

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2015

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SENATE BILL 344

Short Title: Administration/NC Education Endowment Fund. (Public)

Sponsors: Senators Tillman (Primary Sponsor); Krawiec, Lee, McInnis, and Rabin.

Referred to: Rules and Operations of the Senate.

March 23, 2015

1 A BILL TO BE ENTITLED  
2 AN ACT TO ESTABLISH THE NORTH CAROLINA EDUCATION ENDOWMENT  
3 COMMITTEE AND TO PROVIDE FOR THE AWARD OF FUNDS TO LOCAL  
4 SCHOOL ADMINISTRATIVE UNITS AND CHARTER SCHOOLS FOR PROVIDING  
5 BONUSES AND SALARY SUPPLEMENTS FOR TEACHERS.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** Article 32E of Chapter 115C of the General Statutes is amended by  
8 adding new sections to read:

9 **"§ 115C-472.17. Purpose and administration of the North Carolina Education**  
10 **Endowment Fund.**

11 (a) Purpose and Intent. – The purpose of the North Carolina Education Endowment  
12 Fund, as created by G.S. 115C-472.16, is to establish a Fund whereby the State's highest  
13 performing teachers are rewarded monetarily for outstanding work that increases student  
14 performance and provides local school administrative units and charter schools greater ability  
15 to recruit high performing teachers to their schools. It is the intent of the General Assembly that  
16 the expenditures from the Fund be substantially less than revenues available in the Fund until  
17 such time as the Fund becomes self-sustaining.

18 (b) Oversight of the Fund. – There is established the North Carolina Education  
19 Endowment Committee to provide oversight regarding expenditures and revenues of the Fund.  
20 The Committee shall be a Board as defined in G.S. 138A-3. The Committee shall consist of  
21 nine members as follows:

- 22 (1) The Lieutenant Governor or designee.  
23 (2) The State Treasurer or designee.  
24 (3) One member appointed by the State Board of Education.  
25 (4) Two members appointed by the Governor.  
26 (5) Two members appointed by the Speaker of the House of Representatives.  
27 (6) Two members appointed by the President Pro Tempore of the Senate.

28 (c) Committee Structure and Member Terms. – The Lieutenant Governor shall serve as  
29 chair of the Committee. In addition to the Committee members set forth under subsection (b) of  
30 this section, the Superintendent of Public Instruction or designee shall serve as a nonvoting ex  
31 officio member of the Committee and shall serve as secretary to the Committee. No member of  
32 the General Assembly shall be eligible to serve on the Committee as appointed members. The  
33 Committee shall be housed within the Department of Administration.

34 Members of the Committee shall serve two-year terms, except that members initially  
35 appointed pursuant to subdivisions (b)(4), (b)(5), and (b)(6) of this section shall serve one-year  
36 terms. Vacancies among appointed members shall be filled by the appointing entity and shall



1 serve for the remainder of the vacant term. Vacancies appointed by the General Assembly shall  
2 be filled in accordance with G.S. 120-122. Members may be removed solely for the grounds set  
3 forth in subsections (b), (c), and (d) of G.S. 143B-13 and only by a vote of two-thirds of the  
4 members of the Committee present at a regular or specially called meeting of the Committee.

5 Members of the Committee may receive only per diem and allowances in accordance with  
6 G.S. 138-5.

7 (d) Meetings of the Committee. – The Committee shall meet at least quarterly upon the  
8 call of the chair. Special meetings of the Committee may be set at any regular meeting or may  
9 be called by the chair. A majority of the appointed members of the Committee shall constitute a  
10 quorum for the transaction of business.

11 (e) Duties of the Committee. – The Committee shall have the following duties:

12 (1) Monitoring and oversight of the Fund, including investment of the Fund's  
13 revenues so as to maximize returns on the Fund while taking appropriate  
14 measures to ensure the viability of the Fund.

15 (2) Making annual recommendations to the General Assembly regarding  
16 appropriations to the Fund and appropriations from the Fund for the  
17 purposes set forth in this section and G.S. 115C-472.16.

18 (3) Providing an annual report to the General Assembly on the state of the Fund,  
19 including interest earnings and corporate and individual donations to the  
20 Fund.

21 (4) Consulting and coordinating with the North Carolina nonprofit corporation  
22 that the Committee enters into a cooperative agreement with under  
23 subsection (g) of this section to solicit monies for the Fund from  
24 non-government sources.

25 (5) Receiving and soliciting proposals from local school administrative units  
26 and charter schools for uses of the Fund for teacher compensation related  
27 directly to improving student academic outcomes in cooperation with the  
28 nonprofit corporation that the Committee enters into a cooperative  
29 agreement with under subsection (g) of this section.

30 (6) Any other duties deemed necessary by the Committee regarding the Fund.

31 (f) Committee Consultation with a Nonprofit Corporation. – In making the  
32 recommendations as required by subdivision (e)(2) of this section, the Committee shall  
33 consider the amounts collected by a North Carolina nonprofit corporation that meets the criteria  
34 set forth in subsection (g) of this section. The terms of the cooperative agreement between the  
35 Committee and the nonprofit corporation shall be as agreed upon by the parties in a manner not  
36 inconsistent with this section or other applicable law. The cooperative agreement does not  
37 require consideration to be effective.

38 (g) Cooperative Agreement with a Nonprofit Corporation. – The Committee shall enter  
39 into a cooperative agreement with a nonprofit corporation to administer the provisions of  
40 G.S. 115C-472.18. A nonprofit corporation entering into a cooperative agreement with the  
41 Committee shall adhere to the following governance provisions:

42 (1) The nonprofit corporation shall be a nonprofit corporation organized  
43 pursuant to Chapter 55A of the General Statutes and shall comply at all  
44 times with the provisions of section 501(c)(3) of the Internal Revenue Code.

45 (2) The board of the nonprofit corporation shall be comprised of 13 members,  
46 which shall be appointed as follows:

47 a. Three members appointed by the Governor, one of whom shall be  
48 appointed chair of the board of the nonprofit corporation.

49 b. Three members appointed by the Speaker of the House of  
50 Representatives.

- 1           c.     Three members appointed by the President Pro Tempore of the  
2                 Senate.
- 3           d.     One member appointed by the Lieutenant Governor.
- 4           e.     One member appointed by the Superintendent of Public Instruction.
- 5           f.     One member appointed by the State Treasurer.
- 6           g.     One member appointed by the State Board of Education.
- 7           (3)    The nonprofit corporation shall comply with the limitations on lobbying set  
8                 forth in section 501(c)(3) of the Internal Revenue Code.
- 9           (4)    No State officer or employee may serve on the board of the nonprofit  
10                corporation.
- 11           (5)    The board of the nonprofit corporation shall meet at least quarterly at the call  
12                of its chair.
- 13           (6)    The nonprofit corporation shall have the following duties if it enters into a  
14                cooperative agreement with the Committee:
- 15                a.     Provide assistance and recommendations to the Committee on its  
16                    duties.
- 17                b.     Assist the Committee in raising funds for the Fund from corporate  
18                    and individual donors.
- 19                c.     Provide a financial report of the nonprofit corporation to the  
20                    Committee.

21           (h)    State Funds for the Nonprofit Corporation. – The amount of State funds that may be  
22                used for the annual salary of any one officer or employee of the nonprofit corporation entering  
23                into a cooperative agreement with the Committee shall not exceed the greater of (i) one  
24                hundred twenty thousand dollars (\$120,000) or (ii) the amount most recently set by the General  
25                Assembly in a Current Operations and Capital Improvement Appropriations Act. State funds  
26                may only be used by the nonprofit corporation that are appropriated by the General Assembly  
27                for that purpose.

28           (i)    Applicable Laws. – The nonprofit corporation with which the Committee enters into  
29                a cooperative agreement pursuant to this section is subject to the requirements of (i) Chapter  
30                132 of the General Statutes and (ii) Article 33C of Chapter 143 of the General Statutes.  
31                Officers, employees, and members of the governing board of the nonprofit corporation shall be  
32                considered public servants, as defined in G.S. 138A-3, and are subject to the requirements of  
33                Chapter 138A of the General Statutes. Officers, members of the governing board, and  
34                employees of the nonprofit corporation whose annual compensation is equal to or greater than  
35                sixty thousand dollars (\$60,000) are subject to the provisions of G.S. 138A-22. The Committee  
36                is subject to (i) Chapter 132 of the General Statutes and (ii) Article 33C of Chapter 143 of the  
37                General Statutes.

38           (j)    Benefits. – An officer, employee, or member of a governing board of a nonprofit  
39                corporation that enters into a cooperative agreement with the Committee pursuant to this  
40                section is not a State employee, is not covered by Chapter 126 of the General Statutes, and is  
41                not entitled to State-funded employee benefits, including membership in the Teachers' and  
42                State Employees' Retirement System and the State Health Plan for Teachers and State  
43                Employees.

44           "**§ 115C-472.18. Procedure for Appropriation Requests from the North Carolina**  
45                **Education Endowment Fund.**

46           (a)    Requests for Nominations or Recruitment Funds. – No later than August 15 of each  
47                calendar year, the nonprofit corporation that enters into a cooperative agreement with the North  
48                Carolina Education Endowment Committee pursuant to G.S. 115C-472.17 shall submit a  
49                request to each local school administrative unit and charter school operating in the State for  
50                nominations of teachers for appropriations of bonuses or supplemental pay from the North  
51                Carolina Education Endowment Fund. The nonprofit corporation shall also submit a request to

1 each local school administrative unit operating in the State for requests for recruitment funds  
2 for the recruiting of specific teaching positions needed in the schools of that unit or charter  
3 school.

4 (b) Submission of Nominations or Requests for Recruitment Funds. – Beginning in  
5 2015, no later than October 31 of each calendar year, local school administrative units and  
6 charter schools shall submit to the nonprofit corporation any nominations or requests for  
7 recruitment funds as provided for in subsection (a) of this section.

8 (c) Limitation on Nominations. – No local school administrative unit may submit  
9 nominations as described in subsection (a) of this section for more than 15 teachers employed  
10 in the local school administrative unit or ten percent (10%) of the teachers employed in the  
11 local school administrative unit, whichever is less. No charter school may submit nominations  
12 for more than two teachers employed by the charter school.

13 (d) Format of Nominations and Requests for Recruitment Funds – The format of the  
14 nominations and requests for recruitment funds shall be in the format provided by the nonprofit  
15 corporation. Such format shall include at least the name of the local school administrative unit  
16 or charter school making the nomination or recruitment request, the name of the teacher  
17 nominated or a description of the position for which recruitment funds are requested, and a  
18 narrative description of how the teacher has increased student performance or how the  
19 recruitment of a new teacher would increase student performance.

20 (e) Beginning in 2016, no later than January 31 of each calendar year, the nonprofit  
21 corporation shall submit a report containing recommendations on appropriations from the Fund  
22 for use by local school administrative units and charter schools to the Committee.

23 (f) Beginning in 2016, no later than March 31 of each calendar year, the Committee  
24 shall review the nonprofit corporation's report and make its recommendations for  
25 appropriations from the Fund to the Senate Appropriations Committee on Education/Higher  
26 Education and the House Appropriations Committee on Education.

27 **"§ 115C-472.19. Requirement of local matching funds.**

28 For all appropriations awarded to local school administrative units and charter schools from  
29 the North Carolina Education Endowment Fund by the General Assembly, each local school  
30 administrative unit or charter school receiving funds shall match the appropriation for the  
31 teacher bonus, supplemental pay, or recruitment request according to the following:

- 32 (1) For local school administrative units and charter schools located in tier 1  
33 counties as defined in G.S. 143B-437.08 for the year immediately preceding  
34 the appropriation, the matching funds shall be in an amount equal to ten  
35 percent (10%) of the amount of funds awarded to the unit or charter school.
- 36 (2) For local school administrative units and charter schools located in tier 2  
37 counties as defined in G.S. 143B-437.08 for the year immediately preceding  
38 the appropriation, the matching funds shall be in amount equal to  
39 twenty-five percent (25%) of the amount of funds awarded to the unit or  
40 charter school.
- 41 (3) For local school administrative units and charter schools located in tier 3  
42 counties as defined in G.S. 143B-437.08 for the year immediately preceding  
43 the appropriation, the matching funds shall be in an amount equal to forty  
44 percent (40%) of the amount of funds awarded to the unit or charter school.

45 **"§ 115C-472.20. Manner of payment to teachers.**

46 Teacher bonuses or salary supplements paid from an appropriation from the North Carolina  
47 Education Endowment Fund shall be paid separately from any other compensation received by  
48 the teacher and the teacher shall be notified that the bonus or supplement was paid from the  
49 North Carolina Education Endowment Fund by an appropriation of the General Assembly and  
50 the applicable matching funds by the local school administrative unit or charter school in  
51 accordance with G.S. 115C-472.19."

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**SECTION 2.** This act is effective when it becomes law.