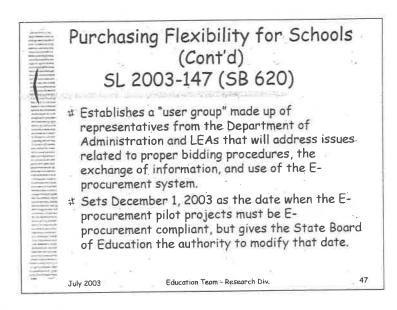
Purchasing Flexibility for Schools (Cont'd) SL 2003-147 (SB 620)

- Requires the State Board of Education to adopt rules regarding equipment standards for supplies, equipment, and materials related to student transportation.
- # Provides that if the State Board of Education adopts safety guidelines for certain commodities, those guidelines must be at least as strict as ones adopted for state term contracts.



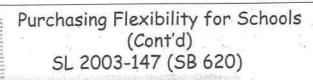
To use the NC E-Procurement Service, a LEA's purchasing system must be interfaced with the Internet-based purchasing system of the Service. The NC E-Procurement Service must work with the LEAs to accomplish this interface through a graduated process:

- •The Service will work with 4 local school administrative units that represent the two most popular purchasing systems used by the LEAs. The 4 pilot units will be Guilford County, Cabarrus County, Sampson County, and Edgecombe County. These 4 units must be certified as being E-Procurement compliant by December 1, 2003. However, if the State Board determines that the pilots will not be compliant within the specified timeframe, it may extend the required date of compliance.
- •The Service will work with Wake County and Charlotte/Mecklenburg County. These 2 units have a unique purchasing system. These 2 units must be certified as being E-Procurement compliant by July 1, 2004.
- •The remaining 111 LEAs must be certified as being E-procurement compliant by January 1, 2005.

There is nothing in this legislation that limits the authority of the Department of Administration to develop, implement, and monitor a pilot program for reverse auctions for public school systems.

Purchasing Flexibility for Schools (Cont'd) SL 2003-147 (SB 620)

- # Establishes a "user group" made up of representatives from the Department of Administration and LEAs that will address issues related to proper bidding procedures, the exchange of information, and use of the E-procurement system.
- # Sets December 1, 2003 as the date when the Eprocurement pilot projects must be Eprocurement compliant, but gives the State Board of Education the authority to modify that date.



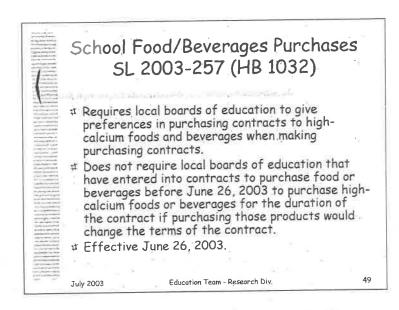
- Sets July 1, 2004 as the date when Wake County and Charlotte/Mecklenburg County must be Eprocurement compliant.
- Sets January 1, 2005 as the date when the remaining LEAs must be certified as being Eprocurement compliant.
- # Except as otherwise noted, effective June 4, 2003.

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Purchasing Flexibility for Schools (Cont'd) SL 2003-147 (SB 620)

- # Sets July 1, 2004 as the date when Wake County and Charlotte/Mecklenburg County must be E-procurement compliant.
- # Sets January 1, 2005 as the date when the remaining LEAs must be certified as being E-procurement compliant.
- # Except as otherwise noted, effective June 4, 2003.



"High calcium foods and beverages" are defined as foods and beverages that contain a higher level of calcium and are equal to or lower in price than other products of the same type or quality.

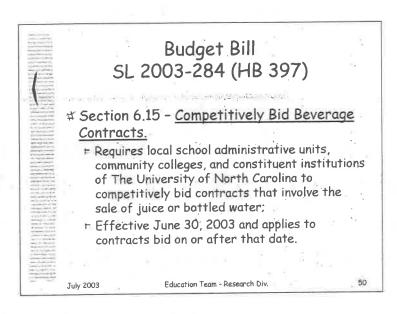
If a local board of education determines that a high calcium food or beverage would interfere with the proper treatment and care of individuals receiving services from a public school food program, the local board of education is not required to purchase high-calcium foods or beverages for that individual.

School Food/Beverages Purchases SL 2003-257 (HB 1032)

Requires local boards of education to give preferences in purchasing contracts to high-calcium foods and beverages when making purchasing contracts.

Does not require local boards of education that have entered into contracts to purchase food or beverages before June 26, 2003 to purchase high-calcium foods or beverages for the duration of the contract if purchasing those products would change the terms of the contract.

Effective June 26, 2003.



The local school administrative units, community colleges, and constituent institutions may set quality standards for these beverages, and these standards may be used to accept or reject a bid.

Budget Bill SL 2003-284 (HB 397)

- # Section 6.15 <u>Competitively Bid Beverage</u> Contracts.
 - Requires local school administrative units, community colleges, and constituent institutions of The University of North Carolina to competitively bid contracts that involve the sale of juice or bottled water;
 - = Effective June 30, 2003 and applies to contracts bid on or after that date.

- # Makes various clarifying changes to the licensure statutes for group homes.
- * Makes the following changes regarding reimbursement for the educational costs of children in group homes:
 - Effective July 1, 2003, requires State and federal funds for the cost of a free appropriate public education for a child with disabilities in a group home or foster home to be exhausted before the "home county" LEA is to reimburse the "host county" LEA.

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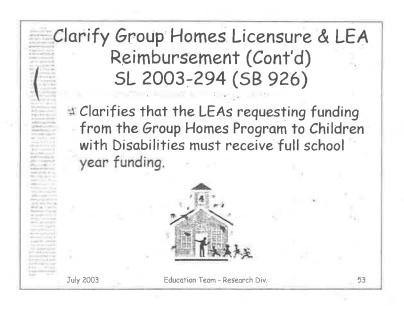
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- # Makes the following changes regarding reimbursement for the educational costs of children in group homes:
 - + Effective July 1, 2003, requires State and federal funds for the cost of a free appropriate public education for a child with disabilities in a group home or foster home to be exhausted before the "home county" LEA is to reimburse the "host county" LEA.

- An LEA providing an education to a child with disabilities may submit an application for funds to the Special State Reserve Program when the costs exceed the per child group home allocation.
- # Requires the Department of Public
 Instruction to review the current cost of
 children with disabilities served in the
 LEAs with group homes or foster homes to
 determine the actual cost of services.

July 2003

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- An LEA providing an education to a child with disabilities may submit an application for funds to the Special State Reserve Program when the costs exceed the per child group home allocation.
- **Requires the Department of Public Instruction to review the current cost of children with disabilities served in the LEAs with group homes or foster homes to determine the actual cost of services.



The April 1, 2004 report will be submitted to the House of Representatives Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Fiscal Research Division.

Clarifies that the LEAs requesting funding from the Group Homes Program to Children with Disabilities must receive full school year funding.



Requires the Department of Health and Human Services, together with the Department of Juvenile Justice and Delinquency Prevention and the Department of Public Instruction, to determine a method of identifying and reporting child placements outside the family unit group home and therapeutic foster care home settings, and submit a report by April 1, 2004.

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Requires the Department of Health and Human Services, together with the Department of Juvenile Justice and Delinquency Prevention and the Department of Public Instruction, to determine a method of identifying and reporting child placements outside the family unit group home and therapeutic foster care home settings, and submit a report by April 1, 2004.

Clarify Group Homes Licensure & LEA

Reimbursement (Cont'd)

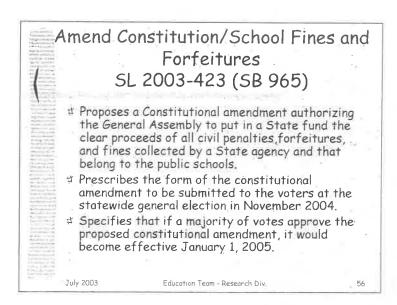
SL 2003-294 (SB 926)

Except as otherwise noted, effective July
4, 2003.

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Except as otherwise noted, effective July 4, 2003.





This act amends Section 7 of Article IX of the NC Constitution so that it clearly authorizes the changes made by the General Assembly in 1996. Section 7 of the Constitution would be separated into 2 subsections. Subsection (a) would retain the current constitutional language. Subsection (b) would create an exception to subsection (a) by authorizing the General Assembly to place in a State fund the clear proceeds of all civil penalties, forfeitures, and fines collected by a State agency and that belong to the public schools under subsection (a).

This act clarifies that the Civil Penalty and Forfeiture Fund consists only of the clear proceeds of civil penalties, forfeitures and fines collected by a State agency and payable to the Fund under the new subsection (b) of Section 7 of Article IX of the NC Constitution.

The legislation amends the statute governing the transfer of funds from the Civil Penalty and Forfeiture Fund to the State School Technology Fund. Currently, these funds are allocated to the local school administrative units. Charter schools do not receive any of these funds. This act directs the funds to be distributed to the counties to be allocated to the public schools, including charter schools.

Amend Constitution/School Fines and Forfeitures SL 2003-423 (SB 965)

- # Proposes a Constitutional amendment authorizing the General Assembly to put in a State fund the clear proceeds of all civil penalties, forfeitures, and fines collected by a State agency and that belong to the public schools.
- Prescribes the form of the constitutional amendment to be submitted to the voters at the statewide general election in November 2004.
- # Specifies that if a majority of votes approve the proposed constitutional amendment, it would become effective January 1, 2005.

Amend Constitution/School Fines and Forfeitures (Cont'd) SL 2003-423 (SB 965)

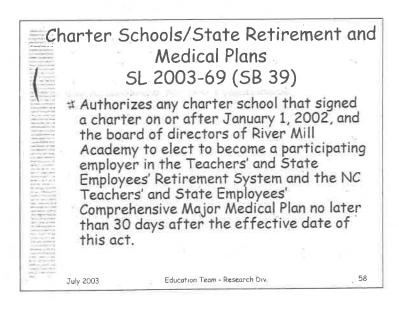
- Directs the General Assembly to appropriate the money in that State fund, on a per pupil basis, to the counties to be used exclusively to maintain free public schools, including charter schools.
- # Clarifies that, of the per pupil local funds
 transferred to a charter school, the amount
 consisting of revenue from supplemental taxes
 may be transferred only to a charter school in the
 tax district for which the taxes are levied and in
 which the student resides.
- # Except as otherwise provided, effective August 14, 2003.

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Amend Constitution/School Fines and Forfeitures (Cont'd) SL 2003-423 (SB 965)

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- # Clarifies that, of the per pupil local funds
 transferred to a charter school, the amount
 consisting of revenue from supplemental taxes
 may be transferred only to a charter school in the
 tax district for which the taxes are levied and in
 which the student resides.
- # Except as otherwise provided, effective August 14, 2003.



This legislation allows any charter school which signed a charter on or after January 1, 2002 a second opportunity to elect to join the State Retirement System and the State Major Medical Plan if it initially failed to do so within the statutory time limits.

The total amount of premiums, including amounts withheld from the compensation of Plan members, that is not remitted to the plan by the 15^{th} day of the month following the due date of the remittance shall be assessed interest of one and one-half percent ($1 \frac{1}{2}$ %) of the amount due to the plan, per month or fraction thereof.

Charter Schools/State Retirement and Medical Plans SL 2003-69 (SB 39)

Authorizes any charter school that signed a charter on or after January 1, 2002, and the board of directors of River Mill Academy to elect to become a participating employer in the Teachers' and State Employees' Retirement System and the NC Teachers' and State Employees' Comprehensive Major Medical Plan no later than 30 days after the effective date of this act.

Charter Schools/State Retirement and Medical Plans (Cont'd)

SL 2003-69 (SB 39)

Authorizes the assessment of interest on premiums not remitted in a timely manner by charter schools to the NC Teachers' and State Employees' Comprehensive Major Medical Plan.

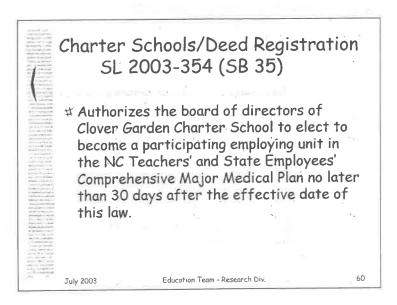
Effective May 20, 2003

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Charter Schools/State Retirement and Medical Plans (Cont'd) SL 2003-69 (SB 39)

- # Authorizes the assessment of interest on premiums not remitted in a timely manner by charter schools to the NC Teachers' and State Employees' Comprehensive Major Medical Plan.
- # Effective May 20, 2003



Clover Garden Charter School is in Alamance County.

The State Board must review the operations of each charter school at least once every five years to ensure that the school is meeting the expected academic, financial, and governance standards.

Charter Schools/Deed Registration SL 2003-354 (SB 35)

Authorizes the board of directors of Clover Garden Charter School to elect to become a participating employing unit in the NC Teachers' and State Employees' Comprehensive Major Medical Plan no later than 30 days after the effective date of this law.

Charter Schools/Deed Registration (Cont'd) SL 2003-354 (SB 35)

- # Permits the State Board of Education to extend the term of initial charters, and their renewals, from a maximum of 5 years to a maximum of 10 years.
- # Effective August 1, 2003 and applies to charters granted or renewed on or after that date.

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Charter Schools/Deed Registration (Cont'd) SL 2003-354 (SB 35)

- # Permits the State Board of Education to extend the term of initial charters, and their renewals, from a maximum of 5 years to a maximum of 10 years.
- # Effective August 1, 2003 and applies to charters granted or renewed on or after that date.

Advisory Members on State Board of Education SL 2003-306 (SB 698)

- # Adds the following advisory members to the State Board of Education:
 - A superintendent appointed by the Governor for a one-year term;
 - The State Principal of the Year as designated by the Department of Public Instruction for a one-year term; and
 - The local board of education member who is the current Raleigh Dingman Award winner for a one-year term.

Effective July 4, 2003.

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The State Board may exclude from executive sessions these advisory members.

If the superintendent advisor ceases to be a superintendent then the position will be deemed vacant and the Governor shall appoint another superintendent for the remainder of the unexpired term. The superintendent shall receive per diem, travel and subsistence.

The Department of Public Instruction designates the State Principal of the Year for a one-year term. If there is a vacancy in the State Principal of the Year position, then the person who was runner-up for the position will fill the unexpired term. The State Principal of the year shall receive per diem, travel and subsistence.

If there is a vacancy in the local board of education member position, then the President of the North Carolina School Boards Association shall serve the remainder of the unexpired term. The local board of education member shall receive per diem, travel and subsistence.

Advisory Members on State Board of Education SL 2003-306 (SB 698)

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 - + A superintendent appointed by the Governor for a one-year term;
 - The State Principal of the Year as designated by the Department of Public Instruction for a one-year term; and
 - The local board of education member who is the current Raleigh Dingman Award winner for a one-year term.
- # Effective July 4, 2003.

Assistance to LEAs on Implementation of NCLB SL 2003-419 (HB 797)

- # Requires the State Board of Education to assist schools in meeting the Adequate Yearly Progress provision of the federal No Child Left Behind act.
- # Requires the State Board to determine the number of local school systems that could be served effectively in the first two years of implementation.

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Under No Child Left Behind (NCLB), Adequate Yearly Progress (AYP) refers to the progress made toward the ultimate goal of having 100% of students proficient in reading and mathematics – according to state standards – by the end of the 2013-2014 school year. To meet AYP, the percent of students passing the State tests in reading and math, school-wide and by each of 10 subgroups, must meet or exceed the AYP targets for the year. The subgroups are the school as a whole, White students, Black students, Native American students, Asian/Pacific Islander students, Hispanic students, Multiracial students, Limited English Proficient students, students with disabilities, and economically disadvantaged students.

The State Board of Education must assist schools in meeting the AYP provision of NCLB:

- •By identifying schools that are meeting AYP with subgroups specified in NCLB;
- •By studying the instructional, administrative, and fiscal practices and policies used by the schools selected by the State Board that are meeting AYP;
- •By creating assistance models for each subgroup based on the practices and policies used in schools that are meeting AYP. The schools of education at the constituent institutions of The University of North Carolina, in collaboration with the Center for School Leadership Development shall assist the State Board in developing these models; and
- •By offering technical assistance based on these assistance models to local school systems that are not meeting AYP with priority given to those local school systems with high concentrations of schools that are not meeting AYP.

The technical assistance provided by the State Board must include peer assistance and professional development by teachers, support personnel, and administrators in schools with subgroups that are meeting AYP.

The reports to Ed Oversight must include the number and location of schools meeting AYP, the assistance models developed, the technical assistance provided, and the need for additional resources to implement this act statewide.

Assistance to LEAs on Implementation of NCLB SL 2003-419 (HB 797)

- Requires the State Board of Education to assist schools in meeting the Adequate Yearly Progress provision of the federal No Child Left Behind act.
- **Requires the State Board to determine the number of local school systems that could be served effectively in the first two years of implementation.

Assistance to LEAs on Implementation of NCLB (Cont'd)

SL 2003-419 (HB 797)

- Requires the State Board and the Department of Public Instruction to report to Ed Oversight by June 15, 2004 and December 15, 2005 on the implementation of this act.
- # Effective August 14, 2003.

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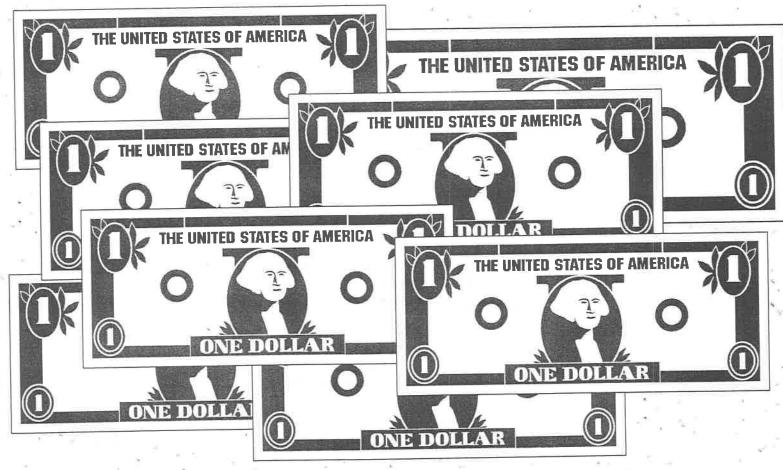
Assistance to LEAs on Implementation of NCLB (Cont'd) SL 2003-419 (HB 797)

Requires the State Board and the Department of Public Instruction to report to Ed Oversight by June 15, 2004 and December 15, 2005 on the implementation of this act.

Effective August 14, 2003.

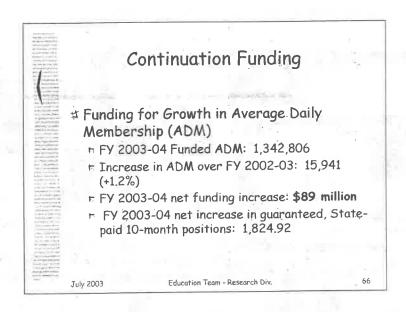
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Appropriations Public Schools



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By not diverting funds from the Public School Building Capital Fund and the Critical School Facility Needs Fund in FY 2003-04, as was done in FY 2002-03, the General Assembly effectively granted LEAs access to funds that can be used for a range of capital projects. Approximately **\$59 million** in FY 2003-04 will be available for LEAs to use toward repairs and renovations, construction, planning, and acquisition of capital infrastructure, including information technology equipment.

- # Funding for Growth in Average Daily Membership (ADM)
 - FY 2003-04 Funded ADM: 1,342,806
 - + Increase in ADM over FY 2002-03: 15,941 (+1.2%)
 - FY 2003-04 net funding increase: \$89 million
 - Fy 2003-04 net increase in guaranteed, State-paid 10-month positions: 1,824.92



- # Governor's Efficiency Negative Reserve (\$25 million)
 - r Legislated in FY 2002-03 budget bill
 - by Office of State Budget and Management (OSBM) in FY 2002-03
 - \$\(\frac{\\$10.4 \text{ million}}{\} \) reduction allocated to Public Schools, allowed to be covered by reversions for FY 2002-03

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Continuation Funding

Governor's Efficiency Negative Reserve (\$25 million) Cont'd.

- □ In FY 2003-04, OSBM selected a change to the vocational education allotment formula as the means to accommodate a permanent reduction
- FY 2003-04 net reduction to vocational education 10-month positions: (60.4)

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- # Governor's Efficiency Negative Reserve (\$25 million) Cont'd.
 - In FY 2003-04, OSBM selected a change to the vocational education allotment formula as the means to accommodate a permanent reduction
 - FY 2003-04 net reduction to vocational education 10-month positions: (60.4)



2nd Grade Class Size Initiative

- Reduce allotted teacher-to-student ratio from 1:20 to 1:18
- \$25.3 million in recurring funds to hire an additional 571 teachers
- F Allotted teacher-to-student ratio for K-2 now 1:18
- Maximum average class size (per LEA) for K-2 now 1:21
- Maximum individual class size for K-2 now 1:24

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Expansion Funding

2nd Grade Class Size Initiative

- Reduce allotted teacher-to-student ratio from
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- * \$25.3 million in recurring funds to hire an additional 571 teachers
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- Maximum individual class size for K-2 now 1:24

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Expansion Funding

Salary Increases

r Experience Step Increase: \$42 million

- * Teachers and Instructional Support: average of 1.81% salary increase
- Principals and Assistant Principals: average of 1.86% salary increase
- r Top of range one-time bonus: \$6.1 million
 - * Teachers and Instructional Support at top of salary, range: one-time bonus of 1.57%
 - = Principals and Assistant Principals at top of salary range: one-time bonus of 2.0%

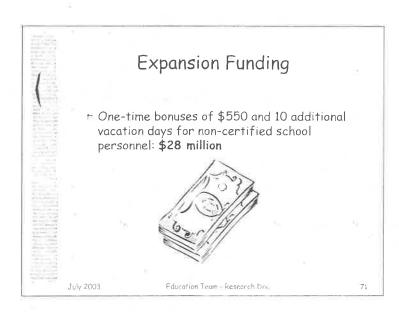
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Expansion Funding

Salary Increases

- + Experience Step Increase: \$42 million
 - Teachers and Instructional Support: average of 1.81% salary increase
 - Principals and Assistant Principals: average of 1.86% salary increase
- Top of range one-time bonus: \$6.1 million
 - Teachers and Instructional Support at top of salary range: one-time bonus of 1.57%
 - Principals and Assistant Principals at top of salary range: one-time bonus of 2.0%



Expansion Funding

The One-time bonuses of \$550 and 10 additional vacation days for non-certified school personnel: \$28 million



ABC Bonuses

- personnel and teacher assistants whose schools met expected growth or high growth targets in FY 2002-03
- Certified personnel receive up to \$750 for meeting expected growth, up to \$1,500 for meeting high growth
- Teacher assistants receive up to \$375 for meeting expected growth, up to \$500 for meeting high growth

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Expansion Funding

ABC Bonuses

- + \$96 million for FY 2003-04 for certified personnel and teacher assistants whose schools met expected growth or high growth targets in FY 2002-03
- receive up to \$750 for meeting expected growth, up to \$1,500 for meeting high growth
- Teacher assistants receive up to \$375 for meeting expected growth, up to \$500 for meeting high growth

LEA Flexibility Reduction

- r (\$44.3 million) reduction allocated to LEAs based on ADM
- T LEAs have flexibility to determine specific reductions on a year-by-year basis
- r Budget special provision (Section 7.23) encourages LEAs to identify reductions that do not impact classroom services

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LEA Flexibility Reduction

- + (\$44.3 million) reduction allocated to LEAs based on ADM
- * LEAs have flexibility to determine specific reductions on a year-by-year basis
- Budget special provision (Section 7.23)
 encourages LEAs to identify reductions that do not impact classroom services

LEA Flexibility Reduction (Cont'd)

F State Board of Education required to identify for FY 2005-06 and beyond changes to the allotment categories that will produce permanent reductions totaling (\$44.3 million)

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LEA Flexibility Reduction (Cont'd)

for FY 2005-06 and beyond changes to the allotment categories that will produce permanent reductions totaling (\$44.3 million)



- # Non-Instructional Support
 - r (\$13 million) reduction in funds for clerical and custodial positions
 - F Equivalent to approximately 533 positions
- # School Bus Replacement
 - replacement of school buses
 - r Based on revised replacement schedule
 - Remaining funds include \$15 million for firstyear lease-purchase payments for approximately 692 buses in FY 2003-04

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Non-Instructional Support

- (\$13 million) reduction in funds for clerical and custodial positions
- # Equivalent to approximately 533 positions

School Bus Replacement

- + (\$11 million) reduction in funds for replacement of school buses
- Based on revised replacement schedule
- Remaining funds include \$15 million for firstyear lease-purchase payments for approximately 692 buses in FY 2003-04



*** Vocational Education**

- r (\$8 million) reduction in funds for vocational education teachers
- r Equivalent to approximately 173 10-month positions
- Positions:

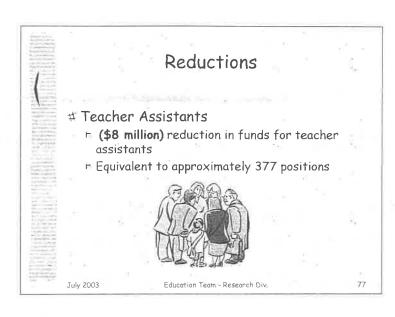
 Budget special provision (Section 7.37) encourages LEAs to focus reduction on the 7th grade in FY 2003-04, states intent of General Assembly to eliminate funding for vocational education in the 7th grade beginning in FY 2004-05

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Vocational Education

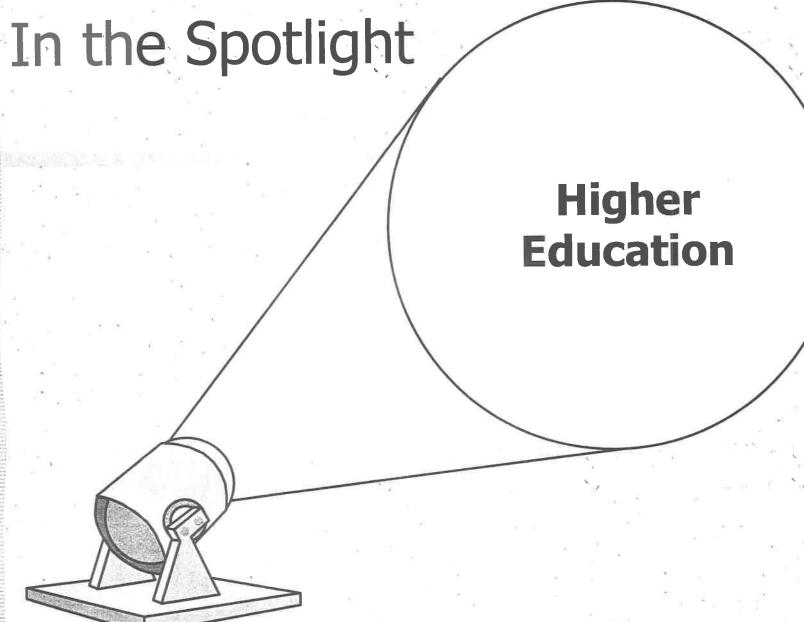
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- Equivalent to approximately 173 10-month positions
- Budget special provision (Section 7.37)
 encourages LEAs to focus reduction on the 7th grade in FY 2003-04, states intent of General Assembly to eliminate funding for vocational education in the 7th grade beginning in FY 2004-05



Teacher Assistants

- = (\$8 million) reduction in funds for teacher assistants
- = Equivalent to approximately 377 positions





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- # Changes the application of tuition waivers that are available to certain persons enrolled in community colleges and UNC institutions:
 - Survivors of State or local law enforcement officers, firefighters, volunteer firefighters, or rescue squad workers who are killed while in active service or training for active service or who died as a result of a service-connected disability.

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Tuition Waiver Correction SL 2003-230 (SB 424)

- # Changes the application of tuition waivers that are available to certain persons enrolled in community colleges and UNC institutions:
 - * Survivors of State or local law enforcement officers, firefighters, volunteer firefighters, or rescue squad workers who are killed while in active service or training for active service or who died as a result of a service-connected disability.

Tuition Waiver Correction (Cont'd) SL 2003-230 (SB 424)

- r Children, aged 17-23, and spouses of State or local law enforcement officers, firefighters, volunteer firefighters, or rescue squad workers who are permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty.
- Removes the limitation that the death or disability must have occurred on or after. October 1, 1997.

July 2003

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Tuition Waiver Correction (Cont'd) SL 2003-230 (SB 424)

- the Children, aged 17-23, and spouses of State or local law enforcement officers, firefighters, volunteer firefighters, or rescue squad workers who are permanently and totally disabled as a direct result of a traumatic injury sustained in the line of duty.
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Tuition Waiver Correction (Cont'd) SL 2003-230 (SB 424)

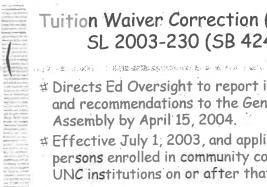
- Directs the Joint Legislative Education
 Oversight Committee to study whether to
 extend the tuition waivers to law
 enforcement officers, firefighters,
 volunteer firefighters, or rescue squad
 workers who are permanently and totally
 disabled as a result of a service-connected
 disability.
- # Directs Ed Oversight to consider whether to remove the age limitations on their children.

July 2003

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Tuition Waiver Correction (Cont'd) SL 2003-230 (SB 424)

- # Directs the Joint Legislative Education Oversight Committee to study whether to extend the tuition waivers to law enforcement officers, firefighters, volunteer firefighters, or rescue squad workers who are permanently and totally disabled as a result of a service-connected disability.
- # Directs Ed Oversight to consider whether to remove the age limitations on their children.



Tuition Waiver Correction (Cont'd) SL 2003-230 (SB 424)

- # Directs Ed Oversight to report its findings and recommendations to the General Assembly by April 15, 2004.
- # Effective July 1, 2003, and applies to persons enrolled in community colleges and UNC institutions on or after that date.

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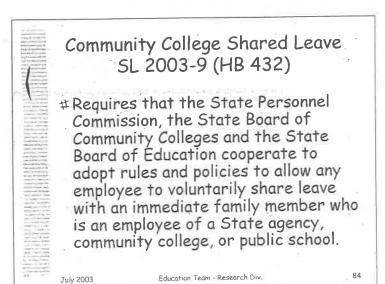
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- # Directs Ed Oversight to report its findings and recommendations to the General Assembly by April 15, 2004.
- # Effective July 1, 2003, and applies to persons enrolled in community colleges and UNC institutions on or after that date.

In the Spotlight **Community Colleges**

July 2003

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The act defines "immediate family member" as a spouse, parent, child, brother, sister, grandparent, or grandchild. The term includes the step, half, and in-law relationships.

Community College Shared Leave SL 2003-9 (HB 432)

Requires that the State Personnel Commission, the State Board of Community Colleges and the State Board of Education cooperate to adopt rules and policies to allow any employee to voluntarily share leave with an immediate family member who is an employee of a State agency, community college, or public school.

Community College Shared Leave (Cont'd) SL 2003-9 (HB 432)

- Requires the president of any community college, prior to the adoption of rules, to allow a community college employee to share leave under these provisions.
- # Requires community colleges, public schools and State agencies to permit eligible employees to receive the leave.
- # Effective April 10, 2003.

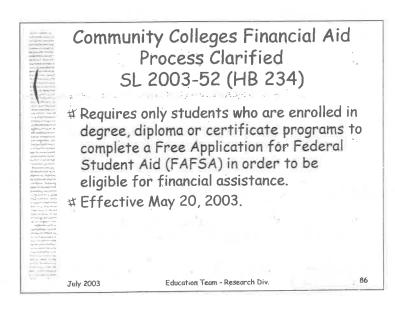
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Community College Shared Leave (Cont'd) SL 2003-9 (HB 432)

- # Requires the president of any community college, prior to the adoption of rules, to allow a community college employee to share leave under these provisions.
- Requires community colleges, public schools and State agencies to permit eligible employees to receive the leave.
- # Effective April 10, 2003.

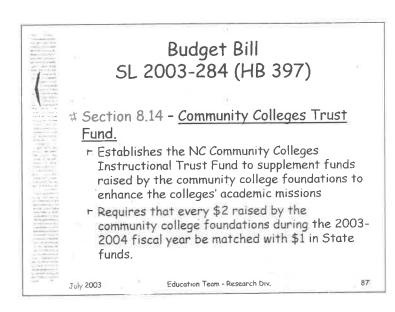


Students who go to the community college to take non-credit continuing education courses would **not** be required to complete the FAFSA application because they are not eligible for Federal financial aid.

Community Colleges Financial Aid Process Clarified SL 2003-52 (HB 234)

Requires only students who are enrolled in degree, diploma or certificate programs to complete a Free Application for Federal Student Aid (FAFSA) in order to be eligible for financial assistance.

Effective May 20, 2003.

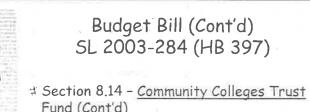


The matching State funds may be used only for scholarships or financial aid for needy students. The State Board of Community Colleges is authorized to request an audit of State funds expended from any foundation.

Funding for this program came from the Escheat Fund.

Budget Bill SL 2003-284 (HB 397)

- # Section 8.14 Community Colleges Trust Fund.
 - F Establishes the NC Community Colleges
 Instructional Trust Fund to supplement funds
 raised by the community college foundations to
 enhance the colleges' academic missions
 - requires that every \$2 raised by the community college foundations during the 2003-2004 fiscal year be matched with \$1 in State funds.



Fund (Cont'd)

- The total matching State contribution shall not exceed \$25,000 for each of the community colleges.
- r Effective July 1, 2003.

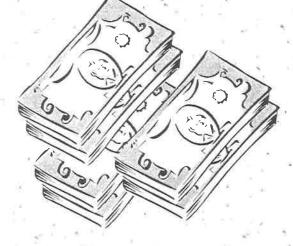
July 2003

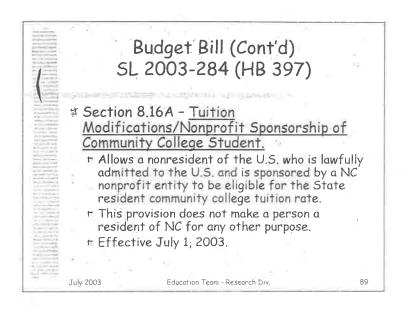
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Budget Bill (Cont'd) SL 2003-284 (HB 397)

- # Section 8.14 Community Colleges Trust Fund (Cont'd)
 - The total matching State contribution shall not exceed \$25,000 for each of the community colleges.
 - Effective July 1, 2003.



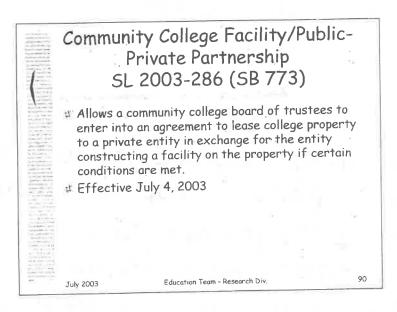


For purposes of this provision, a North Carolina nonprofit entity is a charitable or religious corporation as defined in G.S. 55A-1-40 that is incorporated in North Carolina and that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code, or a civic league incorporated in North Carolina under Chapter 55A of the General Statutes that is exempt from taxation under section 501(c)(3) of the Internal Revenue Code.

A nonresident of the U.S. is sponsored by a NC nonprofit entity if the student resides in the State while attending the community college and the NC nonprofit entity accepts financial responsibility for the student's tuition and other required educational fees. The nonprofit must provide a signed affidavit to the community college verifying that the entity is accepting financial responsibility.

Budget Bill (Cont'd) SL 2003-284 (HB 397)

- # Section 8.16A Tuition Modifications/Nonprofit Sponsorship of Community College Student.
 - Allows a nonresident of the U.S. who is lawfully admitted to the U.S. and is sponsored by a NC nonprofit entity to be eligible for the State resident community college tuition rate.
 - This provision does not make a person a resident of NC for any other purpose.
 - F Effective July 1, 2003.



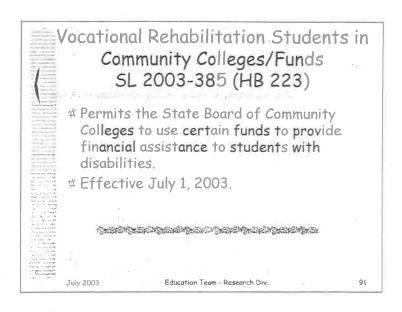
In order for a community college to enter a public/private partnership, all of the following conditions must be met:

- •The State Board must approve the agreement in advance.
- •The lease must be conditioned on the private entity constructing a facility.
- •The local board of trustees cannot lease the facility as a lessee under a long-term lease or capital lease from the private entity.
- •The local board of trustees cannot finance its portion of the facility through any kind of installment or financing contract with the private entity.
- •State bond funds are not used for construction of that part of the facility that is to be owned and used by the private entity.

The Department of Administration must approve the plans and specifications if the cost of the facility exceeds \$300,000.

Community College Facility/Public-Private Partnership SL 2003-286 (SB 773)

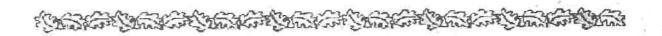
- # Allows a community college board of trustees to enter into an agreement to lease college property to a private entity in exchange for the entity constructing a facility on the property if certain conditions are met.
- # Effective July 4, 2003



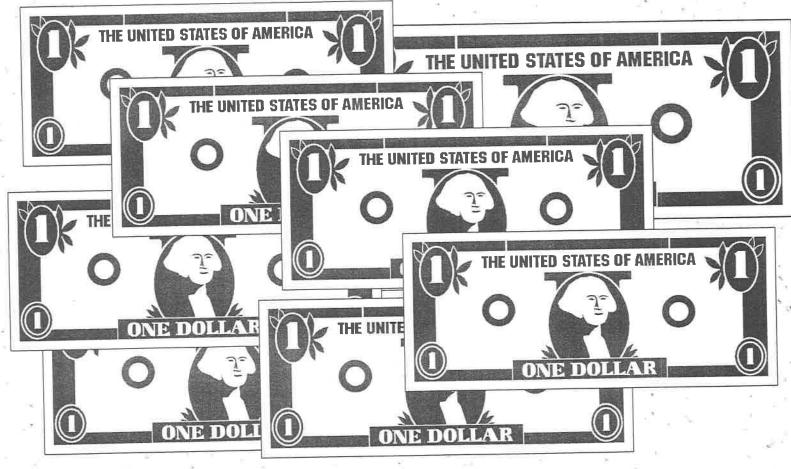
This legislation makes eligible for the targeted assistance a second group of students. Students with disabilities who have been referred by the Division of Vocational Rehabilitation and are enrolled in a community college would qualify for the Targeted Assistance program.

Vocational Rehabilitation Students in Community Colleges/Funds SL 2003-385 (HB 223)

- # Permits the State Board of Community
 Colleges to use certain funds to provide
 financial assistance to students with
 disabilities.
- # Effective July 1, 2003.

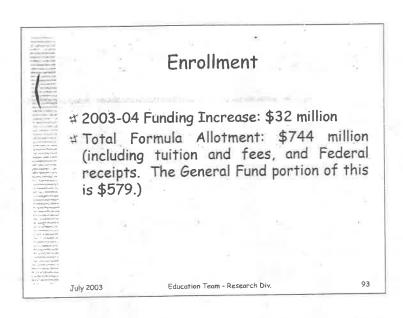


Appropriations Community Colleges



July 2003

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System wide, budgeted enrollment growth increased by 6.19% during FY 02-03. (Budgeted enrollment growth represents the increase in the number of FTEs <u>funded</u> by the General Assembly through the funding formula. Actual enrollment growth may vary).

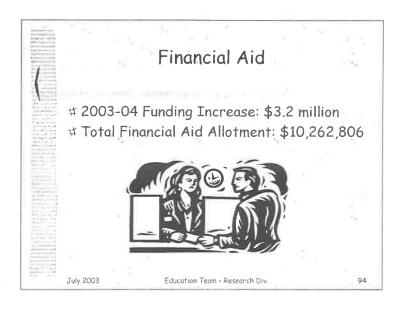
This growth equates to an additional 10,517 FTEs funded by the General Assembly.

The total formula allotment of \$744 million funds 180,441 FTEs.

Enrollment

2003-04 Funding Increase: \$32 million

Total Formula Allotment: \$744 million (including tuition and fees, and Federal receipts. The General Fund portion of this is \$579.)



Funds appropriated for Financial Aid are used to provide need-based grants and loans to community college students.

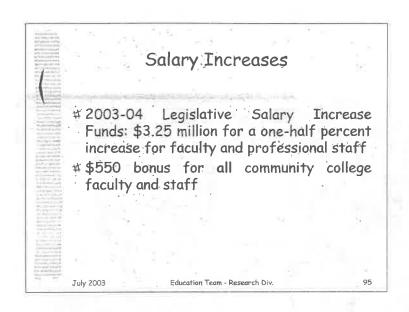
This year, the General Assembly shifted the source of financial aid funds to the Escheat Fund. All community college need-based financial aid is now paid from interest earned on the Escheat Fund. By making this switch, the General Assembly was able to increase the total amount available to community college students by 45%.

In addition to these funds, the General Assembly authorized the use of \$1 million to match a grant from Glaxo Smith Kline. The interest earned from those funds will be used to provide scholarships to students interested in entering the teaching profession.

Financial Aid

2003-04 Funding Increase: \$3.2 million # Total Financial Aid Allotment: \$10,262,806



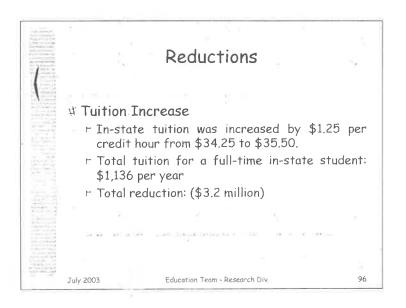


The \$3.25 million provided for the one-half percent increase must be used to increase faculty and professional staff salaries by an average of one-half percent. The General Assembly also included language that allows the colleges to provide additional increases from funds available.

Community college institutions have sufficient funding flexibility to provide salary increases in excess of what is appropriated by the General Assembly. Such supplemental increases are at the discretion of the individual colleges.

Salary Increases

- # 2003-04 Legislative Salary Increase Funds: \$3.25 million for a one-half percent increase for faculty and professional staff
- #\$550 bonus for all community college faculty and staff

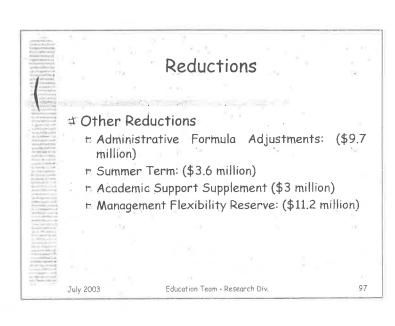


Despite this tuition increase, NC community college tuition is still among the five lowest states.

Reductions

Tuition Increase

- Tin-state tuition was increased by \$1.25 per credit hour from \$34.25 to \$35.50.
- Total tuition for a full-time in-state student: \$1,136 per year
- Total reduction: (\$3.2 million)



Reductions

Other Reductions

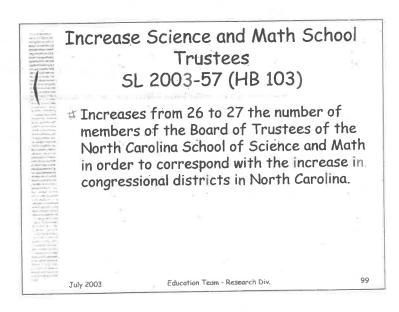
- + Administrative Formula Adjustments: (\$9.7 million)
- = Summer Term: (\$3.6 million)
- Academic Support Supplement (\$3 million)
- Management Flexibility Reserve: (\$11.2 million)

July 2003

In the Spotlight Universities

July 2003

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The Board of Governors of The University of North Carolina appoints all the members to this Board. The members serve staggered four-year terms.

Increase Science and Math School Trustees SL 2003-57 (HB 103)

Increases from 26 to 27 the number of members of the Board of Trustees of the North Carolina School of Science and Math in order to correspond with the increase in congressional districts in North Carolina.

Increase Science and Math School Trustees (Cont'd) SL 2003-57 (HB 103)

Effective July 1, 2003, and provides that the current members appointed by the UNC Board of Governors will continue to serve their appointed terms and the new Board member from the new Congressional district will be appointed to serve a term that will expire June 30, 2007.

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Increase Science and Math School Trustees (Cont'd) SL 2003-57 (HB 103)

Effective July 1, 2003, and provides that the current members appointed by the UNC Board of Governors will continue to serve their appointed terms and the new Board member from the new Congressional district will be appointed to serve a term that will expire June 30, 2007.

Amend Arboretum Board of Directors SL 2003-102 (SB 851)

Shortened the time from 4 years to 1 year that a person has to be absent from the Board of Directors of the Arboretum before being reappointed.

Effective May 31, 2003.



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Education Team - Research Div.

Amend Arboretum Board of Directors SL 2003-102 (SB 851)

Shortened the time from 4 years to 1 year that a person has to be absent from the Board of Directors of the Arboretum before being reappointed.

Effective May 31, 2003.



Meningitis Immunization Information SL 2003-194 (HB 825) Requires each public or private educational institution that offers a postsecondary degree and that has a residential campus to provide vaccination information on meningococcal disease to each student. Does not require the educational institution to provide the meningococcal vaccination to students. Effective June 12, 2003 and applies to the 2003-2004 academic year and each subsequent year. July 2003 Education Team-Research Div 102

The vaccination information must be contained on student health forms provided to each student by the educational institution and must include space for the student to indicate whether or not the student has received the vaccination against meningococcal disease.

The vaccination information about meningococcal disease must include any recommendations issued by the national Centers for Disease Control and Prevention regarding the disease.

The vaccination information obtained under this section that is in the possession of the educational institution is confidential and shall not be a public record.

This law does not apply if the national Centers for Disease Control and Prevention no longer recommend the meningococcal vaccine, and does not create a private right of action.

Meningitis Immunization Information SL 2003-194 (HB 825)

- *Requires each public or private educational institution that offers a postsecondary degree and that has a residential campus to provide vaccination information on meningococcal disease to each student.
- Does not require the educational institution to provide the meningococcal vaccination to students.
- # Effective June 12, 2003 and applies to the 2003-2004 academic year and each subsequent year.

Appalachian State/Regulate Parking SL 2003-213 (HB 928)

- # Revises and expands the list of streets along which Appalachian State University may, through its own ordinances, prohibit, regulate and limit parking of motor vehicles if parking is not prohibited by an ordinance of the Town of Boone on those streets.
- # Effective June 19, 2003.

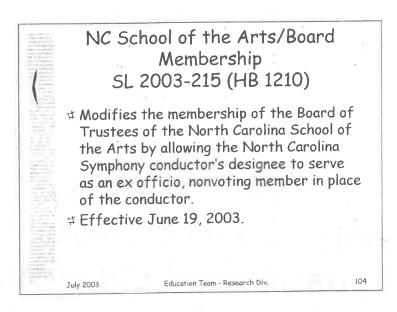
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Appalachian State/Regulate Parking SL 2003-213 (HB 928)

Revises and expands the list of streets along which Appalachian State University may, through its own ordinances, prohibit, regulate and limit parking of motor vehicles if parking is not prohibited by an ordinance of the Town of Boone on those streets.

Effective June 19, 2003.



Currently the conductor of the North Carolina Symphony ia an ex officio, nonvoting member. This legislation simply allows the conductor's designee to serve.

NC School of the Arts/Board Membership SL 2003-215 (HB 1210)

Modifies the membership of the Board of Trustees of the North Carolina School of the Arts by allowing the North Carolina Symphony conductor's designee to serve as an ex officio, nonvoting member in place of the conductor.

Effective June 19, 2003.

Exempts The University of North Carolina from the State's purchasing and contract laws if the purchase of personal property and services is not covered by a State term contract and one of the following applies:

The funds being used are not funds that were appropriated from the General Fund or received as tuition.

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Exempts The University of North Carolina from the State's purchasing and contract laws if the purchase of personal property and services is not covered by a State term contract and one of the following applies:

The funds being used are not funds that were appropriated from the General Fund or received as tuition.



- The funds being used are from multiple sources (i.e. from the General Fund or tuition as well as from other sources), and the General Fund or tuition part of the funds does not exceed 30% of the total funds.
- The funds being used are not from the General Fund or tuition but instead are grant or contract funds.
- The funds being used are from multiple sources (i.e. from the General Fund or tuition as well as from grants or contracts) and the contract or grant funds exceed 50% of the total funds.

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- the funds being used are from multiple sources (i.e. from the General Fund or tuition as well as from other sources), and the General Fund or tuition part of the funds does not exceed 30% of the total funds.
- The funds being used are not from the General Fund or tuition but instead are grant or contract funds.
- The funds being used are from multiple sources (i.e. from the General Fund or tuition as well as from grants or contracts) and the contract or grant funds exceed 50% of the total funds.

- # Allows special responsibility constituent institutions to make purchases of equipment, materials, supplies, and services when a purchase is more favorable than the State term contract and it meets the following 4 conditions:
 - Purchase price including cost of delivery is less than the cost under the State term contract.
 - r Items are the same or substantially similar as items under the State term contract.

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UNC's special responsibility constituent institutions (which are endowed with specific financial management powers as designated by the Board of Governors and which include the President's Office and General Administration) continue to be subject to the requirements of Article 3 of Chapter 143 of the General Statutes, regarding the procedure in canvassing bids and awarding contracts; however, the approval or oversight of the Secretary of Administration, State Purchasing Office, or Board of Awards is not required.

- # Allows special responsibility constituent institutions to make purchases of equipment, materials, supplies, and services when a purchase is more favorable than the State term contract and it meets the following 4 conditions:
 - + Purchase price including cost of delivery is less than the cost under the State term contract.
 - Ttems are the same or substantially similar as items under the State term contract.

- r Cost does not exceed the established benchmarks.
- r The special responsibility constituent institution notifies the Department of Administration about purchases that are consistently being made under this provision so that State term contracts can be improved.

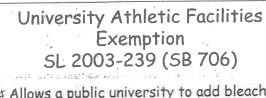
Effective July 1, 2003.

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- to Cost does not exceed the established benchmarks.
- The special responsibility constituent institution notifies the Department of Administration about purchases that are consistently being made under this provision so that State term contracts can be improved.

Effective July 1, 2003.



- # Allows a public university to add bleachers to an existing softball field without having to construct additional plumbing facilities.
- # Applies to public universities located in counties that:
 - r Have a population of 160,000 or more:
 - + Border the Atlantic Ocean; and
 - Border no more than two other counties that are a part of North Carolina
- # Effective June 24, 2003.

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University Athletic Facilities Exemption SL 2003-239 (SB 706)

- # Allows a public university to add bleachers to an existing softball field without having to construct additional plumbing facilities.
- # Applies to public universities located in counties that:
 - Have a population of 160,000 or more;
 - Border the Atlantic Ocean; and
 - Border no more than two other counties that are a part of North Carolina
- # Effective June 24, 2003.

Budget Bill SL 2003-284 (HB 397)

Section 8.16 - Tuition Modifications.

Provides that active duty members of the armed services who are admitted to a UNC constituent institution but do not qualify as residents for tuition purposes shall be charged the maximum available federal tuition assistance as the required tuition and fees. This amount shall not exceed the established out-of-State tuition rate and mandatory fees.

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Budget Bill SL 2003-284 (HB 397)

Section 8.16 - Tuition Modifications.

Provides that active duty members of the armed services who are admitted to a UNC constituent institution but do not qualify as residents for tuition purposes shall be charged the maximum available federal tuition assistance as the required tuition and fees. This amount shall not exceed the established out-of-State tuition rate and mandatory fees.

Budget Bill (Cont'd) SL 2003-284 (HB 397)

Section 8.16 - <u>Tuition Modifications</u> (Cont'd).

- Allows any person lawfully admitted to the U.S. who satisfied the qualifications for assignment to a public school and who graduated from the assigned school to be eligible for the State resident community college tuition rate. This provision does not make the person a resident of NC for any other purpose.
- r Effective July 1, 2003.

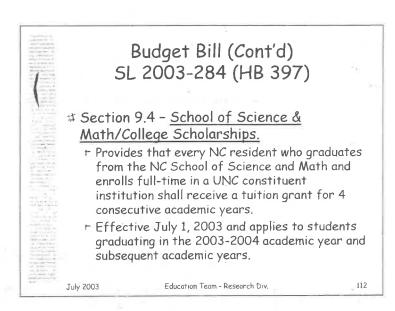
July 2003

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Budget Bill (Cont'd) SL 2003-284 (HB 397)

Section 8.16 - <u>Tuition Modifications</u> (Cont'd).

- The Allows any person lawfully admitted to the U.S. who satisfied the qualifications for assignment to a public school and who graduated from the assigned school to be eligible for the State resident community college tuition rate. This provision does not make the person a resident of NC for any other purpose.
- F Effective July 1, 2003.



The General Assembly will determine the amount of the tuition grant, and the NC State Education Assistance Authority (NCSEAA) will administer the tuition grants.

The institution must certify that the student applying for the grant is eligible before the grant will be approved. After receiving certification, the NCSEAA will remit the grant to the institution on behalf of the student.

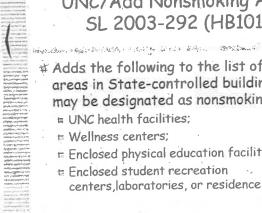
The institution must refund the full amount of the grant if the student is not enrolled and carrying a minimum academic load by the tenth class day of the term.

If there are not sufficient funds to provide each eligible student with a full grant, the UNC Board of Governors may transfer funds to meet the needs and each eligible student will receive a pro rata share of available funds for the remainder of the academic year.

Budget Bill (Cont'd) SL 2003-284 (HB 397)

Section 9.4 - School of Science & Math/College Scholarships.

- Frovides that every NC resident who graduates from the NC School of Science and Math and enrolls full-time in a UNC constituent institution shall receive a tuition grant for 4 consecutive academic years.
- reffective July 1, 2003 and applies to students graduating in the 2003-2004 academic year and subsequent academic years.



UNC/Add Nonsmoking Areas SL 2003-292 (HB1016)

- # Adds the following to the list of specific areas in State-controlled buildings that may be designated as nonsmoking areas:
 - = UNC health facilities;
 - wellness centers;
 - Final Enclosed physical education facilities;
 - te Enclosed student recreation centers, laboratories, or residence halls.

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UNC/Add Nonsmoking Areas SL 2003-292 (HB1016)

- # Adds the following to the list of specific areas in State-controlled buildings that may be designated as nonsmoking areas:
 - UNC health facilities;
 - T Wellness centers;
 - = Enclosed physical education facilities;
 - Enclosed student recreation centers, laboratories, or residence halls.

UNC/Add Nonsmoking Areas (Cont'd) SL 2003-292 (HB1016)

Requires each constituent institution to make a reasonable effort to provide residential smoking rooms in residence halls in proportion to student demand for these rooms.

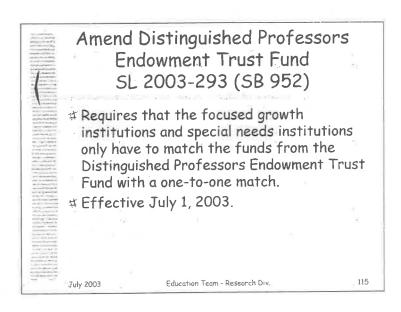
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UNC/Add Nonsmoking Areas (Cont'd) SL 2003-292 (HB1016)

Requires each constituent institution to make a reasonable effort to provide residential smoking rooms in residence halls in proportion to student demand for these rooms.

Effective July 4, 2003.



These funds are used to create endowed chairs at an institution. The focused growth institutions are: Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical University, North Carolina Central University, The University of North Carolina at Pembroke, Western Carolina University, and Winston-Salem State University. The special needs institutions are North Carolina School of the Arts and The University of North Carolina at Asheville.

For the focused growth institutions and the special needs institutions, the Board of Governors is directed to appropriate one \$500,000 challenge grant for each \$500,000 raised from private sources and one \$250,000 challenge grant for each \$250,000 raised from private sources. Contributions are also eligible for matching if there is a commitment for at least a \$250,000 donation and an initial payment of \$41,600. The initial payment must be accompanied by a written pledge to provide the balance within 5 years after the initial payment. Each payment on the balance shall not be less than the initial payment. Pledged contributions may not be matched before the total funds are collected.

Amend Distinguished Professors Endowment Trust Fund SL 2003-293 (SB 952)

Requires that the focused growth institutions and special needs institutions only have to match the funds from the Distinguished Professors Endowment Trust Fund with a one-to-one match.

Effective July 1, 2003.



Provides that if the Board of Governors sets a benchmark greater than \$250,000 for an institution, then that institution will handle the bidding process, but will be required to submit to the Division of Purchasing & Contract for its approval all offers and the institution's recommendation of award or other action. Purchase & Contract must send that institution a notice of its decision which the institution will be required to follow.

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Purchase Contracts/Increase UNC Benchmark SL 2003-312 (HB 1070)

Provides that if the Board of Governors sets a benchmark greater than \$250,000 for an institution, then that institution will handle the bidding process, but will be required to submit to the Division of Purchasing & Contract for its approval all offers and the institution's recommendation of award or other action. Purchase & Contract must send that institution a notice of its decision which the institution will be required to follow.

Purchase Contracts/Increase UNC Benchmark (Cont'd) SL 2003-312 (HB 1070)

Increases the maximum expenditure benchmark from \$250,000 to \$500,000 for purchases by the UNC constituent institutions.

Effective July 1, 2003



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Purchase Contracts/Increase UNC Benchmark (Cont'd) SL 2003-312 (HB 1070)

Increases the maximum expenditure benchmark from \$250,000 to \$500,000 for purchases by the UNC constituent institutions.

Effective July 1, 2003

