

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2021**

**SENATE BILL 695  
RATIFIED BILL**

AN ACT TO MAKE VARIOUS CHANGES TO LAWS AFFECTING PRINCIPAL  
LICENSURE, SALARY INSTALLMENTS, REPORTING REQUIREMENTS, AND  
CASH MANAGEMENT REQUIREMENTS FOR PUBLIC SCHOOL UNITS.

The General Assembly of North Carolina enacts:

**PART I. PRINCIPAL LICENSE EXEMPTIONS**

**SECTION 1.(a)** Notwithstanding any law, rule, or policy to the contrary, for individuals licensed as school administrators for any school year from 2010-2011 to 2020-2021, the State Board of Education shall deem previously issued licenses and future renewals to be valid regardless of the failure to meet any of the following licensure requirements:

- (1) The exam required by G.S. 115C-284(b1)(5) and (c).
- (2) The year-long internship required by G.S. 115C-284(c2)(7).
- (3) The classroom teaching experience required by G.S. 115C-284(d1).
- (4) The requirement that an individual hold a Master's Degree in Education Administration, pursuant to G.S. 115C-284(d1), provided that the individual completed a master's degree program or a post-master's certificate designed for school administrators that is offered by an educator preparation program approved by the State Board of Education.
- (5) The "second level of differentiation" required by G.S. 115C-284(d1).

**SECTION 1.(b)** Notwithstanding any law, rule, or policy to the contrary, for individuals who meet the criteria established by subsection (c) of this section, the State Board of Education shall waive the following licensure requirements:

- (1) The exam required by G.S. 115C-284(b1)(5) and (c).
- (2) The year-long internship required by G.S. 115C-284(c2)(7).
- (3) The classroom teaching experience required by G.S. 115C-284(d1).
- (4) The requirement that an individual hold a Master's Degree in Education Administration, pursuant to G.S. 115C-284(d1).
- (5) The "second level of differentiation" required by G.S. 115C-284(d1).

**SECTION 1.(c)** To be eligible for the waiver in subsection (b) of this section, an individual shall meet the following criteria prior to being licensed as a school administrator:

- (1) Prior to August 31, 2022, the individual completed at least one course as part of a master's degree program or a post-master's certificate designed for school administrators that was offered by an educator preparation program approved by the State Board of Education.
- (2) The individual completed a master's degree program or a post-master's certificate designed for school administrators that is offered by an educator preparation program approved by the State Board of Education.
- (3) The individual meets all licensure requirements in State law, rule, or policy not otherwise waived by this section.



**PART II. FLEXIBILITY FOR SCHOOL EMPLOYEES TO RECEIVE ANNUAL SALARY IN 12 MONTHLY INSTALLMENTS THROUGH A PAYROLL DEDUCTION PLAN**

**SECTION 2.(a)** G.S. 115C-302.1(b) reads as rewritten:

"(b) Salary Payments. – State-allotted teachers shall be paid for a term of 10 months. Except for career and technical education agriculture teacher personnel positions as provided for in this subsection, State-allotted months of employment for career and technical education to local boards shall be used for the employment of teachers of career and technical education for a term of employment to be determined by the local boards of education. Beginning with the 2018-2019 school year, career and technical education agriculture teacher personnel positions serving students in grades nine through 12 shall be for a term of employment for 12 calendar months. A local board of education may fund these positions using any combination of State funds, local funds, or any other funds available to the local board.

...

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.~~ requests. The request shall be filed in the local school administrative unit which employs the teacher. Local school administrative units shall fulfill this requirement through a payroll deduction plan. The payment of the annual salary in 12 installments instead of 10 shall not increase or decrease the teacher's annual salary nor in any other way alter the contract made between the teacher and the local school administrative unit. ~~Teachers employed for a period of less than 10 months shall not receive their salaries in 12 installments.~~

Notwithstanding this subsection, the term "daily rate of pay" for the purpose of G.S. 115C-12(8) or for any other law or policy governing pay or benefits based on the teacher salary schedule shall not exceed one twenty-second of a teacher's monthly rate of pay."

**SECTION 2.(b)** G.S. 115C-316(a)(2) reads as rewritten:

"(2) School Employees Paid on an Hourly or Other Basis. – Salary payments to employees other than those covered in G.S. 115C-272(b)(1), 115C-285(a)(1) and (2), 115C-302.1(b) and 115C-316(a)(1) shall be made at a time determined by each local board of education. Expenditures for the salary of these employees from State funds shall be within allocations made by the State Board of Education and in accordance with rules and regulations approved by the State Board of Education concerning allocations of State funds: ~~Provided, that school funds.~~ School employees employed for a term of 10 calendar months or 11 calendar months in year-round schools shall be paid in 12 equal installments: Provided further, that any installments. Any individual school employee employed for a term of 10 calendar months or 11 calendar months who is not employed in a year-round school may be paid in 12 monthly installments if the employee so ~~requests on or before the first day of the school year.~~ requests. Such request shall be filed in the administrative unit which employs the employee. Local school administrative units shall fulfill this requirement through a payroll deduction plan. The payment of the annual salary in 12 installments instead of 10 or 11 shall not increase or decrease said annual salary nor in any other way alter the contract between the employee and the said administrative unit. Employees may be prepaid on the set pay date for days not yet worked. An employee who fails to attend scheduled workdays or who has not worked the number of days for which the employee has been paid and who resigns or is dismissed shall repay to the local board any salary payments received for days not yet worked. An employee who has been prepaid and who continues to be employed by a local board but fails to attend scheduled workdays may be subject to dismissal or other appropriate

discipline. The daily rate of pay shall equal the number of weekdays in the pay period. Included within the term of employment shall be provided for full-time employees 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, to be taken under policies determined by each local board of education. On a day that employees are required to report for a workday but pupils are not required to attend school due to inclement weather, an employee may elect not to report due to hazardous travel conditions and to take one of his annual vacation days or to make up the day at a time agreed upon by the employee and his immediate supervisor or principal. On a day that school is closed to employees and pupils due to inclement weather, the employee shall work on the scheduled makeup day. Included within their term of employment, each local board of education shall designate the same or an equivalent number of legal holidays occurring within the period of employment as those designated by the State Human Resources Commission for State employees."

### **PART III. EXTEND STUDENT MEAL DEBT REPORT**

**SECTION 3.** Section 2.3(a) of S.L. 2020-80 reads as rewritten:

"**SECTION 2.3.(a)** No later than October 15, ~~2021~~, 2023, the State Board of Education shall report to the Joint Legislative Education Oversight Committee on unpaid meal charges in local school administrative units. At a minimum, the report shall include the following information:

- (1) The percentage of students of all grade levels in each local school administrative unit who (i) qualify for and participate in reduced-price meals and (ii) do not carry an unpaid meal charge.
- (2) The total amount of debt carried by each local school administrative unit related to unpaid meal charges.
- (3) Summaries of approaches adopted by each local school administrative unit regarding unpaid meal charges.
- (4) Options for a statewide policy on the uniform administration of unpaid meal charges in local school administrative units. Every option shall ensure that students are not prevented from receiving nutritious meals because of an unpaid meal charge."

### **PART IV. CASH MANAGEMENT FLEXIBILITY FOR CERTAIN PUBLIC SCHOOL UNITS**

**SECTION 4.(a)** G.S. 147-86.12 reads as rewritten:

"§ **147-86.12. Cash management for school administration units.**

(a) Definitions. – As used in this section, the following definitions apply:

- (1) Governing body. – The governing body of a public school unit is the following:
  - a. For a local school administrative unit, the local board of education.
  - b. For a charter school, the nonprofit corporation board of directors.
  - c. For a regional school, the regional school board of directors.
  - d. For an innovative school, the State Board of Education.
- (2) Public school unit. – Any of the following, as the terms are defined in Chapter 115C of the General Statutes:
  - a. A local school administrative unit.
  - b. A charter school.
  - c. A regional school.
  - d. An innovative school.

(b) All public school ~~administrative~~ units and their officers and employees are subject to the provision of ~~G.S. 147-86.11~~ with G.S. 147-86.11 with respect to moneys required by law to be deposited with the State Treasurer and with respect to moneys made available to the public school ~~administrative~~ unit for expenditure by warrants drawn on the State Treasurer.

(c) Notwithstanding G.S. 147-86.11(f)(1), a public school unit and its officers and employees shall make a final disbursement to the ultimate payee no later than the third business day after the day the public school unit draws upon moneys deposited with the State Treasurer. For purposes of this subsection, "business day" means every day except Saturday, Sunday, or a federal banking holiday.

(d) Notwithstanding G.S. 147-80, a public school unit may deposit moneys drawn on the State Treasurer pursuant to subsection (b) of this section in an official depository designated by the governing body of the public school unit in accordance with Chapter 115C of the General Statutes."

**SECTION 4.(b)** G.S. 115C-75.11 is amended by adding a new subsection to read:

"(e) With respect to the receipt, deposit, and disbursement of moneys (i) required by law to be deposited with the State Treasurer or (ii) made available for expenditure by warrants drawn on the State Treasurer, innovative schools are subject to Article 6A of Chapter 147 of the General Statutes."

**SECTION 4.(c)** G.S. 115C-218.105 is amended by adding a new subsection to read:

"(g) With respect to the receipt, deposit, and disbursement of moneys (i) required by law to be deposited with the State Treasurer or (ii) made available for expenditure by warrants drawn on the State Treasurer, charter schools are subject to Article 6A of Chapter 147 of the General Statutes."

**SECTION 4.(d)** G.S. 115C-238.70 is amended by adding a new subsection to read:

"(e) With respect to the receipt, deposit, and disbursement of moneys (i) required by law to be deposited with the State Treasurer or (ii) made available for expenditure by warrants drawn on the State Treasurer, regional schools are subject to Article 6A of Chapter 147 of the General Statutes."

**SECTION 4.(e)** G.S. 115C-438 reads as rewritten:

**"§ 115C-438. Provision for disbursement of State money.**

(a) The deposit of money in the State treasury to the credit of local school administrative units shall be made in monthly installments, and additionally as necessary, at such time and in such a manner as may be most convenient for the operation of the public school system. Before an installment is credited, the school finance officer shall certify to the State Board of Education the expenditures to be made by the local school administrative unit from the State Public School Fund during the month. This certification shall be filed on or before the fifth day following the end of the month preceding the period in which the expenditures will be made. The State Board of Education shall determine whether the moneys requisitioned are due the local school administrative unit, and upon determining the amount due, shall cause the requisite amount to be credited to the local school administrative unit. Upon receiving notice from the State Treasurer of the amount placed to the credit of the local school administrative unit, the finance officer may issue State warrants up to the amount so certified.

Upon notification by the Board of Trustees of the Teachers' and State Employees' Retirement System to the State Treasurer and the Office of State Budget and Management as to the default of the local school administrative unit, the State Board of Education shall withhold from any State appropriation due to the local school administrative unit an amount equal to the sum of all delinquent contributions and payments due to the Retirement Systems Division and shall transmit that amount to the Retirement Systems Division.

The State Board of Education may withhold money for payment of salaries for administrative officers of local school administrative units if any report required to be filed with State school authorities is more than 30 days overdue. The State Board of Education shall withhold money

for payment of salaries for the superintendent, finance officer, and all other administrative officers charged with providing payroll information pursuant to G.S. 115C-12(18), if the local school administrative unit fails to provide the payroll information to the State Board in a timely fashion and substantially in accordance with the standards set by the State Board. The State Board of Education shall also withhold money used for payment of salaries for the superintendent, transportation director, and all other administrative officers or employees charged by the local board of education or the local superintendent with implementing the Transportation Information Management System, pursuant to G.S. 115C-240(d), if the State Board finds that a local school administrative unit is not progressing in good faith and is not using its best efforts to implement the Transportation Information Management System.

(b) Notwithstanding any provision of this Article to the contrary, with respect to the receipt, deposit, and disbursement of moneys (i) required by law to be deposited with the State Treasurer or (ii) made available for expenditure by warrants drawn on the State Treasurer, local school administrative units are subject to Article 6A of Chapter 147 of the General Statutes.

(c) Money in the State Public School Fund and State bond moneys shall be released only on warrants drawn on the State Treasurer, signed by such local official as may be required by the State Board of Education."

**SECTION 4.(f)** G.S. 147-86.10 reads as rewritten:

**"§ 147-86.10. Statement of policy.**

It is the policy of the State of North Carolina that all agencies, institutions, departments, bureaus, boards, commissions, and officers of the State, whether or not subject to the State Budget Act, Chapter 143C of the General Statutes, shall devise techniques and procedures for the receipt, deposit, and disbursement of moneys coming into their control and custody which are designed to maximize interest-bearing investment of cash, and to minimize idle and nonproductive cash balances. This policy shall apply to the General Court of Justice as defined in Article IV of the North Carolina Constitution, the public school ~~administrative units,~~ units as defined in G.S. 147-86.12, and the community colleges with respect to the receipt, deposit, and disbursement of moneys required by law to be deposited with the State Treasurer and with respect to moneys made available to them for expenditure by warrants drawn on the State Treasurer. This policy shall include the acceptance of electronic payments in accordance with G.S. 147-86.22 to the maximum extent possible consistent with sound business practices."

**SECTION 4.(g)** G.S. 147-86.11(f)(1) reads as rewritten:

"(1) Moneys deposited with the State Treasurer remain on deposit with the State Treasurer until final disbursement to the ultimate ~~payee-payee,~~ except as provided in G.S. 147-86.12."

**PART V. EFFECTIVE DATE**

**SECTION 5.** This act is effective when it becomes law.

In the General Assembly read three times and ratified this the 7<sup>th</sup> day of October,  
2021.

s/ Phil Berger  
President Pro Tempore of the Senate

s/ Tim Moore  
Speaker of the House of Representatives

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Roy Cooper  
Governor

Approved \_\_\_\_\_m. this \_\_\_\_\_ day of \_\_\_\_\_, 2021