

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2011**

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**HOUSE BILL 856**

Short Title: Funding Formula for NC Virtual Public Schools. (Public)

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Sponsors: Representatives Langdon and Stevens (Primary Sponsors).  
For a complete list of Sponsors, see Bill Information on the NCGA Web Site.

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Referred to: Appropriations.

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April 7, 2011

A BILL TO BE ENTITLED

AN ACT REGARDING THE IMPLEMENTATION OF NORTH CAROLINA VIRTUAL  
PUBLIC SCHOOL (NCVPS) PROGRAM.

The General Assembly of North Carolina enacts:

**SECTION 1.(a)** The North Carolina Virtual Public School (NCVPS) program shall report to the State Board of Education and shall maintain an administrative office at the Department of Public Instruction.

**SECTION 1.(b)** The Director shall ensure that students residing in rural and low-wealth county local school administrative units have access to e-learning course offerings in order to expand available instructional opportunities. E-learning instructional opportunities shall include courses required as part of the standard course of study for high school graduation and AP offerings not otherwise available.

**SECTION 1.(c)** Section 7.4 of S.L. 2010-31 is repealed.

**SECTION 1.(d)** The State Board of Education shall take the following steps to implement an allotment formula for NCVPS beginning with the 2011-2012 school year:

- (1) Project NCVPS student enrollment by semester and year-long course types for each local school administrative unit and charter school.
- (2) Establish a per course teacher payment structure for the instructional costs of NCVPS. In establishing this payment structure, the Board shall consider the following:
  - a. The payment structure is based on a total compensation analysis to ensure NCVPS teacher pay has parity with similar programs. The total compensation analysis shall take into account salaries, benefits, and work effort to ensure valid comparisons between occupations.
  - b. The effects any change in NCVPS teacher payments may have on the attraction and retention of NCVPS teachers.
- (3) Develop a per student fee structure for in-State students that is based on the per course teacher pay structure. The fee structure for in-State students shall ensure that the projected cost for local school administrative units and charter schools equals the projected instructional cost for NCVPS courses.
- (4) Multiply the per course fees for in-State students by the projected enrollment by course type to determine the total instructional cost for each local school administrative unit and charter school.



- 1 (5) Transfer a dollar amount equal to seventy-five percent (75%) of the local  
2 school administrative unit's or charter school's projected instructional cost  
3 from the classroom teacher allotment to NCVPS.
- 4 (6) No later than February 21 of each year, calculate the actual instructional cost  
5 for each local school administrative unit and charter school based upon  
6 actual NCVPS enrollment as of that date.
- 7 (7) Subtract the amount transferred pursuant to subdivision (5) of this subsection  
8 from the actual instructional cost for each unit or charter school and transfer  
9 the remaining dollar amount owed, up to a maximum of one hundred percent  
10 (100%) of the projected cost.
- 11 (8) Develop and implement a policy regarding returning funds to local school  
12 administrative units and charter schools in cases where the amount  
13 transferred pursuant to subdivision (5) of this subsection exceeds the actual  
14 instructional costs.

15 NCVPS shall use funds transferred to it to provide the NCVPS program at no cost to all  
16 students in North Carolina who are enrolled in North Carolina's public schools, Department of  
17 Defense schools, and schools operated by the Bureau of Indian Affairs.

18 **SECTION 1.(e)** In establishing the fee structure and payment structure for  
19 NCVPS, the State Board shall consider recommendations from the e-Learning Commission and  
20 the NCVPS Advisory Board.

21 **SECTION 1.(f)** The State Board shall establish a separate per student fee structure  
22 for out-of-state students, home-schooled students, and private school students, which shall be  
23 adjusted upward from the in-State student fee structure by an amount determined appropriate  
24 by the State Board. The State Board shall administer all funds generated from the sale of  
25 NCVPS courses to out-of-state educational entities and the use of NCVPS courses by  
26 home-schooled and private school students and shall use these funds to offset the instructional  
27 costs to local school administrative units and charter schools.

28 **SECTION 1.(g)** NCVPS shall develop a revenue-generating plan for the sale of  
29 courses to out-of-state educational entities. NCVPS shall submit its plan to the State Board by  
30 September 1, 2011.

31 **SECTION 1.(h)** Beginning in calendar year 2011, the Director of NCVPS shall  
32 submit an annual report on NCVPS to the State Board of Education no later than December 1.  
33 The report shall use data from the previous fiscal year and shall include statistics on actual vs.  
34 projected costs to local administrative units and charter schools, student enrollment, virtual  
35 teacher salaries, and measures of academic achievement.

36 The Director of NCVPS shall continue to ensure the following:

- 37 (1) Course quality standards are established and met.
- 38 (2) All e-learning opportunities offered by State-funded entities to public school  
39 students are consolidated under the NCVPS program, eliminating course  
40 duplication.
- 41 (3) All courses offered through NCVPS are aligned to the North Carolina  
42 Standard Course of Study.

43 **SECTION 1.(i)** The State Board of Education shall report to the Office of the  
44 Governor, Office of State Budget and Management, Joint Legislative Education Oversight  
45 Committee, and the Fiscal Research Division by April 15, 2011, on its implementation of this  
46 section.

47 **SECTION 1.(j)** The State Board of Education shall reduce ADM dollar allotments  
48 on the basis of ADM in grades 6-12 to provide the sum of eight hundred thirty-six thousand  
49 dollars (\$836,000) for the State-level operations of NCVPS for the 2011-2012 fiscal year. The  
50 total fee shall be adjusted annually based upon the percentage growth in NCVPS enrollment,  
51 ensuring the expansion of services due to increased virtual student enrollment.

1           **SECTION 1.(k)** Funds appropriated for Learn and Earn Online shall be  
2 permanently transferred and used for the following purposes:

3           (1) The sum of two million thirty thousand nine hundred twenty-three dollars  
4           (\$2,030,923) shall be used each year for NCVPS administrative salaries and  
5           benefits.

6           (2) The remainder shall be used for an NCVPS enrollment reserve, ensuring that  
7           all North Carolina students have access to NCVPS courses. The State Board  
8           of Education shall set guidelines for the use of the enrollment reserve.

9           **SECTION 2.** G.S. 66-58(c) is amended by adding a new subdivision to read:

10          "(c) The provisions of subsection (a) shall not prohibit:

11           . . .

12           (20) The sale by the State Board of Education of NCVPS courses to home  
13           schools, private schools, and out-of-state educational entities."

14          **SECTION 3.** This act becomes effective July 1, 2011.