

GENERAL ASSEMBLY OF NORTH CAROLINA  
1995 SESSION

CHAPTER 716  
SENATE BILL 1139

AN ACT TO IMPLEMENT THE RECOMMENDATION OF THE JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE TO IMPLEMENT THE STATE BOARD OF EDUCATION'S ABC'S PLAN IN ORDER TO ESTABLISH AN ACCOUNTABILITY MODEL FOR THE PUBLIC SCHOOLS TO IMPROVE STUDENT PERFORMANCE AND INCREASE LOCAL FLEXIBILITY AND CONTROL, AND TO MAKE CONFORMING CHANGES.

The General Assembly of North Carolina enacts:

**—SCHOOL-BASED MANAGEMENT AND ACCOUNTABILITY PROGRAM**

Section 1. G.S. 115C-12(9) reads as rewritten:

- "(9) Miscellaneous Powers and Duties. – All the powers and duties exercised by the State Board of Education shall be in conformity with the Constitution and subject to such laws as may be enacted from time to time by the General Assembly. Among such duties are:
- a. To certify and regulate the grade and salary of teachers and other school employees.
  - b. To adopt and supply textbooks.
  - c. To adopt rules requiring all local boards of education to implement the Basic Education Program on an incremental basis within funds appropriated for that purpose by the General Assembly and by units of local government. Beginning with the 1991-92 school year, the rules shall require each local school administrative unit to implement fully the standard course of study in every school in the State in accordance with the Basic Education Program so that every student in the State shall have equal access to the curriculum as provided in the Basic Education Program and the standard course of study.

The Board shall establish benchmarks by which to measure the progress that each local board of education has made in implementing the Basic Education Program. The Board shall report to the Joint Legislative Education Oversight Committee and to the General Assembly by December 31, 1991, and by February 1 of each subsequent year on each local board's progress in implementing the Basic Education Program, including the use of State and local funds for the Basic Education Program.

The Board shall develop a State accreditation program that meets or exceeds the standards and requirements of the Basic Education Program. The Board shall require each local school administrative unit to comply with the State accreditation program to the extent that funds have been made available to the local school administrative unit for implementation of the Basic Education Program.

The Board shall use the State accreditation program to monitor the implementation of the Basic Education Program.

- c1. To issue an annual 'report card' for the State and for each local school administrative unit, assessing each unit's efforts to improve student performance based on the growth in performance of the students in each school and taking into account progress over the previous years' level of performance and the State's performance in comparison with other states. This assessment shall take into account ~~demographic, economic, and other~~ factors that have been shown to affect student performance. performance and that the State Board considers relevant to assess the State's efforts to improve student performance.
- e2. ~~To develop management accountability indicators to measure the efficiency and appropriate use of staff in each school and at the administrative office. Staff development for school administrators shall be a high priority of the Department of Public Instruction.~~
- c3. To develop a system of school building improvement reports for each school building. The purpose of school building improvement reports is to measure improvement in the growth in student performance at each school building from year to year, not to compare school buildings. ~~The Board may consider for inclusion in the building reports the following criteria: test scores, the success of graduating students in postsecondary institutions, attendance, graduation and dropout rates, the numbers of children enrolled in free lunch or Chapter 1 programs, the education level of the parents of children enrolled in the school, the teaching experience of the school staff, and whether the building has been successful in meeting the goals of the building and systemwide plans developed in accordance with G.S. 115C-238.1 through G.S. 115C-238.6.~~ The Board shall include in the building reports any factors shown to affect student performance that the Board considers relevant to assess a school's efforts to improve student performance. Local school administrative units shall produce and make public their school building improvement reports by March 15, ~~1995, 1997,~~ for the

1995-96 school year, by October 15, 1997, for the 1996-97 school year, and annually thereafter. Each report shall be based on building-level data for the prior school year.

- c4. To develop guidelines, procedures, and rules to establish, implement, and enforce the School-Based Management and Accountability Program under Article 8B of this Chapter in order to improve student performance, increase local flexibility and control, and promote economy and efficiency.
- d. To formulate rules and regulations for the enforcement of the compulsory attendance law.
- e. To manage and operate a system of insurance for public school property, as provided in Article 38 of this Chapter.

In making substantial policy changes in administration, curriculum, or programs the Board should conduct hearings throughout the regions of the State, whenever feasible, in order that the public may be heard regarding these matters."

Sec. 2. Part 4 of Article 16 of Chapter 115C of the General Statutes, G.S. 115C-238.1 through G.S. 115C-238.8, is recodified as Article 8B of Chapter 115C of the General Statutes, G.S. 115C-105.20 through G.S. 115C-105.27.

Sec. 3. Article 8B of Chapter 115C of the General Statutes, as recodified by Section 2 of this act, reads as rewritten:

"ARTICLE 8B.

"Performance-based School-Based Management and Accountability Program.

"Part 1. Implementation of Program.

"§ 115C-105.20. ~~Performance-based~~ School-Based Management and Accountability Program; development and implementation by State Board. Program.

(a) The General Assembly believes that all children can learn. It is the intent of the General Assembly that the mission of the public school community is to challenge with high expectations each child to learn, to achieve, and to fulfill his or her potential. With that mission as its guide, the State Board of Education shall develop ~~and implement a Performance-based Accountability Program.~~ a School-Based Management and Accountability Program. The primary goal of the Program shall be to improve student performance. ~~The State Board of Education, after consultation with the Task Force on Site-Based Management, shall adopt:~~

- (1) ~~Procedures and guidelines through which local school administrative units may participate in the program; and~~
- (2) ~~Guidelines for developing local school improvement plans with three-year school and student performance goals and strategies to achieve the standards adopted by the State Board. The guidelines shall require each participating local school administrative unit to submit plans for each school in the unit for achieving those goals. The guidelines shall also require each local school administrative unit to report on an~~

~~annual basis on progress made in achieving those goals at each school in the unit.~~

~~The school performance goals may, in the discretion of the State Board, but are not required to include factors such as community involvement, parent involvement, professional development of teachers, and the school climate with regard to the safety of students and employees and the use of positive discipline.~~

~~(3), (4) Repealed by Session Laws 1995, c. 272, s. 1.~~

(b) In order to support local boards of education and schools in the implementation of this Program, the State Board of Education shall adopt guidelines, including guidelines to:

(1) Assist local boards and schools in the development and implementation of school-based management under Part 2 of this Article.

(2) Recognize the schools that meet or exceed their goals.

(3) Identify low-performing schools under G.S. 115C-105.30, and create assistance teams that the Board may assign to schools identified as low-performing under G.S. 115C-105.30. The assistance teams should consist of currently practicing teachers and staff, representatives of institutions of higher education, school administrators, and others the State Board considers appropriate.

(4) Enable assistance teams to make appropriate recommendations under G.S. 115C-105.31.

(5) Establish a process to resolve disputes between local boards and schools in the development and implementation of school improvement plans under G.S. 115C-105.22(b1). This process shall provide for final resolution of the disputes.

**"§ 115C-105.21. Local participation in the Program voluntary; the benefits of local participation. Program.**

~~(a) Local school administrative units may, but are not required to, participate in the Performance based shall participate in the School-Based Management and Accountability Program.~~

~~(b) Local school administrative units that participate in the Performance-based Accountability Program:~~

~~(1) Are exempt from State requirements to submit reports and plans, other than local school improvement plans, to the State Board of Education and the Department of Public Instruction. They are not exempt from federal requirements to submit reports and plans to the Department.~~

~~(2) Are subject to the performance standards but not the opportunity standards or the staffing ratios of the State Accreditation Program.~~

~~(3) Repealed by Session Laws 1995, c. 272, s. 2.~~

~~(4) May be allowed increased flexibility in the expenditure of State funds, in accordance with G.S. 115C-238.6.~~

- ~~(5) May be granted waivers of certain State laws, regulations, and policies that inhibit their ability to reach local accountability goals, in accordance with G.S. 115C-238.6(a).~~
- ~~(5a) May use State funds allocated for teacher assistants to reduce class size or the student-teacher ratio in kindergarten through third grade, in accordance with a local school improvement plan so long as the affected teacher assistant positions are not filled when the plan is amended or adopted by the building-level staff entitled to vote on the building-level plan or the affected teacher assistant positions are not expected to be filled on the date the plan is to be implemented. Any State funds appropriated for teacher assistants that were converted to certificated teachers before July 1, 1995, in accordance with Section 1 of Chapter 986 of the 1991 Session Laws, as rewritten by Chapter 103 of the 1993 Session Laws, may continue to be used for certificated teachers.~~
- ~~(5b) In accordance with a local school improvement plan, may use (i) funds from the funding allotment for Classroom Materials/Instructional Supplies/Equipment for the purchase of textbooks, (ii) funds from the funding allotment for Textbooks for the purchase of instructional supplies, instructional equipment, or other classroom materials, and (iii) funds from the allotment for Noninstructional Support Personnel for teacher positions to reduce class size in kindergarten through third grade.~~
- ~~(6) Shall continue to use the Teacher Performance Appraisal Instrument (TPAI) for evaluating beginning teachers during the first three years of their employment; they may, however, develop other evaluation approaches for teachers who have attained career status.~~

~~The Department of Public Instruction shall provide technical assistance, including the provision of model evaluation processes and instruments, to local school administrative units that elect to develop dual personnel evaluation processes. A dual personnel evaluation process includes (i) an evaluation designed to provide information to guide teachers in their professional growth and development, and (ii) an evaluation to provide information to make personnel decisions pertaining to hiring, termination, promotion, and reassignment.~~

(b1) The School-Based Management and Accountability Program shall provide increased local control of schools with the goal of improving student performance. Local boards of education:

- (1) Are allowed increased flexibility in the expenditure of State funds, in accordance with G.S. 115C-105.21A; and
- (2) May be granted waivers of certain State laws, regulations, and policies that inhibit their ability to reach local accountability goals, in accordance with G.S. 115C-105.21B.

(c) The School-Based Management and Accountability Program shall be based upon an accountability, recognition, assistance, and intervention process in order to hold each school and the school's personnel accountable for improved student performance in the school.

"Part 2. School-Based Management.

**"§ 115C-105.21A. Budget flexibility.**

(a) Consistent with improving student performance, a local board shall provide maximum flexibility to schools in the use of funds to enable the schools to accomplish their goals.

(b) Subject to the following limitations, local boards of education may transfer and may approve transfers of funds between funding allotment categories:

- (1) In accordance with a school improvement plan accepted under G.S. 115C-105.22, State funds allocated for teacher assistants may be transferred only for personnel (i) to serve students only in kindergarten through third grade, or (ii) to serve students primarily in kindergarten through third grade when the personnel are assigned to an elementary school to serve the whole school. Funds allocated for teacher assistants may be transferred to reduce class size or to reduce the student-teacher ratio in kindergarten through third grade so long as the affected teacher assistant positions are not filled when the plan is amended or approved by the building-level staff entitled to vote on the plan or the affected teacher assistant positions are not expected to be filled on the date the plan is to be implemented. Any State funds appropriated for teacher assistants that were converted to certificated teachers before July 1, 1995, in accordance with Section 1 of Chapter 986 of the 1991 Session Laws, as rewritten by Chapter 103 of the 1993 Session Laws, may continue to be used for certificated teachers.
- (2) In accordance with a school improvement plan accepted under G.S. 115C-105.22, (i) State funds allocated for classroom materials/instructional supplies/equipment may be transferred only for the purchase of textbooks; (ii) State funds allocated for textbooks may be transferred only for the purchase of instructional supplies, instructional equipment, or other classroom materials; and (iii) State funds allocated for noninstructional support personnel may be transferred only for teacher positions.
- (3) No funds shall be transferred into the central office allotment category.
- (4) Funds allocated for exceptional children and funds allocated for driver's education shall not be transferred.
- (5) Funds allocated for classroom teachers may be transferred only for teachers of exceptional children, for teachers of at-risk students, and for authorized purposes under the textbooks allotment category and the classroom materials/instructional supplies/equipment allotment category.

- (6) Funds allocated for vocational education may be transferred only in accordance with any rules that the State Board of Education considers appropriate to ensure compliance with federal regulations.
- (7) Funds allocated for career development shall be used in accordance with Section 17.3 of Chapter 324 of the 1995 Session Laws.

**"§ 115C-105.21B. Waivers of State laws, rules, or policies.**

(a) When included as part of a school improvement plan accepted under G.S. 115C-105.22, local boards of education shall submit requests for waivers of State laws, rules, or policies to the State Board of Education. A request for a waiver shall (i) identify the school making the request, (ii) identify the State laws, rules, or policies that inhibit the school's ability to improve student performance, (iii) set out with specificity the circumstances under which the waiver may be used, and (iv) explain how the requested waiver will permit the school to improve student performance. Except as provided in subsection (c) of this section, the State Board shall grant waivers only for the specific schools for which they are requested and shall be used only under the specific circumstances for which they are requested.

(b) When requested as part of a school improvement plan, the State Board of Education may grant waivers of:

- (1) State laws pertaining to class size, teacher certification, and the duty-free period for classroom teachers under G.S. 115C-301.1; and
- (2) State rules and policies, except those pertaining to public school State salary schedules and employee benefits for school employees, the instructional program that must be offered under the Basic Education Program, the system of employment for public school teachers and administrators set out in G.S. 115C-287.1 and G.S. 115C-325, health and safety codes, compulsory attendance, the minimum lengths of the school day and year, and the Uniform Education Reporting System.

(c) The State Board also may grant requests received from local boards for waivers of State laws, rules, or policies that affect the organization, duties, and assignment of central office staff only. However, none of the duties to be performed under G.S. 115C-436 may be waived.

(d) Notwithstanding subsections (b) and (c) of this section, the State Board shall not grant waivers of G.S. 115C-12(16)b. regarding the placement of State-allotted office support personnel, teacher assistants, and custodial personnel on the salary schedule adopted by the State Board.

(e) Notwithstanding subsection (b) of this section, the State Board may grant requests received from local boards for waivers of State laws, rules, or policies pertaining to the placement of principals on the State salary schedule for public school administrators in order to provide financial incentives to encourage principals to accept employment in a school that has been identified as low-performing under G.S. 115C-105.30. The State Board shall act on requests under this subsection at the first Board meeting following receipt of each request.

(f) Except as provided in subsection (e) of this section, the State Board shall act within 60 days of receipt of all requests for waivers under this section.

(g) The State Board shall, on a regular basis, review all waivers it has granted to determine whether any rules should be repealed or modified or whether the Board should recommend to the General Assembly the repeal or modification of any laws.

**"§ 115C-105.22. Development of local plans; elements of local and approval of school improvement plans.**

~~(a) Development of systemwide plan by the local board of education.— The board of education of a local school administrative unit that elects to participate in the Program shall develop and submit a local school improvement plan for the entire local school administrative unit to the State Superintendent of Public Instruction before April 15 of the fiscal year preceding the fiscal year in which participation is sought.~~

~~A systemwide improvement plan shall remain in effect for no more than three years.~~

~~(b) Establishment of school and student performance goals and a systemwide staff development plan by the local board of education for the systemwide plan.— The local board of education shall establish school and student performance goals and a systemwide staff development plan for the local school administrative unit for inclusion in the systemwide plan.~~

~~(1) School and student performance goals.— The performance goals for the local school administrative unit shall address specific, measurable goals for all standards adopted by the State Board. Factors that determine gains in achievement vary from school to school; therefore, socioeconomic factors and previous progress toward school and student performance goals shall be used as the basis of the local school improvement plan.~~

~~(2) Systemwide staff development plan.— The systemwide staff development plan shall be consistent with the systemwide goals and shall include a component to accommodate the staff development needs at the building level as expressed in each building's improvement plan. In designing this component of the systemwide staff development plan, direct allocation of a needed portion of the staff development funds to the building level shall be given first priority. Each school building shall have the flexibility to combine its staff development allocation with other schools in the local school administrative unit when the staff development needs of those schools are substantially similar as expressed in their approved building-level plans.~~

~~(3) Advisory panel.— The local board of education shall actively involve an advisory panel composed of a substantial number of teachers, school administrators, other school staff, and parents of children enrolled in the local school administrative unit, in developing and achieving the student and school performance goals for the local school improvement plan. Parents serving on an advisory panel shall not be employees of the school unit and shall reflect the racial and socioeconomic composition of the students enrolled in the local school administrative unit. The advisory panel shall ensure substantial parent~~

~~participation. It is the intent of the General Assembly that teachers have a major role in developing the school and student performance goals for the local school improvement plan; therefore, at least half of the members participating in this advisory panel shall be teachers. Every teacher in the local school administrative unit shall have an opportunity to elect by secret ballot the teachers who are involved in the advisory panel.~~

(b1) ~~Development by each school of strategies for attaining local school and student performance goals. —~~In order to improve student performance, each school shall develop a school improvement plan that takes into consideration the annual performance goal for that school that is set by the State Board under G.S. 115C-105.28. The principal of each school, representatives of the assistant principals, instructional personnel, instructional support personnel, and teacher assistants assigned to the school building, and parents of children enrolled in the school shall constitute a school improvement team to develop a ~~building-level plan to address school and student performance goals appropriate to that school from those established by the local board of education.~~school improvement plan to improve student performance. Parents serving on school improvement teams shall reflect the racial and socioeconomic composition of the students enrolled in that school and shall not be members of the building-level staff. Parental involvement is a critical component of school success and positive student ~~outcomes; achievement;~~ therefore, it is the intent of the General Assembly that parents, along with teachers, have a substantial role in developing school and student performance goals at the building level. ~~improvement plans.~~ To this end, school improvement team meetings shall be held at a convenient time to assure substantial parent participation. The strategies for attaining local school and improving student performance goals shall include a plan for the use of staff development funds that may be made available to the school by the local board of education to implement the building-level school improvement plan. The strategies may include a decision to use State funds allocated for teacher assistants to reduce class size or the student teacher ratio in kindergarten through the third grade in accordance with G.S. 115C-238.2(b)(5a) or to use State funds in accordance with G.S. 115C-238.2(b)(5b). G.S. 115C-105.21A. The strategies may also include requests for waivers of State laws, ~~regulations, rules,~~ or policies for that school. A request for a waiver shall ~~(i) identify the State laws, regulations, or policies that inhibit the local unit's ability to reach its local accountability goals, (ii) set out with specificity the circumstances under which the waiver may be used, and (iii) explain how a waiver of those laws, regulations, or policies will permit the local unit to reach its local goals.~~ meet the requirements of G.S. 115C-105.21B.

Support among affected staff members is essential to successful implementation of a ~~building-level plan to address school and student performance goals appropriate to a school; therefore, the school improvement plan to address improved student performance at that school.~~ The principal of the school shall present the proposed building-level school improvement plan to all of the principals, assistant principals, instructional personnel, instructional support personnel, and teacher assistants assigned to the school building for their review and vote. The vote shall be by secret ballot. The

principal ~~may~~ shall submit the ~~building-level school improvement plan~~ to the local board of education ~~for inclusion in the systemwide plan~~ only if the proposed ~~building-level school improvement plan~~ has the approval of a majority of the staff who voted on the plan.

The local board of education shall accept or reject the ~~building-level school improvement plan~~. The local board shall not make any substantive changes in any ~~building-level school improvement plan~~ that it ~~accepts~~; ~~the local board shall set out any building-level plan that it accepts in the systemwide plan.~~ ~~accepts~~. If the local board rejects a ~~building-level school improvement plan~~, the local board shall state with specificity its reasons for rejecting the plan; the school improvement team may then prepare another plan, present it to the principals, assistant principals, instructional personnel, instructional support personnel, and teacher assistants assigned to the school building for a vote, and submit it to the local board ~~for inclusion in the systemwide plan.~~ ~~to accept or reject.~~ If no ~~building-level school improvement plan~~ is accepted for a school before March 15 of the fiscal year preceding the fiscal year in which ~~participation is sought,~~ within 60 days after its initial submission to the local board, the school or the local board may ask to use the process to resolve disagreements recommended in the guidelines developed by the State Board under G.S. 115C-105.20(b)(5). If this request is made, both the school and local board shall participate in the process to resolve disagreements. If there is no request to use that process, then the local board may develop a school improvement plan for the school ~~for inclusion in the systemwide plan;~~ ~~the school.~~ The General Assembly urges the local board to utilize the school's proposed ~~building-level school improvement plan~~ to the maximum extent possible when developing such a plan.

A school improvement plan shall remain in effect for no more than three years; however, the school improvement team may amend the plan as often as is necessary or appropriate. If, at any time, any part of a school improvement plan becomes unlawful or the local board finds that a school improvement plan is impeding student performance at a school, the local board may vacate the relevant portion of the plan and may direct the school to revise that portion. The procedures set out in this subsection shall apply to amendments and revisions to school improvement plans.

~~(b2) Waivers concerning central office staff. — A local board of education may request waivers of State laws, regulations, or policies which are included in the building plans described in subsection (b1) of this section, and it may also request waivers which affect the organization, duties, and assignment of central office staff only. Provided, none of the duties to be performed pursuant to G.S. 115C-436 may be waived. A request for a waiver shall (i) identify the State laws, regulations, or policies that inhibit the local unit's ability to reach its local accountability goals, (ii) set out with specificity the circumstances under which the waiver may be used, and (iii) explain how a waiver of those laws, regulations, or policies will permit the local unit to reach its local goals.~~

~~(e) Repealed by Session Laws 1995, c. 272, s. 3.~~

~~(d) Repealed by Session Laws 1991 (Regular Session, 1992), c. 900, s. 75.1(b).~~

**"§ 115C-105.23. Differentiated pay.**

~~(a) Local school administrative units may include, but are not required to include as a part of their local school improvement plans, a systemwide differentiated pay plan for all of the staff assigned to school buildings and all classes of staff assigned to the central office that the local boards determine are participants in the development or implementation of the local school improvement plans. Units electing to include differentiated pay plans in their school improvement plans shall base their differentiated pay plans on:~~

- ~~(1) A career development pilot program;~~
- ~~(2) A lead teacher pilot program;~~
- ~~(3) A locally designed school-based performance program, subject to limitations and guidelines adopted by the State Board of Education;~~
- ~~(4) A differentiated pay plan that the State Board of Education finds has been successfully implemented in another state; or~~
- ~~(5) A locally designed plan including any combination or modification of the foregoing plans.~~

~~A differentiated pay plan may also authorize the use of State differentiated pay funds for staff development and planning activities and for paying substitute teachers as is necessary to provide time for staff development and planning activities.~~

~~(a1) All State differentiated pay funds shall become available for expenditure July 1 of each fiscal year. These funds shall remain available for expenditure for:~~

- ~~(1) Bonuses and supplements to implement local differentiated pay plans until November 30 of the subsequent fiscal year; and~~
- ~~(2) Staff development to implement local differentiated pay plans until August 31 of the subsequent fiscal year. Provided, however, if funds allocated for bonuses and supplements under a local differentiated pay plan are not spent for that purpose because of a failure to meet local goals, these funds shall remain available until November 30 of the subsequent fiscal year to provide for staff development in accordance with that local plan.~~

~~(b) Differentiated pay plans shall be developed and voted on in accordance with G.S. 115C-238.3(e).~~

~~Any differentiated pay plan developed in accordance with this section shall be implemented within State, local and any other funds available for differentiated pay. State funds shall be used to implement a differentiated pay plan for employees who derive salary from State funds. State funds may be combined with any other differentiated pay funds at the building level to implement a differentiated pay plan which includes employees who derive salary from any other salary source so long as differentiated pay funds per employee are appropriated from the other salary source in an amount equal to the dollar amount appropriated by the State per State employee for differentiated pay. An employee who derives salary from only one salary source shall be paid differentiated pay monies from that source only; if an employee derives salary from more than one salary source, differentiated pay monies paid to that employee shall be paid proportionally based on the pro rata share of each salary source. Provided, however, a local board of education may provide additional local funds for~~

~~differentiated pay for any of its employees without regard to the employee's salary source.~~

~~(c); (d) Repealed by Session Laws 1991 (Reg. Sess., 1992), c. 900, s. 75.1(e).~~

~~(e) Any additional compensation received by an employee as a result of the unit's participation in the Program shall be paid as a bonus or supplement to the employee's regular salary. If an employee in a participating unit does not receive additional compensation, such failure to receive additional compensation shall not be construed as a demotion, as that term is used in G.S. 115C-325.~~

~~Payments of bonuses or supplements shall be made no more frequently than once every calendar quarter. Provided, however, payments in the career development pilot units may be made on a monthly basis.~~

~~(f) If a local school administrative unit bases its differentiated pay plan on a locally designed school-based performance program, pursuant to subdivision (a)(3) of this section, the plan shall provide that following the attainment of the local school goals, the local board of education shall make a determination of which staff members contributed to the attainment of those goals. Differentiated pay bonuses shall then be distributed to those designated employees. The local board of education shall make the determination upon recommendation of (i) the superintendent and (ii) any other person or committee designated in the local differentiated pay plan. The other person or committee designated in the local differentiated pay plan may be the principal, a school-based committee, or any other person or local committee.~~

~~**"§ 115C-105.24. Approval of local school administrative unit plans by the State Superintendent; conditions for continued participation.**~~

~~(a) Prior to June 30 each year, the State Superintendent shall review local school improvement plans submitted by the local school administrative units in accordance with policies and standards adopted by the State Board of Education and shall recommend to the State Board of Education whether the plan should be approved. If the State Board of Education approves the plan for a local school administrative unit, that unit shall participate in the Program for the next fiscal year.~~

~~If a local plan contains a request for a waiver of State laws, regulations, or policies, in accordance with G.S. 115C-238.3(b1) or (b2), the State Superintendent shall consider and recommend to the State Board whether and to what extent the identified laws, regulations, or policies should be waived. If the State Board of Education deems it necessary to do so to enable a local unit to reach its local accountability goals, the State Board may grant waivers of:~~

- ~~(1) State laws pertaining to class size, teacher certification, the use of State-adopted textbooks, and the purposes for which State funds for the public schools may be used;~~
- ~~(2) All State regulations and policies, except those pertaining to public school State salary schedules and employee benefits for school employees, the instructional program that must be offered under the Basic Education Program, the system of employment for public school teachers and administrators set out in G.S. 115C-325, health and safety~~

~~codes, compulsory school attendance, the minimum lengths of the school day and year, and the Uniform Education Reporting System.~~

~~The State Board shall act promptly on requests for waivers under this section.~~

~~(a1) Notwithstanding subsection (a) of this section, the following limitations apply to the granting of waivers:~~

- ~~(1) The provisions of G.S. 115C-12(16)b. regarding the placement of State-allotted office support personnel, teacher assistants, and custodial personnel on the salary schedule adopted by the State Board shall not be waived.~~
- ~~(2) Except for waivers requested by the local board in accordance with G.S. 115C-238.3(b2) for central office staff, waivers shall be granted only for the specific schools for which they are requested in building-level plans and shall be used only under the specific circumstances for which they are requested.~~
- ~~(3) The State Board shall not permit funds under any funding allotment category other than Central Office Administration to be used for central office administrators.~~
- ~~(4) The State Board shall not permit funds under the Classroom Teachers allotment category to be used for any additional purpose other than for teachers of exceptional children, for teachers of at-risk students, and for authorized purposes under the Textbooks allotment category and the Classroom Materials/Instructional Supplies/Equipment allotment category.~~
- ~~(5) The State Board shall not grant waivers to permit funds under the Teacher Assistant allotment category to be used for any purpose other than for personnel (i) to serve students only in kindergarten through third grade, or (ii) to serve students primarily in kindergarten through third grade when the personnel are assigned to an elementary school to serve the whole school.~~

~~(a2) The State Board of Education shall, on a regular basis, review all waivers it has granted to determine whether any rules should be repealed or whether it should recommend to the General Assembly the repeal of any laws.~~

~~(a3) Local boards of education shall provide maximum flexibility in the use of funds to individual schools to enable them to accomplish their individual schools' goals.~~

~~(b) Local school administrative units shall continue to participate in the Program so long as (i) they demonstrate satisfactory progress toward school and student performance goals set out in their local school improvement plans; or (ii) once their local goals are met, they continue to achieve their local goals and they otherwise demonstrate satisfactory performance, as determined by the State Superintendent in accordance with guidelines set by the State Board of Education.~~

**"§ 115C-105.25. Distribution of staff development funds.**

~~Any funds the local board of education makes available to an individual school building to implement the local school improvement plan at that school shall be used in accordance with the building-level plan set out in the systemwide plan. that plan.~~

Each local board shall distribute seventy-five percent (75%) of the funds in the staff development funding allotment to the schools to be used in accordance with that school's school improvement plan. By October 1 of each year, the principal shall disclose to all affected personnel the total allocation of all funds available to the school for staff development and the superintendent shall disclose to all affected personnel the total allocation of all funds available at the system level for staff development. At the end of the fiscal year, the principal shall make available to all affected personnel a report of all disbursements from the building-level staff development funds, and the superintendent shall make available to all affected personnel a report of all disbursements at the system level of staff development funds.

**"§ 115C-105.26. Creation of the Task Force on ~~Site-Based~~ School-Based Management.**

(a) There is created the Task Force on ~~Site-Based~~ School-Based Management under the State Board of Education.

The Task Force shall be composed of 20 members appointed as follows:

- (1) The Superintendent of Public Instruction;
- (2) One member of the State Board of ~~Education~~ Education, one parent of a public school child, and two at-large members appointed by the State Board of Education;
- (3) Two members of the Senate appointed by the President Pro Tempore of the Senate;
- (4) Two members of the House of Representatives appointed by the Speaker of the House of Representatives;
- (5) One member of a local board of education appointed by the President Pro Tempore of the Senate after receiving recommendations from The North Carolina State School Boards Association, Inc.;
- (6) One member of a local board of education appointed by the Speaker of the House of Representatives after receiving recommendations from The North Carolina State School Boards Association, Inc.;
- (7) One local school superintendent appointed by the President Pro Tempore of the Senate after receiving recommendations from the North Carolina Association of School Administrators;
- (8) One local school superintendent appointed by the Speaker of the House of Representatives after receiving recommendations from the North Carolina Association of School Administrators;
- (9) One school principal appointed by the President Pro Tempore of the Senate after receiving recommendations from the Tar Heel Association of Principals/Assistant Principals and the Division of Administrators of the North Carolina Association of Educators;
- (10) One school principal appointed by the Speaker of the House of Representatives after receiving recommendations from the Tar Heel Association of Principals/Assistant Principals and the Division of Administrators of the North Carolina Association of Educators;

- (11) One school teacher appointed by the President Pro Tempore of the Senate after receiving recommendations from the North Carolina Association of Educators, Inc., the North Carolina Federation of Teachers, and the Professional Educators of North Carolina, Inc.;
- (12) One school teacher appointed by the Speaker of the House of Representatives after receiving recommendations from the North Carolina Association of Educators, Inc., the North Carolina Federation of Teachers, and the Professional Educators of North Carolina, Inc.;
- (13) Repealed by Session Laws 1995, c. 324, s. 17.
- (14) ~~One parent of a public school child appointed by the Superintendent of Public Instruction;~~
- (15) ~~Two at-large members appointed by the Superintendent of Public Instruction;~~
- (16) One representative of business and industry appointed by the Governor;
- (17) One representative of institutions of higher education appointed by the Board of Governors of The University of North Carolina; and
- (18) One county commissioner appointed by the ~~Superintendent of Public Instruction~~ State Board of Education after receiving recommendations from the North Carolina Association of County Commissioners.

Members of the Task Force shall serve for two-year terms.

All members of the Task Force shall be voting members. Vacancies in the appointed membership shall be filled by the officer who made the initial appointment. The Task Force on ~~Site Based School-Based~~ Management shall select a member of the Task Force to serve as chair of the Task Force.

Members of the Task Force shall receive travel and subsistence expenses in accordance with the provisions of G.S. 120-3.1, G.S. 138-5, and G.S. 138-6.

(b) The Task Force shall:

- (1) Advise the State Board of Education on the ~~implementation of the School Improvement and Accountability Act of 1989, as amended, especially the development and implementation of building level plans;~~ development of guidelines for local boards of education and schools to implement school-based management as part of the School-Based Management and Accountability Program;
- (2) Advise the State Board of Education on how to ~~provide training and assistance to assist~~ assist the public schools so as to facilitate the implementation of ~~site based school-based~~ management;
- (3) ~~Review~~ Advise the State Board of Education about publications to be produced by the Department of Public Instruction on the development and implementation of ~~building level school improvement~~ plans;
- (4) Report annually to the State Board of Education on the implementation of ~~site based school-based~~ management in the public schools on the first Friday in December. This report may contain a summary of

recommendations for changes to any law, rule, and policy that would improve ~~site-based~~ school-based management.

(c) The Department of Public Instruction shall, with the approval of the State Board of Education, provide staff to the Task Force at the request of the Task Force.

(d) The State Board of Education shall appoint a Director of the Task Force on ~~Site-Based~~ School-Based Management.

**"§ 115C-105.27. Parent involvement programs and conflict resolution programs as part of building-level school improvement plans.**

~~Beginning with the 1994-95 school year, a~~ A school is encouraged to include a comprehensive parent involvement program as part of its ~~building-level school improvement plan~~ under G.S. ~~115C-238.3-115C-105.22.~~ The State Board of Education shall develop a list of recommended strategies that it determines to be effective, which building level committees may use to establish parent involvement programs designed to meet the specific needs of their schools. The Board shall make the list available to local school administrative units and school buildings by the beginning of the 1994-95 school year.

~~Beginning with the 1994-95 school year, a~~ A school is encouraged to review its need for a comprehensive conflict resolution program as part of the development of its ~~building-level school improvement plan~~ under G.S. ~~115C-238.3-115C-105.22.~~ If a school determines that this program is needed, it may select from the list developed by the State Board of Education under G.S. 115C-81(a4) or may develop its own materials and curricula to be approved by the local board of education.

"Part 3. School-Based Accountability.

**"§ 115C-105.28. Annual performance goals.**

The School-Based Management and Accountability Program shall (i) focus on student performance in the basics of reading, mathematics, and communications skills in elementary and middle schools, (ii) focus on student performance in courses required for graduation and on other measures required by the State Board in the high schools, and (iii) hold schools accountable for the educational growth of their students. To those ends, the State Board shall design and implement an accountability system that sets annual performance standards for each school in the State in order to measure the growth in performance of the students in each individual school.

**"§ 115C-105.29. Performance recognition.**

(a) The personnel in schools that achieve a level of expected growth greater than one hundred percent (100%) at a level to be determined by the State Board of Education are eligible for financial awards in amounts set by the State Board. Schools and personnel shall not be required to apply for these awards. For the purpose of this section, 'personnel' includes the principal, assistant principal, instructional personnel, instructional support personnel, and teacher assistants assigned to that school.

(b) The State Board shall establish a procedure to allocate the funds for these awards to the local school administrative units in which the eligible schools are located. Funds shall become available for expenditure July 1 of each fiscal year. Funds shall remain available until November 30 of the subsequent fiscal year for expenditure for:

- (1) Awards to the personnel; or
- (2) The purposes authorized in a plan that has been:
  - a. Developed and voted on by the personnel in the same manner that a school improvement plan is approved under G.S. 115C-105.22(b1);
  - b. Approved by a majority of the personnel who vote on the plan; and
  - c. Submitted to and approved by the local board of education.

The local board shall approve this plan unless the plan involves expenditures of funds that are not for a public purpose or that are otherwise unlawful.

**"§ 115C-105.30. Identification of low-performing schools.**

(a) The State Board of Education shall design and implement a procedure to identify low-performing schools on an annual basis. Low-performing schools are those in which there is a failure to meet the minimum growth standards, as defined by the State Board, and a majority of students are performing below grade level.

(b) Each identified low-performing school shall notify the parents of students attending that school that the State Board of Education has found that the school has failed to meet the minimum growth standards, as defined by the State Board, and a majority of students in that school are performing below grade level. This notification also shall include a description of the steps the school is taking to improve student performance.

**"§ 115C-105.31. Assistance teams; review by State Board.**

(a) The State Board of Education may assign an assistance team to any school identified as low-performing under this Article or to any other school that requests an assistance team and that the State Board determines would benefit from an assistance team. The State Board shall give priority to low-performing schools in which the educational performance of the students is declining. The Department of Public Instruction shall, with the approval of the State Board, provide staff as needed and requested by an assistance team.

(b) When assigned to an identified low-performing school, an assistance team shall:

- (1) Review and investigate all facets of school operations and assist in developing recommendations for improving student performance at that school.
- (2) Evaluate at least semiannually the personnel assigned to the school and make findings and recommendations concerning their performance.
- (3) Collaborate with school staff, central offices, and local boards of education in the design, implementation, and monitoring of a plan that, if fully implemented, can reasonably be expected to alleviate problems and improve student performance at that school.
- (4) Make recommendations as the school develops and implements this plan.
- (5) Review the school's progress.

(6) Report, as appropriate, to the local board of education, the community, and the State Board on the school's progress. If an assistance team determines that an accepted school improvement plan developed under G.S. 115C-105.22 is impeding student performance at a school, the team may recommend to the local board that it vacate the relevant portions of that plan and direct the school to revise those portions.

(c) If a school fails to improve student performance after assistance is provided under this section, the assistance team may recommend that the assistance continues or that the State Board take further action under G.S. 115C-105.32.

(d) The State Board shall annually review the progress made in identified low-performing schools.

**"§ 115C-105.32. Dismissal or removal of personnel; appointment of interim superintendent.**

(a) Upon the identification of a school as low-performing under this Part, the State Board shall proceed under G.S. 115C-325(q)(1) for the dismissal of the principal assigned to that school.

(b) The State Board shall proceed under G.S. 115C-325(q)(2) for the dismissal of teachers, assistant principals, directors, and supervisors assigned to a school identified as low-performing in accordance with G.S. 115C-325(q)(2).

(c) The State Board may appoint an interim superintendent in a local school administrative unit:

(1) Upon the identification of more than half the schools in that unit as low-performing under G.S. 115C-105.30; or

(2) Upon the recommendation from an assistance team assigned to a school located in that unit that has been identified as low-performing under G.S. 115C-105.30. This recommendation shall be based upon a finding that the superintendent has failed to cooperate with the assistance team or has otherwise hindered that school's ability to improve.

The State Board may assign any of the powers and duties of the local superintendent and the local finance officer to the interim superintendent that the Board considers are necessary or appropriate to improve student performance in the local school administrative unit. The interim superintendent shall perform all of these assigned powers and duties. The State Board of Education may terminate the contract of any local superintendent entered into on or after July 1, 1996, when it appoints an interim superintendent. The Administrative Procedure Act shall apply to that decision. Neither party to that contract is entitled to damages.

(d) In the event the State Board has appointed an interim superintendent and the State Board determines that the local board of education has failed to cooperate with the interim superintendent or has otherwise hindered the ability to improve student performance in that local school administrative unit or in a school in that unit, the State Board may suspend any of the powers and duties of the local board of education that the State Board considers are necessary or appropriate to improve student performance in

the local school administrative unit. The State Board shall perform all of these assigned powers and duties for a period of time to be specified by the State Board.

(e) If the State Board suspends any of the powers and duties of the local board of education under subsection (d) of this section and subsequently determines it is necessary to change the governance of the local school administrative unit in order to improve student performance, the State Board may recommend this change to the General Assembly, which shall consider, at its next session, the future governance of the identified local school administrative unit."

Sec. 4. Article 6A of Chapter 115C of the General Statutes is repealed.

Sec. 5. G.S. 115C-39 reads as rewritten:

**"§ 115C-39. ~~Removal of board members.~~ members; suspension of duties by State Board.**

(a) In case the Superintendent of Public Instruction shall have State Board of Education has sufficient evidence that any member of a local board of education is not capable of discharging, or is not discharging, the duties of his office as required by law, or is guilty of immoral or disreputable conduct, he the State Board of Education shall notify the chairman of such board of education, unless such chairman is the offending member, in which case all other members of such board shall be notified. Upon receipt of such notice there shall be a meeting of said board of education for the purpose of investigating the charges, and if the charges are found to be true, such board shall declare the office vacant: Provided, that the offending member shall be given proper notice of the hearing and that record of the findings of the other members shall be recorded in the minutes of such board of education.

(b) In the event the State Board of Education has appointed an interim superintendent under G.S. 115C-105.32 and the State Board determines that the local board of education has failed to cooperate with the interim superintendent, the State Board shall have the authority to suspend any of the powers and duties of the local board and to act on its behalf under G.S. 115C-105.32."

Sec. 6. G.S. 115C-274 reads as rewritten:

**"§ 115C-274. ~~Removal for cause.~~ Removal.**

(a) Local boards of education are authorized to remove a superintendent who is guilty of immoral or disreputable conduct or who shall fail or refuse to perform the duties required of him by law. In case the Superintendent of Public Instruction shall have State Board of Education has sufficient evidence at any time that any superintendent of schools is not capable of discharging, or is not discharging, the duties of his office as required by law or is guilty of immoral or disreputable conduct, he the State Board of Education shall report this matter to the board of education employing said superintendent of schools. It shall then be the duty of said that board of education to hear the evidence in such the case and, if after careful investigation it shall find the charges true, it shall declare the office vacant at once and proceed to elect a successor: Provided, that such superintendent shall have the right to try his title to office in the courts of the State.

(b) If the superintendent shall fail in the duties enumerated in G.S. 115C-276(g) through (i) or such G.S. 115C-276(g), 115C-276(h), 115C-276(i), or any other duties as

may be assigned him, he shall be subject, after notice, to an investigation by the ~~Superintendent of Public Instruction~~ State Board of Education or by his board of education for failure to perform his duties. For persistent failure to perform these duties, ~~his certificate may be revoked by the Superintendent of Public Instruction, or he~~ the State Board of Education may revoke the superintendent's certificate and the superintendent may be dismissed by his board of education.

(c) The identification by the State Board of Education of more than half the schools in a local school administrative unit as low-performing under G.S. 115C-105.30 is evidence that the superintendent is unable to fulfill the duties of the office, and the State Board may appoint an interim superintendent to carry out the duties of the superintendent under G.S. 115C-105.32, may revoke the superintendent's certificate under this section, may dismiss the superintendent under G.S. 115C-105.32, or may take any combination of these actions."

Sec. 7. G.S. 115C-296 is amended by adding a new subsection to read:

"(d) The State Board of Education may revoke or refuse to renew a teacher's certificate when:

- (1) The Board identifies the school in which the teacher is employed as low-performing under G.S. 115C-105.30; and
- (2) The assistance team assigned to that school under G.S. 115C-105.31 makes the recommendation to revoke or refuse to renew the teacher's certificate for one or more reasons established by the State Board in its rules for certificate suspension or revocation."

#### **—STUDENT PERFORMANCE**

Sec. 7.1. G.S. 115C-288(a) is rewritten to read:

#### **"§ 115C-288. Powers and duties of principal.**

(a) To Grade and Classify Pupils. – The principal shall have authority to grade and classify ~~pupils~~ pupils except a principal shall not require additional testing of a student entering a public school from a school governed under Article 39 of this Chapter if test scores from a nationally standardized test or nationally standardized equivalent measure that are adequate to determine the appropriate placement of the child are available."

Sec. 8. G.S. 115C-325 is amended by adding a new subsection to read:

"(q) Procedure for Dismissal of School Administrators and Teachers Employed in Low-Performing Schools.

- (1) Notwithstanding any other provision of this section or any other law, the State Board:
  - a. Shall suspend with pay a principal who has been assigned to a school for more than two years before the State Board identifies that school as low-performing and assigns an assistance team to that school under Article 8B of this Chapter; and
  - b. May suspend with pay a principal who has been assigned to a school for no more than two years before the State Board identifies that school as low-performing and assigns an assistance team to that school under Article 8B of this Chapter.

These principals shall be suspended with pay pending a hearing before a panel of three members of the State Board. The purpose of this hearing, which shall be held within 60 days after the principal is suspended, is to determine whether the principal shall be dismissed. The panel shall order the dismissal of the principal, at which time the period of suspension with pay shall expire, unless the panel makes a public determination that the principal has established that the factors that led to the identification of the school as low-performing were not due to the inadequate performance of the principal. The State Board shall adopt procedures to ensure that due process rights are afforded to principals under this subsection. Decisions of the panel may be appealed on the record to the State Board, with further right of judicial review under Chapter 150B of the General Statutes.

- (2) Notwithstanding any other provision of this section or any other law, this subdivision shall govern the State Board's dismissal of teachers, assistant principals, directors, and supervisors assigned to schools that the State Board has identified as low-performing and to which the State Board has assigned an assistance team under Article 8B of this Chapter. The State Board shall dismiss a teacher, assistant principal, director, or supervisor when the State Board receives two consecutive evaluations that include written findings and recommendations regarding that person's inadequate performance from the assistance team. These findings and recommendations shall be substantial evidence of the inadequate performance of the teacher or school administrator.

The State Board may dismiss a teacher, assistant principal, director, or supervisor when:

- a. The State Board determines that the school has failed to make satisfactory improvement after the State Board assigned an assistance team to that school under G.S. 115C-105.31; and
- b. That assistance team makes the recommendation to dismiss the teacher, assistant principal, director, or supervisor for one or more grounds established in G.S. 115C-325(e)(1) for dismissal or demotion of a career teacher.

A teacher, assistant principal, director, or supervisor may request a hearing before a panel of three members of the State Board within 30 days of any dismissal under this subdivision. The State Board shall adopt procedures to ensure that due process rights are afforded to persons recommended for dismissal under this subdivision. Decisions of the panel may be appealed on the record to the State Board, with further right of judicial review under Chapter 150B of the General Statutes.

- (3) The State Board of Education or a local board may terminate the contract of a school administrator dismissed under this subsection.

Nothing in this subsection shall prevent a local board from refusing to renew the contract of any person employed in a school identified as low-performing under G.S. 115C-105.30.

- (4) Neither party to a school administrator contract is entitled to damages under this subsection.
- (5) The State Board shall have the right to subpoena witnesses and documents on behalf of any party to the proceedings under this subsection."

Section 8.1. The State Board of Education shall develop a comprehensive plan to improve reading achievement in the public schools. The plan shall be fully integrated with State Board plans to improve student performance and promote local flexibility and efficiency. The plan shall be based on reading instructional practices for which there is strong evidence of effectiveness in existing empirical scientific research studies on reading development. The plan shall be developed with the active involvement of teachers, college and university educators, parents of students, and other interested parties. The plan shall, if appropriate, include revision of the standard course of study, revision of teacher certification standards, and revision of teacher education program standards.

Sec. 8.2. The State Board of Education shall critically evaluate and revise the standard course of study so as to provide school units with guidance in the implementation of balanced, integrated, and effective programs of reading instruction. The General Assembly believes that the first, essential step in the complex process of learning to read is the accurate pronunciation of written words and that phonics, which is the knowledge of relationships of the symbols of the written language and the sounds of the spoken language, is the most reliable approach to arriving at the accurate pronunciation of a printed word. Therefore, these programs shall include early and systematic phonics instruction. The State Board shall provide opportunities for teachers, parents, and other interested parties to participate in this evaluation and revision.

Sec. 8.3. In order to reflect changes to the standard course of study and to emphasize balanced, integrated, and effective programs of reading instruction that include early and systematic phonics instruction, the State Board of Education, in collaboration with the Board of Governors of The University of North Carolina and with the North Carolina Association of Independent Colleges and Universities, shall review, evaluate, and revise current teacher certification standards and teacher education programs within the institutions of higher education that provide coursework in reading instruction.

Sec. 8.4. Local boards of education are encouraged to review and revise existing board policies, local curricula, and programs of professional development in order to reflect changes to the standard course of study and to emphasize balanced, integrated, and effective programs of reading instruction that include early and systematic phonics instruction.

Sec. 8.5. (a) The State Board of Education shall report to the Joint Legislative Education Oversight Committee by December 31, 1996, and annually

thereafter on the comprehensive plan developed under Section 1 of this act. The first report shall include revisions made to the standard course of study, teacher certification standards, and teacher education programs. Subsequent reports shall address the effectiveness, based on factors including improved student performance in reading, of the implementation of the plan. The State Board may make recommendations to the General Assembly in any of its reports.

(b) The State Board shall disseminate to local boards of education by March 31, 1997, the changes to the standard course of study.

Sec. 8.6. G.S. 115C-81 is amended by adding a new subsection to read:

"(h) Character Education. – Local boards of education may require the teaching of the following character traits in the public schools:

- (1) Courage. – Having the determination to do the right thing even when others don't and the strength to follow your conscience rather than the crowd; and attempting difficult things that are worthwhile.
- (2) Good judgment. – Choosing worthy goals and setting proper priorities; thinking through the consequences of your actions; and basing decisions on practical wisdom and good sense.
- (3) Integrity. – Having the inner strength to be truthful, trustworthy, and honest in all things; acting justly and honorably.
- (4) Kindness. – Being considerate, courteous, helpful, and understanding of others; showing care, compassion, friendship, and generosity; and treating others as you would like to be treated.
- (5) Perseverance. – Being persistent in the pursuit of worthy objectives in spite of difficulty, opposition, or discouragement; and exhibiting patience and having the fortitude to try again when confronted with delays, mistakes, or failures.
- (6) Respect. – Showing high regard for authority, for other people, for self, for property, and for country; and understanding that all people have value as human beings.
- (7) Responsibility. – Being dependable in carrying out obligations and duties; showing reliability and consistency in words and conduct; being accountable for your own actions; and being committed to active involvement in your community.
- (8) Self-Discipline. – Demonstrating hard work and commitment to purpose; regulating yourself for improvement and restraining from inappropriate behaviors; being in proper control of your words, actions, impulses, and desires; choosing abstinence from premarital sex, drugs, alcohol, and other harmful substances and behaviors; and doing your best in all situations."

Sec. 8.7. G.S. 115C-98 is amended by adding a new subsection to read:

"(b1) A local board of education may establish a community media advisory committee to investigate and evaluate challenges from parents, teachers, and members of the public to textbooks and supplementary instructional materials on the grounds that they are educationally unsuitable, pervasively vulgar, or inappropriate to the age,

maturity, or grade level of the students. The State Board of Education shall review its rules and policies concerning these challenges and shall establish guidelines to be followed by community media advisory committees.

The local board, at all times, has sole authority and discretion to determine whether a challenge has merit and whether challenged material should be retained or removed."

**— LOCAL FLEXIBILITY**

Sec. 9. G.S. 115C-84(d) is repealed.

Sec. 10. G.S. 115C-302(a)(1) reads as rewritten:

"(1) Academic Teachers. – Regular state-allotted teachers shall be employed for a period of 10 calendar months. Each local board of education shall establish a set date on which monthly salary payments to regular State-allotted teachers shall be made. This set pay date may differ from the end of the calendar month of service. Teachers shall only be paid for the days employed as of the set pay date. Payment for a full month when days employed are less than a full month is prohibited as this constitutes prepayment. Teachers employed for a period of 10 calendar months in year-round schools shall be paid in 12 equal installments. Any individual teacher who is not employed in a year-round school may be paid in 12 monthly installments if the teacher so requests on or before the first day of the school year. Such request shall be filed in the local school administrative unit which employs the teacher. The payment of the annual salary in 12 installments instead of 10 shall not increase or decrease said annual salary nor in any other way alter the contract made between the teacher and the said local school administrative unit; nor shall such payment apply to any teacher who is employed for a period of less than 10 months. Included within the 10 calendar months employment shall be annual vacation leave at the same rate provided for State employees, computed at one twelfth (1/12) of the annual rate for State employees for each calendar month of employment; which shall be provided by each local board of education at a time when students are not scheduled to be in regular attendance. However, vacation leave for instructional personnel who do not require a substitute shall not be restricted to days that students are not in attendance. Included within the 10 calendar months employment each local board of education shall designate the same or an equivalent number of legal holidays occurring within the period of employment for academic teachers as those designated by the State Personnel Commission for State employees; on a day that employees are required to report for a workday but pupils are not required to attend school due to inclement weather, a teacher may elect not to report due to hazardous travel conditions and to take an annual vacation day or to make up the day at a time agreed upon by the employee and the employee's immediate supervisor or principal. Within policy adopted by the State Board of

Education, each local board of education shall develop rules designating what additional portion of the 10 calendar months not devoted to classroom teaching, holidays, or annual leave shall apply to service rendered before the opening of the school term, during the school term, and after the school term and to fix and regulate the duties of state-allotted teachers during said period, but in no event shall the total number of workdays exceed 200 days. If one or more scheduled teacher workdays are displaced due to hazardous weather conditions, a local board may select dates, including dates beyond the 10 calendar months during which teachers and their supervisors may agree to make up the displaced days provided the workdays fall within the fiscal year. Local boards may approve school improvement plans that include teacher workdays outside the 10 calendar months provided the workdays fall within the fiscal year. A teacher and the teacher's supervisor may agree to schedule workdays outside the 10 calendar months provided the workdays fall within the fiscal year. Teachers may be paid on the tenth calendar month pay date for workdays scheduled to occur after the tenth calendar month but before the end of the fiscal year. A teacher who resigns, is dismissed, or whose contract is not renewed and who fails to make up previously agreed upon workdays scheduled after the 10 calendar months shall repay to the local board any salary payments owed due to the failure to make up the workdays. A teacher who continues to be employed by a local board but fails to make up previously agreed upon workdays scheduled after the 10 calendar months may be subject to dismissal under G.S. 115C-325. Local boards of education shall consult with the employed public school personnel in the development of the 10-calendar-months schedule."

Sec. 11. G.S. 115C-47(23) reads as rewritten:

"(23) To Purchase Equipment and Supplies. —~~They~~Local boards shall contract for equipment and supplies pursuant to the provisions of ~~G.S. 115C-522(a)~~G.S. 115C-522(a) and 115C-528."

Sec. 12. G.S. 115C-47(28) reads as rewritten:

"(28) To Enter Lease Purchase Contracts ~~for Automobiles and Installment Purchase Contracts.~~ — Local boards may ~~purchase automobiles by installment contracts that create in the property purchased a security interest to secure payment of the purchase money. A contract entered into under this subdivision is subject to the provisions of Article 8 of Chapter 159 of the General Statutes, except for G.S. 159-148(a)(4) and (b)(2). The lease purchase contract shall provide that there be no recourse for default in payments under the contract other than return of the automobile. The taxing power of any tax levying authority is not and may not be pledged directly or indirectly to secure any moneys~~

due the seller. enter into lease purchase and installment purchase contracts as provided in G.S. 115C-528."

Sec. 13. G.S. 115C-522(a) reads as rewritten:

"(a) It shall be the duty of local boards of education to purchase or exchange all supplies, equipment and materials in accordance with contracts made by or with the approval of the Department of Administration. Title to instructional supplies, office supplies, fuel and janitorial supplies, enumerated in the current expense fund budget and purchased out of State funds, shall be taken in the name of the local board of education which shall be responsible for the custody and replacement: Provided, that no contracts shall be made by any local school administrative unit for purchases unless provision has been made in the budget of the unit to pay for the purchases, unless surplus funds are on hand to pay for the purchases, or unless the contracts are made pursuant to G.S. 115C-47(28) and G.S. 115C-528 and adequate funds are available to pay in the current fiscal year the sums obligated for the current fiscal year, and in order to protect the State purchase contractor, it is made the duty of the governing authorities of the local units to pay for these purchases promptly and in accordance with the terms of the contract of purchase."

Sec. 14. Article 37 of Chapter 115C is amended by adding a new section to read:

**"§ 115C-528. Lease purchase and installment purchase contracts for certain equipment.**

(a) Local boards of education may purchase or finance the purchase of automobiles; school buses; mobile classroom units; photocopiers; and computers, computer hardware, computer software, and related support services by lease purchase contracts and installment purchase contracts as provided in this section. Computers, computer hardware, computer software, and related support services purchased under this section shall meet the technical standards specified in the North Carolina Instructional Technology Plan as developed and approved under G.S. 115C-102.6A and G.S. 115C-102.6B.

(b) A lease purchase contract under this section creates in the local board the right to possess and use the property for a specified period of time in exchange for periodic payments and shall include either an obligation or an option to purchase the property during the term of the contract. The contract may include an option to upgrade the property during the term. A local board may exercise an option to upgrade without rebidding the contract.

(c) An installment purchase contract under this section creates in the property purchased a security interest to secure payment of the purchase price to the seller or to an individual or entity advancing moneys or supplying financing for the purchase transaction.

(d) The term of a contract entered into under this section shall not exceed the useful life of the property purchased. An option to upgrade shall be considered in determining the useful life of the property.

(e) A contract entered into under this section shall be considered a continuing contract for capital outlay and subject to G.S. 115C-441(c1).

(f) A contract entered into under this section is subject to Article 8 of Chapter 159 of the General Statutes, except for G.S. 159-148(a)(4) and (b)(2).

(g) Subsections (e) and (f) of this section shall not apply to contracts entered into under this section so long as the term of each contract does not exceed three years and the total amount financed during any three-year period is no greater than two hundred fifty thousand dollars (\$250,000) or is no greater than three times the local board's annual State allocation for classroom materials, equipment, and instructional supplies, whichever is less. The local board shall submit information, including the principal and interest paid and the amount of outstanding obligation, concerning these contracts as part of the annual budget it submits to its board of county commissioners under Article 31 of this Chapter.

(h) No contract entered into under this section may contain a nonsubstitution clause that restricts the right of a local board to:

(1) Continue to provide a service or activity; or

(2) Replace or provide a substitute for any property financed or purchased by the contract.

(i) No deficiency judgment may be rendered against any local board of education or any unit of local government, as defined in G.S. 160A-20(h), in any action for breach of a contractual obligation authorized by this section, and the taxing power of a unit of local government is not and may not be pledged directly or indirectly to secure any moneys due under a contract authorized by this section."

Sec. 15. The Information Resource Management Commission shall develop and annually revise guidelines for determining the useful life of computers purchased under G.S. 115C-528. The Division of Purchase and Contract shall develop and periodically revise guidelines for determining the useful life of automobiles, school buses, and photocopiers purchased under G.S. 115C-528. The Local Government Commission shall develop and periodically revise guidelines for determining the useful life of mobile classroom units purchased under G.S. 115C-528. Guidelines for computers and photocopiers shall include provisions for upgrades during the term of the contract. The Information Resource Management Commission, the Division of Purchase and Contract, and the Local Government Commission shall provide their respective guidelines to the State Board of Education by November 1, 1996. The State Board of Education shall provide the guidelines to local boards of education by January 1, 1997.

Sec. 15.1. (a) The State Board of Education shall develop and implement a pilot program allowing selected local school administrative units to purchase supplies, equipment, and materials from noncertified sources. In developing the program, the State Board shall collaborate with the Department of Administration on establishing standards, specifications, and any other measures necessary to implement and evaluate the pilot program. The State Board shall initially select twelve (12) local school administrative units that are diverse in geography and size to participate in the pilot program. If the State Board thereafter determines that the pilot program is effective, efficient, and in the best interest of the public schools, the State Board shall have the authority to expand the pilot program to additional local school administrative units.

(b) Local school administrative units participating in the pilot program shall have the authority to purchase the same supplies, equipment, and materials from noncertified sources as are available under State term contracts, subject to the following conditions:

- (1) The purchase price, including the cost of delivery, is less than the cost under the State term contract;
- (2) The cost of the purchase shall not exceed the bid value benchmark established under G.S. 143-53.1;
- (3) The local school administrative unit documents in writing the cost savings; and
- (4) The local school administrative unit shall provide annually by August 15 an itemized report of the cost savings to the State Board of Education.

(c) The requirements listed in subsection (b) of this section shall not apply to purchases from noncertified sources that fall below the economic ordering quantity of a State term contract.

(d) The State Board of Education shall provide to the Department of Administration copies of the itemized annual reports produced by the local school administrative units participating in the pilot program. The State Board shall evaluate the information provided by the participating units and shall report its findings and recommendations to the Joint Legislative Education Oversight Committee by October 1, 1997, and annually thereafter.

Sec. 16. G.S. 115C-326 reads as rewritten:

**"§ 115C-326. Performance standards and criteria for professional employees; law suits arising out of this section.**

(a) The State Board of Education, in consultation with local boards of education, shall develop uniform performance standards and criteria to be used in evaluating professional public school employees. It shall develop rules ~~and regulations~~ to recommend the use of these standards and criteria in the employee evaluation process. The performance standards and criteria ~~shall be adopted by the Board by July 1, 1982,~~ ~~and~~ may be modified in the discretion of the Board.

Local boards of education shall adopt rules ~~and regulations~~ ~~by July 1, 1982,~~ to provide for ~~annual~~ the evaluation of all professional employees defined as teachers ~~by~~ in G.S. 115C-325(a)(6). All teachers shall be evaluated annually unless a local board adopts rules that allow specified categories of teachers with career status to be evaluated less frequently. Local boards may also adopt rules ~~and regulations~~ requiring the annual evaluation of other school employees not specifically covered in this section. Local boards may develop and use alternative evaluation approaches for teachers provided the evaluations are properly validated. Local boards that do not develop alternative evaluations ~~Rules and regulations adopted by local boards shall utilize the performance standards and criteria adopted by the State Board of Education, but are not limited to those standards and criteria. Education pursuant to the first paragraph of this section; however, the standards and criteria used by local boards are not to be limited by those adopted by the State Board of Education.~~

(b) If any claim is made or any legal action is instituted against an employee of a local school administrative unit on account of an act done or an omission made in the course of the employee's duties in evaluating employees pursuant to this section, the local board of education, if the employee is held not liable, shall reimburse the employee for reasonable attorney's fees.

~~(e) The State Board of Education shall recommend to the General Assembly by December 1, 1986, a program to remedy deficiencies and difficulties revealed through the evaluation process required by this section and to develop new skills on the part of classroom teachers."~~

Sec. 17. G.S. 115C-47 is amended by adding a new subdivision to read:

"(33a) To Approve and Use Textbooks Not Adopted by State Board of Education. – Local boards of education shall have the authority to select, procure, and use textbooks not adopted by the State Board of Education as provided in G.S. 115C-98(b1)."

Sec. 18. G.S. 115C-85 reads as rewritten:

**"§ 115C-85. Textbook needs are determined by course of study.**

When the State Board of Education has adopted, upon the recommendation of the Superintendent of Public Instruction, a standard course of study at each instructional level in the elementary school and the secondary school, setting forth what subjects shall be taught at each level, it shall proceed to select and adopt textbooks.

As used in this part, 'textbook' means systematically organized material comprehensive enough to cover the primary objectives outlined in the standard course of study for a grade or course. Formats for textbooks may be print or nonprint, including hardbound books, softbound books, activity-oriented programs, classroom kits, and technology-based programs that require the use of electronic equipment in order to be used in the learning process.

Textbooks adopted in accordance with the provisions of this Part shall be used by the public schools of the State ~~State~~ except as provided in G.S. 115C-98(b1)."

Sec. 19. G.S. 115C-98 reads as rewritten:

**"§ 115C-98. Local boards of education to provide for local operation of the textbook program and program, the selection and procurement of other instructional materials, materials, and the use of nonadopted textbooks.**

(a) Local boards of education shall adopt rules ~~and regulations~~ not inconsistent with the policies of the State Board of Education concerning the local operation of the textbook program.

(b) Local boards of education shall adopt written policies concerning the procedures to be followed in their local school administrative units for the selection and procurement of supplementary textbooks, library books, periodicals, ~~audio-visual~~ audiovisual materials, and other supplementary instructional materials needed for instructional purposes in the public schools of their units.

Local boards of education shall have sole authority to select and procure supplementary instructional materials, whether or not the materials contain commercial advertising, to determine if the materials are related to and within the limits of the prescribed curriculum, and to determine when the materials may be presented to

students during the school day. Supplementary materials and contracts for supplementary materials are not subject to approval by the State Board of Education.

Supplementary books and other instructional materials shall neither displace nor be used to the exclusion of basic textbooks.

(b1) Local boards of education may:

- (1) Select, procure, and use textbooks that have not been adopted by the State Board of Education for use throughout the local school administrative unit for selected grade levels and courses; and
- (2) Approve school improvement plans developed under G.S. 115C-105.22 that include provisions for using textbooks that have not been adopted by the State Board of Education for selected grade levels and courses.

All textbook contracts made under this subsection shall include a clause granting to the local board of education the license to produce braille, large print, and audiocassette tape copies of the textbooks for use in the local school administrative unit.

(c) Funds allocated by the State Board of Education or appropriated in the current expense or capital outlay budgets of the local school administrative units, may be used for the above-stated purposes."

Sec. 20. G.S. 115C-112 is repealed.

Sec. 21. G.S. 115C-391 is amended by adding a new subsection to read:

"(g) Notwithstanding the provisions of this section, the policies and procedures for the discipline of students with disabilities shall be consistent with federal laws and regulations."

#### **— CONFORMING CHANGES**

Sec. 22. G.S. 115C-105.3 reads as rewritten:

#### **"§ 115C-105.3. Purpose.**

The purpose of the Commission is to develop high and clearly defined education standards for the public schools of North Carolina. These standards shall specify the skills and the knowledge that high school graduates should possess in order to be competitive in the modern economy. The purpose of the Commission is also to develop fair and valid assessments to assure that high school graduates in North Carolina meet these standards. No later than the Spring semester of the year 2000 or as soon as the State Board of Education adopts the standards and system of assessments, every graduating high school senior shall be required to achieve these standards as a condition for receiving a diploma.

These high standards and assessments shall focus on the key skills needed by students as they strive to be successful after high school and shall reflect the high expectations for every student demanded by the State's education mission in ~~G.S. 115C-81(a), 115C-238.1, and 115C-238.13(a)~~ 115C-81(a) and G.S. 115C-105.20. Once these key skills are identified, parents, teachers, and the entire school community should be encouraged to help each student meet the student's fullest potential."

Sec. 23. G.S. 115C-238.23 reads as rewritten:

#### **"§ 115C-238.23. Implementation by local school boards.**

If a school administrative unit decides to proceed with the project the following procedures shall be followed:

(a) The local board in a participating local school administrative unit shall select a school building that is under construction as its first school under the project.

(b) The local board shall issue a request for proposals for leadership teams to bid to operate the selected school. A team shall mean three or more individuals. To reflect the diversity required to implement the purpose of the project defined in G.S. 115C-238.22, the abilities and experience of team members may include: administrative and educational policy and planning skills; familiarity with technology for schools; management and classroom experience; and familiarity with the needs of diverse and special populations. One member shall be designated as the principal or leader of the team. At least twenty-five percent (25%) of the team members shall be certificated in accordance with the regulations of the State Board of ~~Education or G.S. 115C-238.6.~~ Education.

Team members awarded the contract shall, if not already, become employees of the local board and become subject to local personnel policies.

- (c) The request for proposals shall include the following minimum requirements:
- (1) A statement of principles that the local board wants the bidding teams to address;
  - (2) A specified amount of money available for the operation of the building, which amount shall be within the limits of funds available for the size of school being opened for bid;
  - (3) A framework for accountability plans by which the success of the project site can be measured, which accountability plans shall include the student performance indicators adopted by the State Board of Education pursuant to ~~G.S. 115C-238.1(3),~~ the School Improvement and Accountability Act of 1989, and shall include factors such as student, parent, and employee satisfaction, parental involvement, community service, and evidence of a focus on developing thinking and reasoning skills;
  - (4) The student population of a Genesis school shall be representative of its local school administrative unit, shall be racially balanced, and students shall be assigned on a geographic basis;
  - (5) The mission of the school shall not establish religion nor prohibit the free exercise thereof insofar as that is permitted in a public school by the North Carolina and United States Constitutions; and
  - (6) Bidding teams shall address how the criteria listed in G.S. 115C-81(b) will be met or varied by the Genesis program.

The local board may include other requirements in the request for proposals.

(d) The local board shall secure private funding for any additional non-State and nonlocal funds required for the project before awarding a contract to a team to operate the selected school.

(e) The local board shall appoint an advisory committee composed of educators, elected officials, parents of children enrolled in the local school administrative unit, and

community leaders from within and without the local school administrative unit to screen proposals for the school building and to make recommendations to the local board of education on the proposals.

The local board shall consider the recommendations of the advisory committee and shall award the contract. All contract negotiations and the award of the contract shall be conducted in open session notwithstanding G.S. 143-318.11(a)(9). The contract shall be for a term not to exceed four years. It may be terminated by the local board at any time for any reason it deems sufficient; it may be terminated by the team for any reason it deems sufficient, but only at the end of a school year and only with 60 days' written notice to the local board of education.

(f) The team that receives the contract shall interview and select all personnel for the building. The team may select personnel from the current employees of the local board. All teachers employed in a Genesis school shall hold or be qualified to hold a certificate in accordance with the regulations of the State Board of Education or ~~G.S. 115C-238.6~~ the School Improvement and Accountability Act of 1989. The local board shall hire those persons selected by the team so long as those positions are within State, local, and other funds approved for this project by the local board. In no event shall a local board dismiss or demote any employee pursuant to G.S. 115C-325(e)(1)l. as a result of a Genesis project.

Hiring shall take place no later than July 1, prior to the opening of the new building. The team shall begin conducting training and planning sessions as staff is hired.

The local board or the management team may employ noncertificated persons on a temporary basis or for special projects.

(g) The participating school building team shall initiate a comprehensive accountability program immediately. The results shall be published annually and compared to those of traditional schools.

(h) After the third and fourth years of the project, the local board shall review student ~~outcome~~ achievement results of the existing project site. After the fourth year of the project the local board may decide whether to continue the project in the first school and whether an additional building within the school system shall be added to the project. If the board decides to expand the project to a second school the procedures outlined in this section shall be followed.

The second school chosen for the project shall be an existing school that is producing below average results in student achievement as compared to other schools in the unit. Criteria which may be considered to evaluate student achievement may include: test scores, the success of graduating students, attendance, graduation and dropout rates, the numbers of children enrolled in free lunch or Chapter 1 programs, the education level of the parents of children enrolled in the school, the teaching experience of the school staff, and whether the building has been successful in meeting the goals of the systemwide plan developed in accordance with ~~G.S. 115C-238.1 through G.S. 115C-238.6~~ the School Improvement and Accountability Act of 1989."

Sec. 24. G.S. 115C-238.31(a) reads as rewritten:

"(a) Local school administrative units are encouraged to implement extended services programs that will expand students' opportunities for educational success

through high-quality, integrated access to instructional programming during nonschool hours. Extended services programs may be incorporated into ~~building-level school improvement plans developed in accordance with G.S. 115C-238.3-115C-105.22.~~ To implement extended services programs, local school administrative units may request waivers of State laws, regulations, and policies in accordance with Part 4 of this Article. Calendar alternatives include, but are not limited to, after-school hours, before-school hours, evening school, Saturday school, summer school, and year-round school. Instructional programming may include, but is not limited to, tutoring, direct instruction, enrichment activities, study skills, and reinforcement projects."

Sec. 25. G.S. 115C-276(q) reads as rewritten:

"(q) To Assign School Principals. – Subject to local board policy, the superintendent shall have the authority to assign principals to school buildings. When making an assignment, the superintendent shall consider (i) whether a principal has demonstrated the leadership ability to increase student achievement at a school where conditions indicated a significant risk of low student performance; and (ii) how to maintain stability at a school where, during the time the principal has been at a school, there has been significant improvement on end-of-course or end-of-grade tests and other accountability ~~indicators-measures~~ developed by the State Board in accordance with G.S. 115C-238.1. of Education."

Sec. 26. G.S. 115C-302(e) reads as rewritten:

"(e) It is the policy of the State of North Carolina to enhance the teaching profession by providing teachers with career opportunities that do not remove them from the classroom; to encourage the development and implementation of a professional salary schedule that complements the system of differentiation; to have salaries of professional educators in elementary and secondary schools based upon performance, degree attained, differentiation and the needs of the local school administrative unit; and to begin, in the school year beginning in 1986, a differential salary system based upon performance, differentiation, local availability of classroom teachers, geographical location of the employing local school administrative unit and such other factors as the local board of education shall deem necessary.

Performance shall be measured by ~~standardized~~ evaluations which are routinely administered pursuant to G.S. 115C-326 by competent and trained administrators who have themselves demonstrated meritorious performance in the classroom. G.S. 115C-326. Differentiation shall be based upon superior performance over a period of time plus other responsibilities. Needs of the local school administrative unit over and above the standard course of study shall be defined by the local board of education exclusively funded from revenues provided at the discretion of the board of county commissioners or from other local funds under the control of the local board of education.

Each salary may include a local variable component, determined locally and based upon the needs and condition of the local school administrative unit. This local variable component shall be paid from local revenue."

Sec. 27. Notwithstanding G.S. 115C-105.21A(1), the State Board of Education shall authorize pilot projects in the Mecklenburg County School Administrative Unit and in the Burke County School Administrative Unit so that the

boards of education in those units may use State funds from the allotment for teacher assistants for certificated teachers in order to reduce class size or the student-teacher ratio in kindergarten through third grade, in accordance with school improvement plans developed under G.S. 115C-105.22. No waivers from the State Board of Education are required for this use of funds.

**—STREAMLINE APA FOR ABC PLAN**

Sec. 28. (a) G.S. 150B-21.2(a)(1) shall not apply to proposed rules adopted by the State Board of Education if the proposed rules are directly related to the implementation of this act.

(b) Notwithstanding G.S. 150B-21.3(b), a permanent rule that is adopted by the State Board of Education, is approved by the Rules Review Commission, and is directly related to the implementation of this act, shall become effective five business days after the Commission delivers the rule to the Codifier of Rules, unless the rule specifies a later effective date. If the State Board of Education specifies a later effective date, the rule becomes effective upon that date. A permanent rule that is adopted by the State Board of Education that is directly related to the implementation of this act, but is not approved by the Rules Review Commission, shall not become effective.

(c) G.S. 150B-21.4(b1) shall not apply to permanent rules the State Board of Education proposes to adopt if those rules are directly related to the implementation of this act.

(d) The State Board of Education shall determine whether a proposed rule is directly related to this act based upon a finding that there is a rational relationship between the proposed rule and specific provisions of this act. A proposed rule may create, amend, or repeal a rule. The State Board shall indicate in the notice of proposed text that the rule is directly related to the implementation of this act and that the Board is proceeding under the authority granted by this act.

(e) The State Board of Education shall provide written notice to all boards of county commissioners and all local boards of education of proposed rules that are directly related to the implementation of this act and that would affect the expenditures or revenues of a unit of local government under G.S. 150B-21.4(b). The notice shall state that a copy of the fiscal note may be obtained from the State Board.

(f) This section shall not apply to Sections 11-15.1 of this act.

**—REPORTING**

Sec. 29. (a) The State Board of Education shall submit a progress report to the Joint Legislative Education Oversight Committee by December 15, 1996, regarding the implementation of this act including accountability system performance standards, implementation plans for grades 9 through 12, the rules and guidelines adopted under this act, reliability and validity of assessments used for the purpose of this act, and an evaluation of the pilot programs developed under Section 17.10 of Chapter 507 of the 1995 Session Laws.

(b) Beginning October 15, 1997, and annually thereafter, the State Board of Education shall submit reports to the Joint Legislative Education Oversight Committee regarding the continued implementation of this act. Each report shall include information regarding the composition and activity of assistance teams, those

schools that received incentive awards, those schools that were identified as low-performing, school improvement plans found to significantly improve student performance, personnel actions taken in low-performing schools, and recommendations for additional legislation to improve student performance and increase local flexibility.

(c) The State Board of Education shall develop a plan that encourages teachers to seek employment or remain employed in schools that have been identified as low-performing under G.S. 115C-105.30. The plan shall include recommendations regarding additional compensation for (i) newly recruited teachers, and (ii) currently employed teachers whose students have shown significant improvement in academic performance. The State Board shall submit its plan to the Joint Legislative Education Oversight Committee by December 15, 1996.

Sec. 30. G.S. 143-57.1 reads as rewritten:

**"§ 143-57.1. Furniture requirements contracts.**

(a) To ensure agencies access to sufficient sources of furniture supply and service, to provide agencies the necessary flexibility to obtain furniture that is compatible with interior architectural design and needs, to provide small and disadvantaged businesses additional opportunities to participate on State requirements contracts, and to restore the traditional use of multiple award contracts for purchasing furniture requirements, each State furniture requirements contract shall be awarded on a multiple award basis, subject to the following conditions:

- (1) Competitive, sealed bids must be solicited for the contract in accordance with Article 3 of Chapter 143 of the General Statutes unless otherwise provided for by the State Purchasing Officer pursuant to that Article.
- (2) Subject to the provisions of this section, bids shall be evaluated and the contract awarded in accordance with Article 3 of Chapter 143 of the General Statutes.
- (3) For each category of goods under each State requirements furniture contract, awards shall be made to at least three qualified vendors unless the State Purchasing Officer determines that three qualified vendors are not available or that it is in the best interest of the State to make fewer awards. The State Purchasing Officer, subject to the approval of the Board of Award, shall state his reasons in writing for making fewer awards and the written documentation shall be maintained as part of the bid file and subject to public inspection.
- (4) ~~Each agency purchasing under the contract shall make the most economical purchase that meets its needs. An agency may purchase from any vendor certified on the contract but shall make the most economical purchase that it determines meets its needs, based upon price, compatibility, service, delivery, freight charges, and other factors that it considers relevant.~~

(b) For purposes of this section, 'furniture requirements contract' means State requirements contracts for casegoods, classroom furniture, bookcases, ergonomic chairs,

office swivel and side chairs, computer furniture, mobile and folding furniture, upholstered seating, commercial dining tables, and related items."

Sec. 31. With respect to a furniture requirements contract that is not currently under G.S. 143-57.1, an agency may purchase from any vendor certified on the contract but shall make the most economical purchase that it determines meets its needs, based upon price, compatibility, service, delivery, and other factors that it considers relevant.

**—EFFECTIVE DATES**

Sec. 32. (a) Section 15.1 of this act becomes effective July 1, 1996, and applies to State term contracts for which bids or offers are solicited on or after that date.

(b) The remainder of the act is effective upon ratification.

(c) Part 3 of Article 8B of Chapter 115C of the General Statutes, as rewritten in Section 3 of this act, applies to any school that has any grades of kindergarten through eighth grade beginning with the 1996-97 school year, and to the remaining schools beginning with the 1997-98 school year. The State Board shall establish appropriate deadlines for the development of school improvement plans after July 1, 1996.

In the General Assembly read three times and ratified this the 21st day of June, 1996.

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Dennis A. Wicker  
President of the Senate

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Harold J. Brubaker  
Speaker of the House of Representatives