve to help address ADM concerns, such as a surge in kindergarten enrollment, for the 2021-22 school year.

**Transportation Reserve Fund for Homeless & Foster Children** — Provides \$3 million in non-recurring funding to help address extraordinary transportation costs for homeless and foster children.

### **Mental Health & Student Safety**

- Separates school psychologists from the ISP allotment and provides \$40 million in recurring funds to cover at least 1 school psychologist in every school district, with all LEAs mandated to provide.
- Provides \$10 million in non-recurring funds in both years of the biennium to fund competitive school safety grants.

### **Professional Development**

- Provides non-recurring funds for professional development relating to computer science, early grade literacy, and economics and financial literacy courses.
- Provides \$6 million (NR) in both years of the biennium to implement recent revisions to the Excellent Public Schools Act, including the science of reading.

### **Educator Recruitment & Retention**

- Provides \$2 million (NR) in both years of the biennium to expand the Advanced Teaching Roles program to additional LEAs.
- Provides \$1 million in recurring funds for the small county teacher recruitment bonus.
- Changes the TA to Teacher tuition program from recurring to non-recurring funds and provides \$575,000 for that purpose.
- Adds \$100,000 in recurring funds for a new administrator of the TeachNC recruitment program.

### **School Capital**

- Transfers approximately \$450 million over two years from the State Lottery Fund to the Needs-Based Public School Capital Building Fund and expands that Fund's eligibility to almost all LEAs; also maintains the typical \$100 million annual allocation from the lottery to support school facility needs in all 100 counties under the Public School Building Capital Fund.

### **School Choice**

- Includes \$76.8 million in new funding for the Opportunity Scholarship Program;
- Mirrors language in S671 that would increase income eligibility from 150% to 175% of income required to qualify for free-and-reduced lunch and Increases the amount of money recipients receive to reflect up to 90% of state per-pupil funding.

### **Governance**

- Funds evaluation of the Renewal School District.
- Ends the Innovative School District program beginning in 2023.
- Requires the State Board of Education and NCDPI to create a competency-based education plan for grades 7-12 for credit recovery/learning acceleration "to address the impacts of the COVID-19 pandemic."

**School Technology & Broadband**

- Provides \$48.8 million non-recurring to advance the School Business System Modernization Plan, which includes a new system for integrated payroll and human resources information, an integrated licensure system, and reporting of financial information.
- Allocates \$700 million in federal relief funds to expand rural broadband, and provides an additional \$30 million over the biennium for expansion of the state's G.R.E.A.T. program.

**ATTACHMENTS:**

- [Senate Proposal for Use of ESSER III Funds](#) (June 24, 2021)
- [Summary of Senate Budget Proposal](#)
- [NC State Board of Education/Department of Public Instruction FY 2021-22 Budget Comparison](#)