PUBLIC SCHOOLS OF NORTH CAROLINA

STATE BOARD OF EDUCATION William W. Cobey Jr., Chairman
DEPARTMENT OF PUBLIC INSTRUCTION June St. Clair Atkinson, Ed.D., State Superintendent
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November 6, 2014

Mr. Lee Roberts
State Budget Director
Office of State Budget and Management
116 West Jones Street
Raleigh, North Carolina 27603-8001

Dear Mr. Roberts:

As requested in the August 26 memorandum related to the FY2015-2017 Biennium Budget, attached are the Expansion Budget needs for our public schools that have been reviewed and approved by the State Board of Education. As requested, we have separated the Expansion requests as outlined into two attachments:

- Items formerly included in the Continuation Budget that represent the funding required to sustain services at current levels (this attachment will be available by Monday November 10, 2014)
- A list of additional funding needs that will help improve student performance

Before reviewing the key initiatives outlined in the attachments, we would like to emphasize several items of extreme importance that are not included in the documents:

Salary Increases

Last year the Governor took the first step of addressing the salary needs of our teachers by signing into law a new teacher salary schedule that will help us recruit and retain more quality teachers. We support the second phase of that Plan which includes raising the beginning teacher pay to $35,000 and implementing a much needed Teacher Pathways initiative. These two approaches will continue to improve our capability of hiring the teachers our students need to become successful. We also recommend that we make sure that all school employees continue to receive salary increases. We look forward to supporting all efforts to obtain a salary increase for all public school employees.

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AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER

Driver Education

Funding of this public safety program, that helps assure that our young drivers are trained and prepared to be on our roads and highways, is set to expire in FY 2015-16. The current allowable fee of $65 is insufficient to cover the cost to manage a comprehensive/appropriate program. We request that you recommend reestablishment of funding options to support this important public safety program.

NC Center for the Advancement of Teaching (NCCAT)

The State Board of Education supports the Expansion Budget request submitted by NCCAT. The reinvented program is making great strides in training and reenergizing our teaching population particularly in the areas of literacy and digital learning. These two key areas are major points of interest with the State Board's Strategic Plan.

Education Value Added Assessment System (EVAAS)

The Excellent Public Schools Act expanded teacher assessments to grades K-2. GS 115C-83.6 states, "To the greatest extent possible, kindergarten through third grade reading assessments shall yield data that can be used with the Education Value-Added Assessment System (EVAAS)…." Funding is needed to expand the current EVAAS contract with the SAS Institute to incorporate grades K-2.

Expansion Requests

The directions outlined the requirement to identify Expansion Budget increases of a maximum 2% to the 2014-15 certified appropriation with certain exceptions. Under that guidance, the State Board of Education identified key initiatives that will support the State Board's strategic priorities:

- Teacher support
- Classroom resources and technology for digital learning
- Support for Pre-K
- Calendar flexibility

Race to the Top (RttT)

The Race to the Top grant has been a major benefit to North Carolina's public schools. The funding came at a time when we had limited State resources to advance significant education initiatives. While these funds are set to expire in September 2015, the benefits from our use of these funds will continue to change how public schools approach differentiated education. The Expansion requests outline a few key areas where additional funding will enable key initiatives and important programs to continue.

Another area the State Board would like to emphasize is professional development. With Race to the Top, the Department of Public Instruction was able to plan and fund three Summer Institutes, intensive professional development sessions held across the State. Our professional development teams conducted more than 450 face to face sessions each year, prepared over 477,000 online learning modules, and reached 60,000+ teachers every year. The State Board's request outlines what funding needs to be supplied to continue the key professional development initiatives that have proven invaluable to our classroom teachers.

Another example is the positions supported by Race to the Top associated with the Department of Public Instruction. RttT has provided 144 positions within the Department to carry out its various initiatives including professional development regional consultants to design online PD modules, business analysts to gather requirements and monitor their execution in the rollout of the

Home Base system, and education consultants to bolster support for our lowest achieving schools. All of these positions are time-limited and will expire as the grant ends. The loss of these positions coupled with the loss of 150 State funded positions will tremendously impact the Departments ability to meet the needs of our public schools. It is clear that we will need additional staff to support legislative initiatives (implement the new standards and move toward digital learning) and to properly support our public schools. While the State Board has included an item for staffing in the attached request, the State Board with the assistance of NC GEAR will also be examining the most appropriate utilization of the Department's current staffing as well as any additional needs that will materialize for FY 2015-16 and beyond.

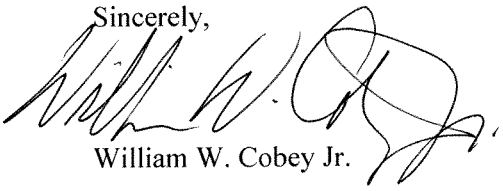
Required Reductions

The memorandum also outlined a requirement to identify reductions to offset any expansion requests and yield an overall savings of 2% to the 2014-15 certified appropriation. In times of limited funding, but growing need in our public schools, we believe that public schools have already incurred too many major reductions since 2008. While our student population has increased by almost 44,000 students in that time, funding per child has decreased by $130. Furthermore, retirement and hospitalization rate increases have largely driven the growth in funding received since 2008.

However, in an attempt to comply with this OSBM requirement, the State Board has directed the Department of Public Instruction to provide OSBM with various categories of possible reductions to the major allotments within the State Public School Fund (to be supplied by November 14). We will not recommend any of these reductions, but wish to provide them to you to facilitate the budgeting process.

Thank you for considering our Expansion Budget items. We would also like to thank you for your efforts to continue to fund our anticipated enrollment increase of 9,000 students after these adjustments were legislated out of the Base Budget build. If you need any additional information, please let us know.

Sincerely,



William W. Cobey Jr.

June St. Clair Atkinson

WWC/JSA/PWP/tm

Board Expansion Request
2015-17 Biennium

Item Name and Description	FY 2015-16 Requested Increase	FY 2016-17 Requested Increase
Textbooks (Digital Materials, Devices, and Hard Cover) - Elimination of the non-recurring reduction to textbooks will reinstate the per student funding level to $77.16 (up from $15.28 for FY 2012-13). *To fund at the FY 2008-09 level of $67.15 per ADM (rather than $14.86), would cost an additional $79.5 million).*	$ 76,850,000	$ 76,850,000
Classroom Technology* - Estimated funding to accommodate technology needs in our public schools during implementation of the Instructional Improvement System. Technology needs include, handheld devices, digital content, network infrastructure, or technology facilitators in the school building. ($18m fines and forfeitures and $6m Indian Gaming)	25,000,000	25,000,000
Instructional Supplies - Elimination of the non-recurring reduction to instructional supplies will reinstate the per student funding level to $59.33 (up from $33.60 for FY 2012-13). *To fund at the FY 2008-09 level of $58.77 per ADM (rather than $28.38), would cost an additional $46.2 million).*	20,000,000	20,000,000
Home Base - Manage delivery of instructional tools & resources, and engagement with districts and schools regarding daily operation of the system.	6,000,000	6,000,000
Turning Around Lowest Achieving Schools* - Provide intensive support (planning/coaching) for principals and teachers in lowest-achieving 5% of schools (118 schools, across 36 districts). Provide intensive support (planning/coaching) for superintendent, central office, principals, and teachers in lowest 10% of districts (12). Amount is funding to DPI for this purpose.	8,600,000	8,600,000
Professional Development* - Provide year-round calendar of regionally-based professional development (including summer institutes) and support to district and charter professional development leadership teams.	4,400,000	4,400,000
NC Procurement Alliance - Funding to support the NC Procurement Alliance after GA report indicated that for every $1.00 invested with the Alliance, LEAs saved $6.00. ***This converts to an estimated LEA savings of $480,000.***	80,000	80,000

Board Expansion Request
2015-17 Biennium

Item Name and Description	FY 2015-16 Requested Increase	FY 2016-17 Requested Increase
Connectivity - The initial Connectivity Project was designed to establish and sustain internet access to the school buildings. Funding for this project is $19.9 million. We need to expand school connectivity support to include internal school network infrastructure. In order to transition to digital learning statewide, school internal networks must support scalable and reliable wireless and wired connectivity. The Federal Communication Commission's E-Rate modernization order issued in July of 2014 establishes a baseline of $150 per ADM as the 5-year budget for school network infrastructure.	12,000,000	12,000,000
Distinguished Leadership in Practice* - Provide leadership programs to strengthen skills and practices of current principals and assistant principals.	600,000	600,000
Regional Leadership Academies - Provide regionally-based Leadership Academies (Northeast, Sandhills, Piedmont)to prepare aspiring principals to transform lowest-achieving schools.	4,000,000	4,000,000
K-2 EVAAS - To expand our current contract to include students in grades Kindergarten through Second grade (K-2) in all North Carolina public schools. Reports using the Educational Value Added Assessment System (EVAAS) that will show analyses of student achievement data for potential summative and formative use for Local Education Agencies (LEAs). (Grades 3-12 EVAAS: $2,795,000)	870,000	870,000
NCEES - Operate NC Educator Evaluation System (and online tool, including Professional Development System): - Manage contract with SAS for the Educator Value-Added Assessment System (EVAAS) - Provide NC Final Exams, Analysis of Student Work (ASW), and related processes (amount includes $964,560 which is the DPI State funding for accountability).	3,600,000	3,600,000
	$ 162,000,000	$ 162,000,000

*Denotes funding can be used for professional development.