



## Final FY 2014-15 North Carolina Budget

	<u>Governor Money Report Special Provisions</u>	<u>Senate Money Report Special Provisions</u>	<u>Proposed House Money Report Special Provisions</u>	<u>Final Money Report Special Provisions</u>
<b>NC Pre-K</b>	<p><b>Increase in Pre-K Funds.</b> \$3.6 million for 600-700 additional slots. <i>Money Report, page 81</i></p>	<p><b>Increase in Pre-K funds.</b> \$5 million for 1,000 additional slots. <i>Money Report, page G-5</i></p>	<p><b>Increase in Pre-K funds.</b> \$9 million for additional slots and salary increases for pre-k teachers. \$5 million comes from State General Funds and \$4 million from federal dollars from the Temporary Assistance for Needy Family (TANF) block grant. <i>Money Report, page G-6</i></p>	<p><b>Increase in Pre-K funds.</b> \$5 million to address increase in per slot cost due to teacher raises and for additional slots. NC PreK teachers working in public schools participate in the teacher's salary schedule. <i>Money Report, page G-7</i></p>
	<p><b>State Funds Replaced with TANF Funds.</b> Replaces \$7.1 million of state funds with federal dollars from the Temporary Assistance for Needy Family (TANF) block grant. This is a one-time swap. <i>Money Report, page 81</i></p>	<p><b>State Funds Replaced with TANF Funds.</b> Replaces \$7.1 million of state funds with federal dollars from the Temporary Assistance for Needy Family (TANF) block grant. This is a one-time swap. <i>Money Report, page G-5</i></p>	<p><b>State Funds Replaced with TANF funds.</b> Replaces \$15.8 million of state funds with federal dollars from the Temporary Assistance for Needy Family (TANF) block grant. This is a one-time swap. <i>Money Report, page G-4</i></p>	<p><b>State Funds Replaced with TANF funds.</b> Replaces \$19.8 million of state funds with federal dollars from the Temporary Assistance for Needy Family (TANF) block grant. This is a one-time swap. <i>Money Report, page G-5</i></p>
	<p><b>General Funds Replaced with Lottery Funds.</b> Replaces \$14.75 million of funding from the General Budget with Lottery Funds. This is a recurring swap. <i>Money Report, page 81</i></p>	<p><b>No change proposed.</b></p>	<p><b>General Funds Replaced with Lottery Funds.</b> Replaces \$49.17 million of funding from the General Budget with Lottery Funds. This is a recurring swap. <i>Money Report, page G-4</i></p>	<p><b>No change proposed.</b></p>
<b>Smart Start</b>	<p><b>Subsidy Mandate.</b> Continues requirement that Smart Start spend \$52 million of its appropriation on child care</p>	<p><b>Subsidy Mandate.</b> Codifies in General Statute that Smart Start must spend \$52 million of its appropriation on child care</p>	<p><b>Subsidy Mandate.</b> Continues requirement that Smart Start spend \$52 million of its appropriation on child care</p>	<p><b>Subsidy Mandate.</b> Continues requirement that Smart Start spend \$52 million of its appropriation on child care</p>

	subsidy. This mandate remains a special provision and is not part of General Statute. <i>Special Provisions, page 36</i>	subsidy. <i>Special Provisions, page 73</i>	subsidy. This mandate remains a special provision and is not part of General Statute. <i>Special Provisions, page 74</i>	subsidy. This mandate remains a special provision and is not part of General Statute.
	<b>No change proposed.</b>	<b>No change proposed.</b>	<b>Expands NCP's legislatively-mandated functions.</b> Requires the North Carolina Partnership for Children to provide fundraising training to Smart Start local partnerships and to hire three staff to assist Smart Start local partnerships in raising non-State funds. These positions are to be paid for with existing funds. <i>Special Provisions, page 74</i>	<b>Expands NCP's legislatively-mandated functions.</b> Requires the North Carolina Partnership for Children to implement a plan to increase local capacity to raise private funds to support early childhood activities. <i>Special Provisions, page 70</i>
<b>Child Care Subsidy</b>	<b>State Funds Replaced with TANF Funds.</b> Replaces \$13.8 million of state funds with federal dollars from the Temporary Assistance for Needy Family (TANF) block grant. <i>Money Report, page 82</i>	<b>State Funds Replaced with TANF Funds.</b> Replaces \$13.8 million of state funds with federal dollars from the Temporary Assistance for Needy Family (TANF) block grant. <i>Money Report, page G-5</i>	<b>State Funds Replaced with TANF Funds.</b> Replaces \$13.98 million of state funds with federal dollars from the Temporary Assistance for Needy Family (TANF) block grant. <i>Money Report, page G-4</i>	<b>State Funds Replaced with TANF Funds.</b> Replaces \$13.98 million of state funds with federal dollars from the Temporary Assistance for Needy Family (TANF) block grant. <i>Money Report, page G-5</i>
	<b>No change proposed.</b> Currently children from birth to age 13 in families earning 75% of the state median income are eligible.	<b>Revision of Subsidy Eligibility.</b> Revises eligibility to be based on age of child and income as follows: <ul style="list-style-type: none"> <li>• Birth – 5: 200% of Federal Poverty Level</li> <li>• Ages 6 – 13: 133% of Federal Poverty Level</li> <li>• Children with special needs of any age: 200% of Federal Poverty Level.</li> </ul> This change would go into effect September 1, 2014.	<b>Revision of Subsidy Eligibility.</b> Revises eligibility to be based on age of child and income as follows: <ul style="list-style-type: none"> <li>• Birth – 5: 200% of Federal Poverty Level</li> <li>• Ages 6 – 13: 133% of Federal Poverty Level</li> <li>• Children with special needs of any age: 200% of Federal Poverty Level.</li> </ul> This change would go into effect October 1, 2014 and will	<b>Revision of Subsidy Eligibility.</b> Revises eligibility to be based on age of child and income as follows: <ul style="list-style-type: none"> <li>• Birth – 5: 200% of Federal Poverty Level</li> <li>• Ages 6 – 13: 133% of Federal Poverty Level</li> <li>• Children with special needs of any age: 200% of Federal Poverty Level.</li> </ul> This change is effective October 1, 2014 and will not

		Currently income eligibility is 75% of state median income for all children birth through 12. <i>Money Report, page G-6 Special Provisions, page 73</i>	not impact families currently being served until their regularly scheduled eligibility redetermination. Currently income eligibility is 75% of state median income for all children birth through 12. <i>Money Report, page G-5</i>	impact families currently being served until their regularly scheduled eligibility redetermination. Currently income eligibility is 75% of state median income for all children birth through 12. Instructs the Division of Child Development and Early Education to study child care subsidy for 11 and 12-year-olds. <i>Money Report, page G-6 Special Provisions, page 69</i>
<b>No change proposed.</b> Currently fees for families are adjusted for family size. Family Size 1-3: 10% Family Size 4-5: 9% Family Size 6 or more: 8%	<b>Flat Rate Replaces Sliding Fee.</b> All parents would pay 10%. Co-payment may no longer be pro-rated for partial day attendance. Children receiving child care subsidy through Child Welfare, Child Protective Services, and Foster Care will continue to be exempt from the co-payment requirement. <i>Money Report, page G-9 Special Provisions, page 73</i>	<b>Flat Rate Replaces Sliding Fee.</b> All parents would pay 10%. Co-payment may no longer be pro-rated for partial day attendance. Children receiving child care subsidy through Child Welfare, Child Protective Services, and Foster Care will continue to be exempt from the co-payment requirement. <i>Money Report, page G-9 Special Provisions, page 74</i>	<b>Flat Rate Replaces Sliding Fee.</b> All parents will pay 10%. Co-payment is no longer pro-rated for partial day attendance. Children receiving child care subsidy through Child Welfare, Child Protective Services, and Foster Care will continue to be exempt from the co-payment requirement.  <i>Money Report, page G-6 Special Provisions, page 74</i>	
<b>No change proposed.</b>	<b>Reduction in Child Care Subsidy.</b> Funding is reduced by \$3.1 million. Funds expected to be replaced with the increased requirement for payment fees and elimination of pro-rated partial day.	<b>No change proposed.</b>	<b>Reduction in Child Care Subsidy.</b> Funding is reduced by \$7.6 million. Funds expected to be replaced with the increased requirement for payment fees and elimination of pro-rated partial day. <i>Money Report, page G-6</i>	
<b>Allocation Formula.</b> Instructs	<b>Allocation Formula.</b> Instructs	<b>Allocation Formula.</b> Instructs	<b>Allocation Formula.</b> Instructs	

	<p>the Division of Child Development and Early Education to distribute child care subsidy funding to counties based on the most current available Census Data. The update is to be implemented over a four0year period. <i>Special Provisions, page 36</i></p>	<p>the Division of Child Development and Early Education to use continue to use data from the 2000 Census to determine allocations per county. Base funding for FY 2014-15 will be less or in addition to any funding a county reverted or received in addition during the FY 2013-2014. <i>Special Provisions, page 74</i></p>	<p>the Division of Child Development and Early Education to phase in use of the current Census data over six years. Exceptions include:</p> <ul style="list-style-type: none"> <li>• Counties that did not have a waiting list in FY 2013-14 will not receive increased funding.</li> <li>• Beginning in FY 2015-16, counties who spend less than 95% of their funding in the previous fiscal year will not receive increased funding.</li> </ul> <p><i>Special Provisions, page 76</i></p>	<p>the Division of Child Development and Early Education to phase in use of the current Census data over five years.</p> <ul style="list-style-type: none"> <li>• Counties that did not have waiting lists in FY 2013-14 will not receive an increase in FY 2014-15.</li> <li>• Beginning in FY 2015-16, counties who spend less than 95% of their funding in the previous fiscal year will not receive increased funding.</li> </ul> <p><i>Special Provisions, page 71</i></p>
	<p><b>Market Rate Update.</b> Adjusts the rate to be paid to four- and five-star child care providers for children from birth through age two whose families receive subsidized child care. The rate may be adjusted up to 50 percent of the recommended rate adjustment as defined in the 2013 Child Care Market Rate Study. <i>Special Provisions, page 36</i></p>	<p><b>No change proposed.</b> The current child care subsidy market rate has been in place since 2007.</p>	<p><b>Market Rate Update.</b> Adjusts the rate to be paid to three-, four- and five-star child care providers for children whose families receive subsidized child care. The rate is adjusted up 40 percent of the recommended rate adjustment as defined in the 2013 Child Care Market Rate Study.  <i>Money Report, page G-6</i> <i>Special Provisions, page 76</i></p>	<p><b>Market Rate Update.</b> Provides funding to increase the child care market rate for the Child Care Subsidy Program effective January 1, 2015 based on the 2013 North Carolina Market Rate Study. The child care market rates are increased by 25% of the difference between the current child care market rates and the 2013 child care market rates. <i>Money Report, page G-7</i> <i>Special Provisions, page 72</i></p>
<p><b>Early Intervention</b></p>	<p><b>Manage Reduced Funding.</b> Allows the Department of Health and Human Services to</p>	<p><b>Managing Reduced Funding.</b> Requires the Department of Health and Human Services to</p>	<p><b>Managing Reduced Funding.</b> Amendment passed removing requirement for the Department</p>	<p><b>Managing Reduced Funding.</b> Allows the Department of Health and Human Services to explore</p>

	<p>determine how to manage the budget reductions legislated by the General Assembly for FY 2014-15. It would rescind the requirement that the Department eliminate 160 positions. <i>Special Provisions, page 37</i></p>	<p>close four Child Developmental Services Agencies to achieve previously approved budget reductions. <i>Special Provisions, page 81</i></p>	<p>of Health and Human Services to close four Child Developmental Services Agencies to achieve previously approved budget reductions.</p>	<p>all options to achieve previously approved budget reductions. It maintains the requirement that the Department eliminate the 160 positions previously approved. <i>Special Provisions, page 79</i></p>
	<p><b>Year-Round Early Intervention.</b> Increases funds by \$326,951 to comply with federal requirements that teachers providing family support and early intervention services to preschool children who are vision and hearing impaired, provide year-round services. <i>Money Report, page 35</i></p>	<p><b>No change proposed.</b></p>	<p><b>No change proposed.</b></p>	<p><b>No change proposed.</b></p>
<p><b>Health and Human Services</b></p>	<p><b>Discretionary Cut.</b> Directs the Department to cut \$3 million from its contracts with either nonprofit organizations or universities. However, these cuts cannot come from NC Pre-K or child care subsidy. <i>Money Report, page 79</i></p>	<p><b>Discretionary Cut.</b> Reduces funds by \$16 million and allows Department of Health and Human Services to manage through elimination of vacant positions and elimination or reduction of contracts. <i>Money Report, G-1</i></p>	<p><b>Discretionary Cut.</b> Reduces funds by \$8 million and allows Department of Health and Human Services to manage through elimination of vacant positions and elimination or reduction of contracts. <i>Money Report, G-1</i></p>	<p><b>Discretionary Cut.</b> Reduces funds by \$16 million and allows the Department of Health and Human Services to manage through elimination of vacant positions and elimination or reduction of contracts. The Department may not reduce or eliminate programs or services that provide direct services. <i>Money Report, page G-1</i></p>
<p><b>Public Schools</b></p>	<p><b>Increase in Starting Teacher Pay.</b> Minimum salary for starting teachers increased to \$33,000. <i>Money Report, page 33</i></p>	<p><b>Increase in Starting Teacher Pay.</b> Minimum salary for starting teachers increased to \$33,000. <i>Money Report, page F-1</i></p>	<p><b>Increase in Starting Teacher Pay.</b> Minimum salary for all teachers increased to \$33,000. <i>Money Report, page F-1</i></p>	<p><b>Increase in Starting Teacher Pay.</b> Minimum salary for all teachers increased to \$33,000. <i>Money Report, page F-1</i></p>

<p><b>Increase in Principal Pay.</b> Principals will receive an average 2% increase in salary. <i>Money Report, page 33</i></p>	<p><b>Increase in School-based Administrator Pay.</b> Principals and assistant principals will receive an average 2% increase in salary. <i>Money Report, page F-1</i></p>	<p><b>Increase in School-based Administrator Pay.</b> Revised the current salary schedule. Administrators who do receive a salary increase under the new schedule will receive a 2% bonus. <i>Money Report, page F-1</i> <i>Special Provisions, page 54</i></p>	<p><b>Increase in School-based Administrator Pay.</b> Provides funds for salary schedule changes and an experience-based step for all step-eligible school-based administrators. Provides a bonus of \$1,000 or all school-based administrators who do not receive a salary increase on this schedule. <i>Money Report, page F-1</i> <i>Special Provisions, page 51</i></p>
<p><b>Increase in Teacher Pay.</b> Teachers moving to steps 8-12 of the salary schedule will receive an increase ranging from 2.8% to 4.3%, and teachers moving to steps 13-26 will receive an average 2% increase. <i>Money Report, page 33</i></p>	<p><b>Increase in Teacher Pay.</b> A new Professional Status Teacher Salary Schedule is created. Teachers that opt into this schedule will receive an average salary increase of 11.2%. Participation in the new Professional Status Schedule is conditional upon teachers forfeiting career status (tenure) and longevity benefits. Teachers do not opt into the Professional Status Teacher Salary Schedule will continued to be paid on the current salary schedule and will not receive a raise. <i>Money Report, page F-1</i> <i>Special Provisions, page 38</i></p>	<p><b>Increase in Teacher Pay.</b> Creates a new salary schedule for all teachers. Teachers will receive an average salary increase of 5%. Provides a bonus for teachers at the top of the salary scale that would not otherwise receive an increase. Repeals legislation passed during 2013 legislative session eliminating career status for current teachers. Keeps the elimination for teachers who have received career status prior to the August 1, 2013. <i>Money Report, page F-1</i> <i>Special Provisions, page 41</i></p>	<p><b>Increase in Teacher Pay.</b> Creates a new salary schedule. Teachers will receive, on average, a 7% salary increase assuming that local supplements remain the same, there is no turnover, and there are no changes to educator educational attainment or certifications. Provides a \$1,000 bonus for teachers at the top of the salary scale that would not otherwise receive an increase. Eliminates longevity pay. <i>Money Report, page F-1</i> <i>Special Provisions, page 50</i></p>
<p><b>Master Degree Pay.</b> Provides master degree salary for teachers who are teaching in the field of their graduate degree. <i>Money Report, page 34</i></p>	<p><b>Master Degree Pay.</b> Restores salary supplements for master, advanced or doctoral degrees. <i>Money Report, page F-3</i> <i>Special Provisions, pages 33, 39</i></p>	<p><b>Master Degree Pay.</b> Restores salary supplements for master, advanced or doctoral degrees. <i>Money Report, page F-3</i> <i>Special Provisions, page 27</i></p>	<p><b>Master Degree Pay.</b> Restores salary supplements for master, advanced or doctoral degrees. <i>Money Report, page F-4</i> <i>Special Provisions, page 50</i></p>

	<p><b>Performance Pay.</b> Appropriates \$9.8 million of lottery receipts for performance-based teacher compensation system. <i>Money Report, page 34</i></p>		<p><b>Merit Pay.</b> Eliminates the teacher supplemental compensation program slated to begin in FY 2014-15. <i>Money Report, page F-4</i></p>	<p><b>Merit Pay.</b> Provides \$10.2 million to fund an initial phase of differentiated pay for highly effective teachers. <i>Money Report, page F-5</i></p>
<p><b>No change proposed.</b></p>	<p><b>Reduction in Teacher Assistants.</b> Reduces funding for teacher assistants by \$233.2 million. Funding allotments based on number of students in kindergarten and first grade, although districts may place assistants in kindergarten through grade 3 classrooms with funds. <i>Money Report, page F-3</i></p>	<p><b>No change proposed.</b></p>	<p><b>No change proposed.</b></p>	
<p><b>No change proposed.</b></p>	<p><b>Reduction in Funding for Department of Public Instruction.</b> Reduces funding by \$15 million (30 percent). <i>Money Report, page F-4</i> <i>Special Provisions, page 34</i></p>	<p><b>Reduction in Funding for Department of Public Instruction.</b> Reduces funding by \$502,605 (1%). <i>Money Report, page F-5</i> <i>Special Provisions, page 29</i></p>	<p><b>Reduction in Funding for Department of Public Instruction.</b> Reduces funding by \$5 million (10%). <i>Money Report, page F-6</i> <i>Special Provisions, page 31</i></p>	
<p><b>No change proposed.</b></p>	<p><b>Increase Teacher/Child Ratio.</b> Rescinds funding approved last session to decrease teacher/child ratio for second and third grades to one teacher per 17 students. The ratio will remain at one teacher per 18 students. <i>Money Report, page F-3</i></p>	<p><b>Increase Teacher/Child Ratio.</b> Rescinds funding approved last session to decrease teacher/child ratio for second and third grades to one teacher per 17 students. The ratio will remain at one teacher per 18 students. <i>Money Report, page F-3</i></p>	<p><b>Decreases Teacher/Child Ratio.</b> Provides funding to decrease class size by one student in kindergarten and first grade. <i>Money Report, page F-3</i></p>	
<p><b>No change proposed.</b></p>	<p><b>Read to Achieve.</b> Provides \$6 million in additional funds to the Department of Public Instruction to implement Read to Achieve, part of the Excellent Public Schools Act.</p>	<p><b>Read to Achieve.</b> Provides \$6 million in additional funds to the Department of Public Instruction to implement Read to Achieve, part of the Excellent Public Schools Act.</p>	<p><b>Read to Achieve.</b> Provides \$6 million in additional funds to the Department of Public Instruction to implement Read to Achieve, part of the Excellent Public Schools Act.</p>	

		<i>Money Report, page F-2</i>	Changes requirements to demonstrate reading proficiency. <i>Money Report, page F-3</i> <i>Special Provisions, page 37</i>	Changes requirements to demonstrate reading proficiency. <i>Money Report, page F-3</i> <i>Special Provisions, page 37</i>
	<b>No change proposed.</b>	<b>No change proposed.</b>	<b>Expands Communities in Schools.</b> Provides an additional \$2 million, making total funding for FY 2014-14 \$3.4 million. <i>Money Report, page F-6</i>	<b>Expands Communities in Schools.</b> Provides an additional \$1 million, making total funding for FY 2014-14 \$2.4 million. <i>Money Report, page F-6</i>