

**JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE  
AGENDA**

**November 14, 2006**

**10:00 A.M., ROOM 643 Legislative Office Building  
Representative Yongue, presiding**

**Welcome and Introductions**

**Approve Minutes**

**Report on Program for a Statewide Permit for Commercial Bus Companies  
that Transport to School-Sponsored Events (Behind Tab 4)**

Derek Graham, Section Chief, Transportation Services, Department of Public Instruction

**Evaluation of Student Success in Cooperative Innovative Education Programs  
(Behind Tab 5)**

Geoff Coltrane, Research and Communications Director, North Carolina New Schools  
Project

Joseph Garcia, Vice President, Advocacy and Communications, North Carolina New  
Schools Project

Ken Whitehurst, Associate Vice President for Academic and Student Services, NC  
Community College System Office

**Raising Compulsory Attendance Age (Behind Tab 6)**

Kathy Christie, Vice President, Knowledge Management & ECS Clearinghouse  
Education Commission of the States

**Break**

**NC WISE – IN THE SCHOOLS (Behind Tab 7)**

Peter Asmar, Associate Superintendent/Chief Information Officer, Department of Public  
Instruction

NC WISE Steering Committee

Thomas Williams, Superintendent, Granville County Schools

Robert Logan, Superintendent, Asheville City Schools

Bev White, Chief Technology Officer, Wake County Public Schools

**Sales Tax Refund (Behind Tab 8)**

Adam Levinson, Fiscal Analyst, Fiscal Research Division

Leanne Winner, Director of Governmental Relations, NC School Boards Association

Clifton Dodson, Superintendent, Buncombe County Public Schools



**JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE**

**AGENDA**

**November 15, 2006**

**9:00 A.M., ROOM 643 Legislative Office Building**

**Representative Yongue, presiding**

**Welcome**

**Turnover Rates – Teachers, Principals, Superintendents (Behind Tab 9)**

Dr. Kathy Sullivan, Director, Human Resource Management/Quality Professionals, NC  
Department of Public Instruction

**6.5% Tuition Cap Plan—The University of North Carolina (Behind Tab 10)**

Erskine Bowles, President, The University of North Carolina

**Recruiting and Retaining Math Teachers—Guilford County Schools and Action  
Greensboro Pilot Program (Behind Tab 11)**

Ed Uprichard, Provost, UNC-Greensboro

Terry Grier, Superintendent, Guilford County Schools

Jim Melvin, President, Joseph M. Bryan Foundation



**JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE**  
2005-2006 SESSION

November 14-15, 2006

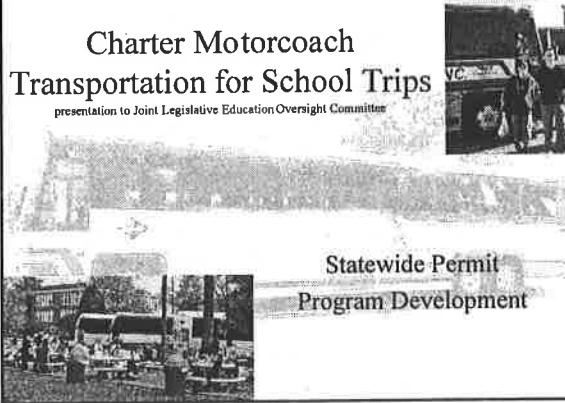
TABS

- 1 Membership List
- 2 Budget/Authorizing Legislation
- 3 Minutes
- 4 Statewide Permit for Commercial Bus Companies that Transport to School-Sponsored Events
- 5 Evaluation of Student Success in Cooperative Innovative Education Programs
- 6 Raising Compulsory Attendance Age
- 7 NC Wise
- 8 Sales Tax Refund
- 9 Turnover Rates – Teachers, Principals, Superintendents
- 10 6.5% Tuition Cap Plan –The University of North Carolina
- 11 Recruiting and Retaining Math Teachers







# *Statewide Permit for Charter Motorcoach Companies Providing Transportation for School Trips*

**Charter Motorcoach  
Transportation for School Trips**  
presentation to Joint Legislative Education Oversight Committee



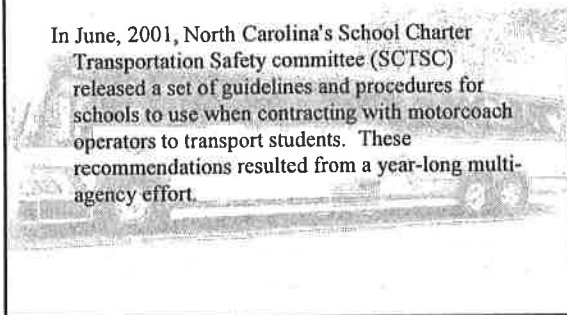
**Statewide Permit  
Program Development**

**Background: School Charter  
Transportation Safety Committee**

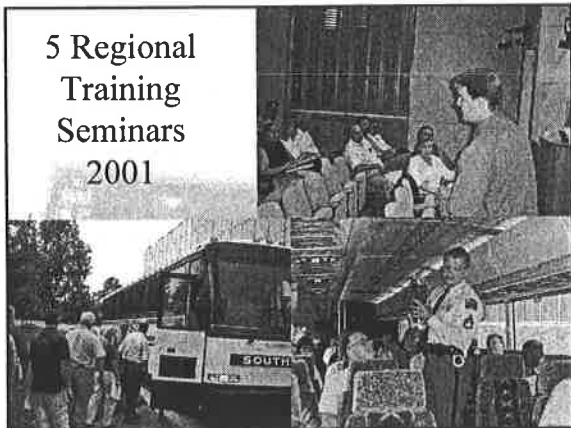
- NCDMV Enforcement 
- Public Schools of North Carolina 
- N.C. Motorcoach Association 
- Federal Motor Carrier Safety Administration 

**2001 Guidelines**

In June, 2001, North Carolina's School Charter Transportation Safety committee (SCTSC) released a set of guidelines and procedures for schools to use when contracting with motorcoach operators to transport students. These recommendations resulted from a year-long multi-agency effort.

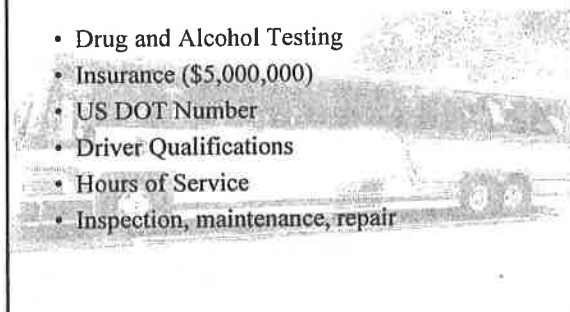


**5 Regional  
Training  
Seminars  
2001**



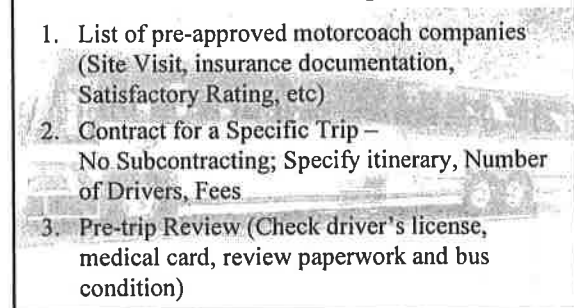
**Federal Requirements Explained**

- Drug and Alcohol Testing
- Insurance (\$5,000,000)
- US DOT Number
- Driver Qualifications
- Hours of Service
- Inspection, maintenance, repair



**Guidelines:  
Recommended 3 Step Process**

1. List of pre-approved motorcoach companies (Site Visit, insurance documentation, Satisfactory Rating, etc)
2. Contract for a Specific Trip – No Subcontracting; Specify itinerary, Number of Drivers, Fees
3. Pre-trip Review (Check driver's license, medical card, review paperwork and bus condition)



## *Statewide Permit for Charter Motorcoach Companies Providing Transportation for School Trips*

### SCTSC "LISTENING SESSION"

- January 22, 2002 - Open forum to assess the real-world experiences implementing the Guidelines
  - Motorcoach Operators
  - County Transportation Directors, other staff
  - Other interested parties

### Revised Guidelines

December 2004

- Acknowledged safety of motorcoach vehicles
- Clarified the Departure Review
- Clarified Insurance Requirements
- Incorporated Consortium "best practice"
  - Addressed the concern that motorcoach operators were having to respond to multiple inquiries from multiple LEAs
  - Groups of LEAs banded together so that a motorcoach operator could provide documentation to ONE group and be approved for multiple LEAs

### 2006 Status: 3 Consortia

- Consultant performs site visits and reviews the operation – then provides recommendations to LEAs with respect to whether or not the company should be added to the approved list
  - At least 41 LEAs participating plus at least four contract on their own – Includes all of the largest LEAs
  - Streamlined process

### House Bill 1155

**SECTION 2.** The Department of Public Instruction, in cooperation with the Department of Transportation, shall develop a program for issuing a statewide permit to commercial motor coach companies that seek to contract with local school systems for the transportation of students, school personnel, and other persons authorized by the school system for school-sponsored trips. This program is intended to provide commercial motor coach companies with a single permit that can be used statewide and will be an alternative to the current system that requires motor coach companies to meet the varying requirements of each school system that they contract with for such transportation services. The Department of Public Instruction shall review and amend the recommended guidelines and procedures for school charter transportation, adopted by the School Charter Transportation Safety Committee in December 2004, to meet the requirements of the new permit program.

### Meeting with Affected Parties September 25, 2006

- NC Dept. of Public Instruction
- Department of Transportation, DMV
- State Highway Patrol
- NC School Boards Association
- NC Parent Teacher Association
- NC Pupil Transportation Association
- NC Motorcoach Association
- Federal Motor Carrier Safety Administration

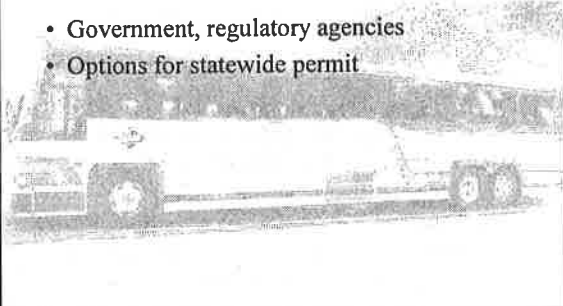
### Status Report from each Group

- LEAs have been using the recommended guidelines and many have joined in consortiums to minimize paperwork and visits to motorcoach companies
- Motorcoach operators are hampered by the need to respond to multiple requests from multiple LEAs
- School Boards reserve the right to impose requirements specific to their LEA in excess of the Guidelines

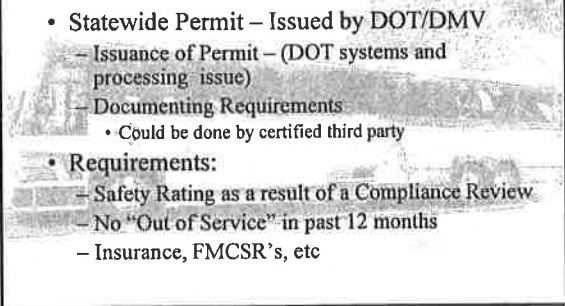


## *Statewide Permit for Charter Motorcoach Companies Providing Transportation for School Trips*

### Follow-up Meeting October 17

- Government, regulatory agencies
  - Options for statewide permit
- 

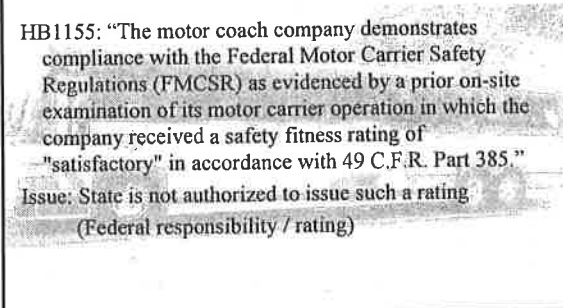
### Options Discussed

- Statewide Permit – Issued by DOT/DMV
    - Issuance of Permit – (DOT systems and processing issue)
    - Documenting Requirements
      - Could be done by certified third party
  - Requirements:
    - Safety Rating as a result of a Compliance Review
    - No “Out of Service” in past 12 months
    - Insurance, FMCSR’s, etc
- 

### Satisfactory Safety Rating

HB1155: “The motor coach company demonstrates compliance with the Federal Motor Carrier Safety Regulations (FMCSR) as evidenced by a prior on-site examination of its motor carrier operation in which the company received a safety fitness rating of “satisfactory” in accordance with 49 C.F.R. Part 385.”

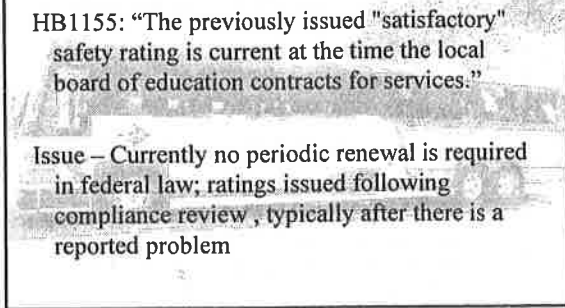
Issue: State is not authorized to issue such a rating (Federal responsibility / rating)



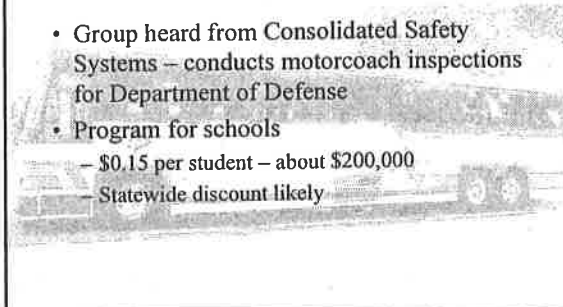
### Satisfactory Rating, Cont’d.

HB1155: “The previously issued “satisfactory” safety rating is current at the time the local board of education contracts for services.”

Issue – Currently no periodic renewal is required in federal law; ratings issued following compliance review, typically after there is a reported problem

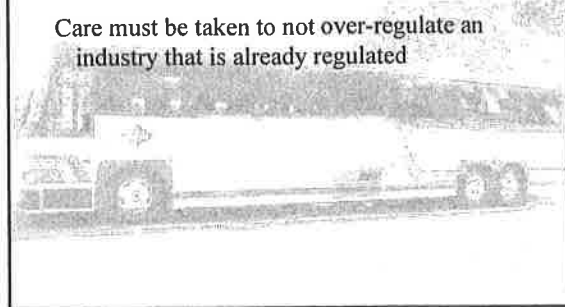


### National Inspection Program

- Group heard from Consolidated Safety Systems – conducts motorcoach inspections for Department of Defense
  - Program for schools
    - \$0.15 per student – about \$200,000
    - Statewide discount likely
- 

### Regulations

Care must be taken to not over-regulate an industry that is already regulated



## *Statewide Permit for Charter Motorcoach Companies Providing Transportation for School Trips*

### Contracted State Inspection Program

- 45+ LEAs contract with Hines Safety Consulting Services – fee paid by LEA
- Allows LEAs to stipulate requirements of motorcoach companies and the consultant does a site visit, evaluation and random follow-up
- Cannot issue a safety rating

### In-House State Inspection Program

- New Entrant Auditors – Highway Patrol
  - Trained in Motor Carrier Regulations and Vehicle Inspections
- Up to 6 officers needed
  - Cost - \$17,000 equipment/setup = \$100,000+
  - Salary/Benefits – \$60,000 x 6 = \$360,000
  - Travel -
- Potential for cooperative program with FMCSA to issue safety ratings based on compliance review by SHP

### Statewide Permit – Pros and Cons for Motorcoach Companies

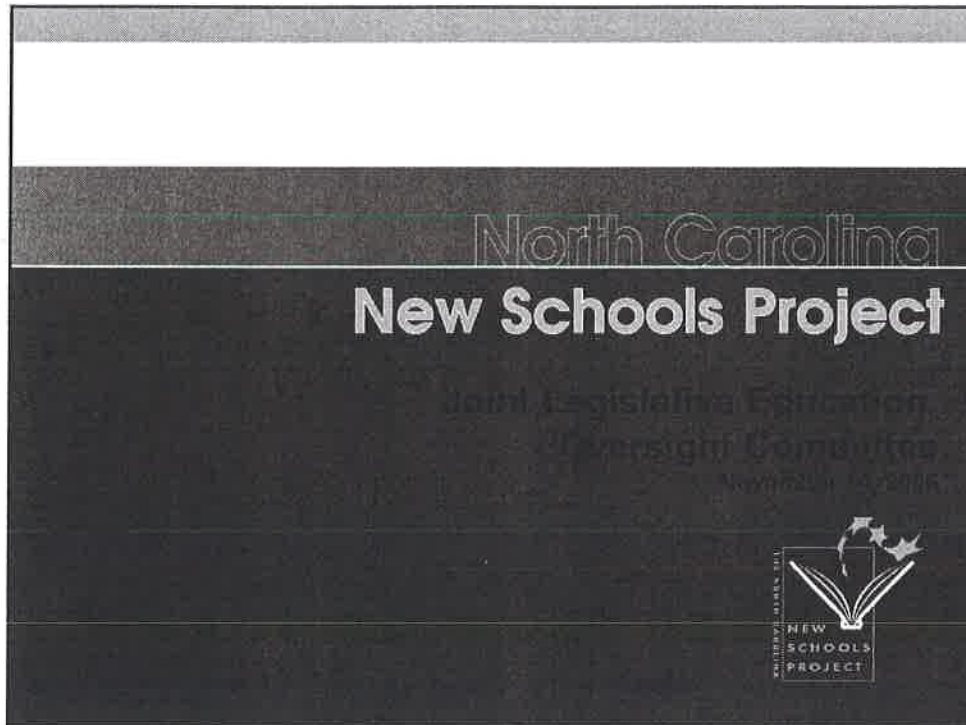
- PRO: Would provide benefit to motorcoach companies, minimizing permit paperwork for LEAs that accepted the minimum
- CON: For some LEAs, would add another layer of paperwork for the motorcoach company as LEAs could still require companies to submit additional information or submit to a more regular inspection.

### Next Steps

- Follow-up meeting with all groups after this presentation
- Written report to Ed Oversight

### Charter Motorcoach Transportation for School Trips

*Geoff*  
Geoff Cottane  
NC New Schools Project  
(NC NSP)



## **Leadership**

- **Governor Mike Easley**
- **Lt. Governor Beverly Perdue**
- **NC General Assembly**
- **State Board of Education**
- **NC Department of Public Instruction**
- **NC Community College System**
- **University of North Carolina System**
- **NC Independent Colleges and Universities**
- **Private and Public Partners**



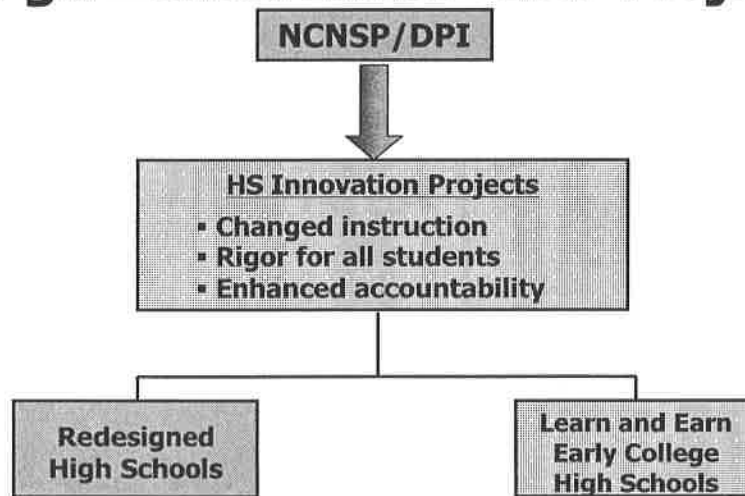


## Urgency for Change

- Economic development
- Student achievement
- Teacher professionalism



## High School Innovation Projects





## High School Innovation Projects

September 2005 – 24

13 Learn & Earn

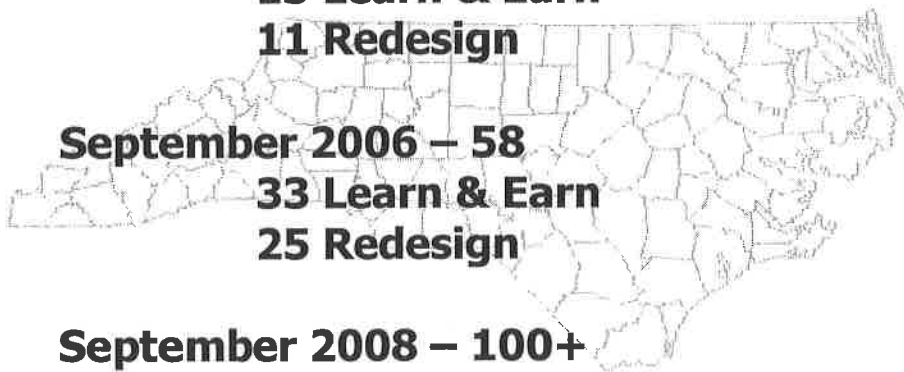
11 Redesign

September 2006 – 58

33 Learn & Earn

25 Redesign

September 2008 – 100+



## Early Results Show Promise

- Student attendance
- ECHS college course pass rates
- Discipline referrals
- ABC test results
- Teacher satisfaction

“I was going to be another ‘5 years and out’ teacher. I always wanted to teach this way. I’m staying in teaching.”

–Teacher working in a redesigned high school





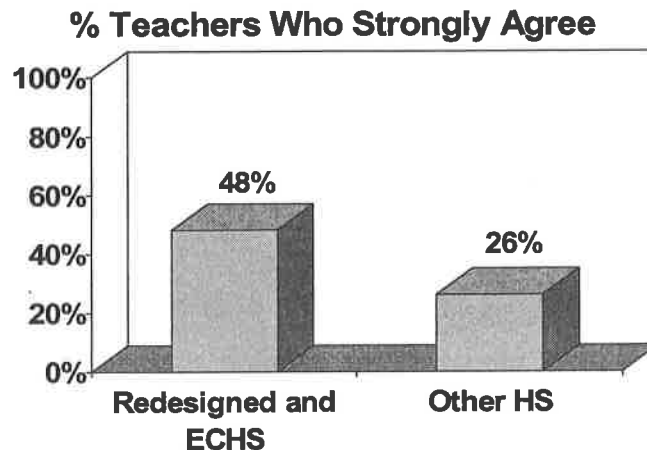


## Early Results Show Promise 2005-06 EOC Test Results

- 8 of 24 schools met or exceeded state growth targets
- 9 of 24 schools significantly outperformed comparable comprehensive high schools in their districts
- 12 of 16 schools subject to federal rules made AYP



## "Good Place to Teach and Learn"



Source: 2006 NC Teacher Working Conditions Survey Results





North Carolina

# New Schools Project

Joint Legislative Education  
Oversight Committee





# INNOVATOR

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## A North Carolina New Schools Project Special Report

Last school year, 24 high schools in North Carolina began a five-year course of innovation either as redesigned, theme-based schools or as *Learn and Earn* early college schools. They are transforming themselves to ensure that their students graduate fully prepared for college, work and citizenship in the 21<sup>st</sup> century.

While more work must be done to complete the changes they have begun, many schools are showing early promising results, including those released by the State Board of Education this week for End-Of-Course tests taken in their inaugural year. Among those results:

- Eight schools met or exceeded the state's growth targets for their students.
- Three schools were designated schools of excellence, two were schools of distinction and two were schools of progress.
- Eight schools had 80 percent or more of their students at or above grade level.
- Twelve schools made the Adequate Yearly Progress (AYP) required under federal law (only 16 were subject to AYP requirements last school year).
- Four redesigned high schools significantly outperformed the comparable comprehensive high school from which their students are drawn.
- Five Learn and Earn early college high schools significantly outperformed the other high schools in their districts.

Clearly, while these results are welcomed, it is too early to begin assessing definitively the academic impact of high school innovation in North Carolina. Change is hard, and each campus has faced unique challenges in delivering more rigorous, relevant content to students. Even so, there are other indicators that point to an even brighter future:

- Attendance is higher this year at redesigned and *Learn and Earn* early college high schools than at the comprehensive high schools that students would be attending. Students can only master rigorous coursework when they are present to be taught, and their attendance is a strong indication of their interest in and connection to school.
- Early data shows that students are being disciplined less frequently – including being suspended from school – in redesigned and *Learn and Earn* early college high schools. As with higher attendance, improved discipline means students are more engaged in their schooling.
- Teachers are more satisfied in innovative high schools, according to results from Governor Easley's Teacher Working Conditions Survey. Nearly half of teachers in redesigned and *Learn and Earn* early college high schools strongly agreed that their school is "a good place to work and learn" – roughly double the percentage who agrees with that description in regular high schools. Teachers who are satisfied are less likely to leave the field, and research shows their students perform better academically.

We know from the experiences of other high school redesign initiatives from around the country that change does not happen in a year or two. For this reason, the North Carolina New Schools Project and the state Department of Public Instruction enter into a five-year partnership with each redesigned and *Learn and Earn* early college high school to support change the way teachers teach and students learn. For the 2006-07 school year, for example, principals and teachers are focusing on increasing academic rigor by observing classrooms to better define what rigor is – and is not.

For more information on individual school results, visit <http://abcs.ncpublicschools.org/abcs/>.



**NC New Schools Project and NC Department of Public Instruction  
High School Innovation Projects  
2006-07**

<b>Cohort 1 (opened Fall 2005)</b>	<b>Health and Life Sciences</b>
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Asheville City Schools	School of Inquiry and Life Sciences at Asheville (SILSA)
Cumberland County Schools	The Cumberland School of Health and Life Sciences
Granville County Schools	South Granville School of Health and Life Sciences
Granville County Schools	J.F. Webb School of Health and Life Sciences
Newton-Conover City Schools	Newton-Conover Health Science High School
Scotland County Schools	Scotland High School of Health Sciences
Scotland County Schools	Scotland High School of Engineering and Skilled Trades
Wake County Schools	East Wake School of Health Science
Winston-Salem/Forsyth County Schools	Atkins School of Biotechnology
Winston-Salem/Forsyth County Schools	Atkins School of Computer Technology
Winston-Salem/Forsyth County Schools	Atkins School of Pre-Engineering

<b>Cohort 2 (opened Fall 2005)</b>	<b>Learn and Earn Early College High School</b>
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Anson County Schools	Anson County Early College High School
Buncombe County Schools	Buncombe County Early / Middle College
Catawba County Schools	Catawba Valley Early College High School
Clinton City/Sampson	Sampson County Early College High School
Cumberland County Schools	Cross Creek Early College High School
Davidson County Schools	Davidson Early College High School
Durham Public Schools	Josephine Dobbs Clement Early College High School
Edgecombe County schools	Edgecombe County Early College High School
Guilford County Schools	The Early / Middle College at GTCC
Nash-Rocky Mount Schools	Nash-Rocky Mount Early / Middle College High School
Iredell-Statesville Schools	Collaborative College for Technology and Leadership
Robeson County Schools	Robeson County Early College High School
Rutherford County Schools	Rutherford Early College High School

<b>Cohort 3 (opening Fall 2006)</b>	<b>Northeastern North Carolina</b>
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Camden County Schools	Cam-Tech High School
Dare County Schools	Cape Hatteras Secondary School of Coastal Studies

<b>Cohort 4 (opening Fall 2006)</b>	<b>Information Technology Enabled</b>
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Charlotte-Mecklenburg Schools	Garinger School of Information Technology
Cherokee Central Schools (Bureau of Indian Affairs)	Cherokee High School
Public Schools of Robeson County	Robeson New Tech High School
Scotland County Schools	Scotland High School of Math, Science, and Technology
Wake County Public Schools	East Wake School of Information Technology

<b>Cohort 4 (opening Fall 2006)</b>	<b>International Studies</b>
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Charlotte-Mecklenburg Schools	Garinger School of International Studies
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<b>Cohort 4 (opening Fall 2006)</b>	<b>Local Design</b>
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Halifax County (Roanoke River Consortium)	Halifax County School of Ecology
Roanoke Rapids Graded School District	Roanoke Rapids Living to Learn High School
Scotland County Schools	Scotland High School of Visual and Performing Arts
Scotland County Schools	Scotland High School of Business, Marketing and Finance
Scotland County Schools	Scotland High School of Leadership and Public Service
Swain County Schools	Swain County School of Applied Science, Math and Technology





**NC New Schools Project and NC Department of Public Instruction  
High School Innovation Projects  
2006-07**

**Cohort 5 (opening Fall 2006) *Learn and Earn* Early College High School**

Brunswick County Schools	Brunswick County Early College High School
Caldwell County Schools	Caldwell Early College
Cherokee County Schools	Tri-County Early College High School
Columbus County Schools	Southeastern Early College High School
Craven County Schools	Craven Early College High School
Greene County Schools	Greene County Early College High School
Guilford County Schools	GTCC Early/Middle College of Entertainment Technology
Guilford County Schools	NC A&T University Early/Middle College High School
Haywood County Schools	Haywood Early College High School
Hoke County Schools	SandHoke Early College High School
Lee County Schools	Lee County Early College High School
Macon County Schools	Macon County Early College High School
McDowell County Schools	McDowell Early College
New Hanover County Schools	Isaac Bear Early College High School
Pender County Schools	Pender Early College High School
Randolph County Schools	Randolph Early College High School
Stanly County Schools	Stanly Early College High School
Surry County Schools	Surry Early College High School of Design
Union County Schools	Union County Early College
Wake County Schools	Wake Early College of Health Sciences

**Cohort 6 (in planning) *Learn and Earn* Early College High School**

Bertie County Schools	Bertie County Early College High School
Charlotte-Mecklenburg Schools	Early College High School at UNC-Charlotte
Guilford County Schools	GTCC Early / Middle College East
Johnston County Schools	Johnston County Early College High School
Lenoir County Schools	Lenoir County Early College High School
New Hanover County Schools	New Hanover County Coastal Early College High School
Polk County Schools	Polk County Early College High School
Richmond County Schools	Richmond County Early College High School
Robeson County Schools	Robeson Early College High School at UNC-Pembroke
Scotland County Schools	Scotland Richmond Early College High School
Wayne County Schools	Wayne Early / Middle College High School
UNC-Greensboro	UNCGi Virtual Early College High School

**Cohort 7 (in planning) *Redesigned* High Schools**

Camden County Schools	Camden County High School #2
Charlotte-Mecklenburg Schools	Garinger High School #3
Charlotte-Mecklenburg Schools	Garinger High School #4
Charlotte-Mecklenburg Schools	Garinger High School #5
Granville County Schools	South Granville High School #2
Granville County Schools	South Granville High School #3
Swain County Schools	Swain County High School #2
Wake County Schools	East Wake High School #3
Wake County Schools	East Wake High School #4



**NC New Schools Project and NC Department of Public Instruction  
High School Innovation Projects  
2006-07**

<b>Cohort 8 (in planning)</b>	<b>Science, Technology, Engineering and Math (STEM) High Schools</b>
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Anson County Schools	Anson High School
Bertie County Schools	Bertie High School
Duplin County Schools	James Kenan High School
Durham Public Schools	Southern High School
Durham Public Schools	Hillside High School
Northampton County Schools	Northampton County High School - West
Warren County Schools	Warren County High School
Wayne County Schools	Goldsboro High School
Weldon City Schools	Weldon High School
Winston-Salem Forsyth County Schools	Carver High School



## **Other Cooperative Innovative High School Programs**

The Early College Academy at Andrews High School (Guilford Technical CC)

The Johnston Community College Early College High School

The Middle College High School at Durham Technical CC

Gateway-to-College at College of the Albemarle



## **Cooperative Innovative High Schools Application Process**

Public School Systems and Higher Education partners apply for approval in November and February

Joint committee of state staffs review and recommend applications

Governing boards make final decisions



4/20/12  
1/1/12

## **Exemptions Approved by the State Board of Community Colleges**

May enroll in a community college regardless of age and generate FTE

May enroll limited number of students in developmental courses

May enroll in summer classes

May enroll at the same time as adult students



## **Exemptions Approved by the State Board of Community Colleges**

May enroll students in courses that are also offered by other high schools within the school district

May enroll early college high school students taking 1 high school course

May enroll using alternative assessments in lieu of admissions placement testing (No longer granted)

Are exempt from tuition (enacted into law July 2005)



SESSION LAW 2005-276  
SENATE BILL 622

AN ACT TO MAKE BASE BUDGET APPROPRIATIONS FOR CURRENT OPERATIONS OF STATE DEPARTMENTS, INSTITUTIONS, AND AGENCIES, AND FOR OTHER PURPOSES.

FLEXIBILITY FOR HIGH SCHOOL INNOVATION

SECTION 7.33.(a) Part 9 of Article 16 of Chapter 115C of the General Statutes reads as rewritten:

.....

"§ 115C-238.55. Evaluation of programs.

The State Board of Education and the ~~State Board of Community Colleges governing Boards~~ shall evaluate the success of students in programs approved under this Part. Success shall be measured by high school retention rates, high school completion rates, high school dropout rates, certification and associate degree completion, admission to four-year institutions, postgraduation employment in career or study-related fields, and employer satisfaction of employees who participated in and graduated from the programs. Beginning October 15, 2005, and annually thereafter, the Boards shall jointly report to the Joint Legislative Education Oversight Committee on the evaluation of these programs. If, by October 15, 2006, the Boards determine any or all of these programs have been successful, they shall jointly develop a prototype plan for similar programs that could be expanded across the State. This plan shall be included in their report to the Joint Legislative Education Oversight Committee that is due by October 15, 2007."







Public Schools of North Carolina  
State Board of Education  
Department of Public Instruction

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# Report to the Joint Legislative Education Oversight Committee

## Evaluation of Student Success in Cooperative Innovative Education Programs

*Session Law 2005-276, Section 7.33,  
Session Law 2003-277, Section 2  
(SB 622, 2005 Budget Act, SB 656)*

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**Date Due: October 16, 2006**

Report #6, #10

DPI Chronological Schedule, 2006-2007

## Summary Status of High School Innovation Projects under the Innovative Education Initiatives Act (GS 115C-238)

Three compelling needs drive high school redesign in North Carolina: 1) student achievement and performance; 2) teacher professionalism and satisfaction; and 3) economic restructuring. In response to these needs, Governor Mike Easley and the NC Education Cabinet with the support of the Bill & Melinda Gates Foundation created the North Carolina New Schools Project (NCNSP) in August 2003 to focus leadership and financial resources on change in the state's high schools. The clear intent of the NCNSP is to engender dramatic structural change rather than creating new programs in the state's high schools. In cooperation with state and national partners, the NCNSP has launched an unprecedented effort to create 100 academically rigorous, focused and flexible new and redesigned high schools over the next five years. The NC State Board of Education, the NC Department of Public Instruction, the UNC and NC Community College systems, national organizations such as Jobs for the Future, the New Tech Foundation, Asia Society and the Middle College National Consortium, among others, are working together in partnership to create these new and redesigned high schools.

Unlike previous attempts to reform high schools, the NCNSP relies upon a six-year partnership (one year of planning followed by five years of implementation) with local school districts and higher education partners to change fundamental high school structures including governance, student support and teaching and learning. Each new and redesigned school is completely autonomous, with its own principal and school budget, and will serve when fully implemented 400 students or less in grades 9-12 or 13. In addition, each school will offer all students an academically rigorous, university-prep curriculum that will ensure that every student graduates ready for college, work and citizenship. All students will also participate in work-based learning experiences, such as internships or job shadowing, and will work closely with a teacher advisor during their time at the school. Students will complete at least their first semester or year of college before graduation, and they will be well versed in 21<sup>st</sup> Century workplace skills including the ability to work in teams, to communicate both orally and through writing, and to analyze and solve problems.

The NCNSP and its partners are working with local school districts and their higher education partners to create two types of schools: redesigned high schools and early college high schools.

- **Redesigned High Schools:** The NCNSP is partnering with local school districts to convert conventional high schools into a series of autonomous, focused and academically rigorous new schools which operate on the existing campus. These new schools each adopt a curricular focus or common methodology as one strategy to enable teachers in the core courses to work together to make connections between courses and to the world of work and to link learning to the adult world of work. The intent of a focus is not preparation for a specific career but preparation for a lifetime of learning and workplace restructuring.

- ***Learn and Earn Early College High Schools:*** Based on the campus of two-or-four year community colleges and universities, *Learn and Earn* early college high schools will provide an academically rigorous course of study with the goal of ensuring that all students graduate with a high school diploma and two years of transferable credit or an associate degree. The *Learn and Earn* Early College High School Initiative submitted a separate status report to the State Board of Education and the Joint Legislative Education Oversight Committee in September 2006 in accordance with SL 2004-124, Sec. 7.22.

Collectively, these redesigned and *Learn and Earn* early college high schools are called High School Innovation Projects (HSIPs). The HSIPs are and will be operating as Cooperative Innovative High School Programs under the Innovative Initiatives Education Act (GS 115C-238). GS 115C-238 calls on the State Board of Education to report on an annual evaluation of the success of students in Cooperative Innovative High Schools. The North Carolina Department of Public Instruction and the NCNSP are monitoring and evaluating the progress of the schools in implementing the school models and in the schools' effects on student achievement. These evaluation efforts are on-going and data will not be available for another year or two. However, this report will provide an update on the initiative and the schools that opened for the 2005-06 school year.

### **HSIPs in Implementation for 2005-06 School Year**

A total of 24 HSIPs were open for students for the 2005-06 school year. Of those, eleven were redesigned schools that are located on eight existing high school campuses. Eight of the eleven are health and life science-themed high schools, two are pre-engineering themed high schools, and one is a computer technology themed high school. Over the next three years, those eight high school campuses will convert into a total of 22 redesigned high schools. For a complete list of the eleven redesigned high schools that were open for the 2005-06 school year, see Attachment 1.

Thirteen *Learn and Earn* early college high schools opened for students for the 2005-06 school year. Each of these schools is working in partnership with a community college or university that is providing facilities for the school and college-level courses for the students. Of those thirteen, two are partnered with a UNC system school and eleven are partnered with a North Carolina community college. Four of the thirteen sites were designated for the 2004-05 school year as "acceleration" or pilot sites for the initiative and were serving students during that school year. These sites served as models for the other nine sites that opened for students for the 2005-06 school year. For a complete list of the thirteen *Learn and Earn* early college high school sites that were open for students for the 2005-06 school year, please see Attachment 1.

Collectively, the 24 HSIPs served just under 3,000 students during the 2005-06 school year. Overall, most of the HSIPs served primarily 9<sup>th</sup> and 10<sup>th</sup> graders for the 2005-06 school year. As the schools continue to implement the models over the course of the next four years, the schools will add additional cohorts of ninth graders until they reach their

capacity of approximately 200-400 students. Student demographic information for the 24 schools combined is presented in the table below.

**Table 1. Demographics of Students in High School Innovation Projects, 2005-06**

Source: NCDPI

	Redesigned HS	<i>Learn and Earn Early College HS</i>
<i>9th</i>	662	622
<i>10th</i>	591	186
<i>11th</i>	371	131
<i>12th</i>	219	176
<i>Total</i>	1843	1115
<i>% White</i>	37.0%	50.5%
<i>% Black</i>	49.9%	36.3%
<i>% Hispanic</i>	7.8%	5.7%
<i>% Other</i>	5.3%	7.5%
<i>% Male</i>	43.3%	38.2%
<i>% Female</i>	56.7%	61.8%

At this time, school-level student achievement data based on the end-of-course tests is not available for the 24 schools for the 2005-06 school year. In addition, data around graduation rates and higher education persistence rates will be available in six years. However, the *Learn and Earn* early college high schools have reported some preliminary data on college course taking patterns and success rates by students over the 2005-06 school year. At twelve of the thirteen *Learn and Earn* early college high schools, 708 students over the course of the year took college credit-bearing courses.<sup>1</sup> The college course pass rate for those 12 schools ranged from 76% to 100%, with 9 of the schools having a 90% college course pass rate or greater.

Attendance rates for the 24 HSIPs are also available for the 2005-06 school year. Regular school attendance is a key indicator of a student's likelihood to graduate. Overall, attendance rates are higher in redesigned and *Learn and Earn* early college high schools than in their respective comparison high schools in their districts.<sup>2</sup> Collectively,

<sup>1</sup> One early college high school did not enroll or plan to enroll any students during their ninth grade year in college courses.

<sup>2</sup> For a redesigned high school, the comparable comprehensive high school is typically the comprehensive high school located on the same campus as the new school and / or the school from which the new school's student population is drawn. For an early college high school, the comparable comprehensive high schools

the 11 redesigned high schools had an average attendance rate for the 2005-06 school year of 94.2% (compared to an average attendance rate of 93.5% for the comparison comprehensive high schools).<sup>3</sup> Collectively, the 13 *Learn and Earn* early college high schools had an average attendance rate of 95.7% (compared to an average attendance rate of 94.0% for the comparison comprehensive high schools).

Data from Governor Easley’s 2006 Teacher Working Conditions Survey shows that teachers in redesigned and *Learn and Earn* early college high schools are significantly more satisfied with their working conditions than teachers in other high schools from around the state. Across each of the five domains,<sup>4</sup> redesigned and *Learn and Earn* early college high schools had significantly higher domain averages than other high schools in the state (see table 2). In addition, more than 85 percent of teachers in redesigned and *Learn and Earn* early college high schools agreed that their “school is a good place to work and learn.” In fact, 48 percent of teachers in redesigned and *Learn and Earn* early college high schools **strongly agreed** that their school is a good place to work and learn compared to just 26 percent of teachers in other high schools.

**Table 2. Teacher Working Conditions Domain Averages in Redesigned and *Learn and Earn* Early College High Schools (ECHS) Compared to Other High Schools**

Source: 2006 Teacher Working Conditions Survey with analysis by Center for Teaching Quality

Teacher Working Conditions Area	Redesigned and ECHS	Other High Schools
Time	3.76	3.09
Professional Development	4.04	3.48
Empowerment	3.90	3.29
Leadership	4.03	3.44
Facilities and Resources	4.00	3.27

### Supports for HSIPs

The six-year partnership that HSIPs enter into with the NCNSP and NCDPI provides the schools with several supports that are integral to implementing the school model and in creating an academically rigorous learning environment. These supports include among other things a school change coach, professional development for teachers, professional

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are the other high schools in the district and the schools from which the new school’s student population is drawn.

<sup>3</sup> There is not a lot of variation in school attendance rates. The mean statewide school attendance rate is 94.8%.

<sup>4</sup> The questions on the Teacher Working Conditions Survey are divided into five domains: time, professional development, empowerment, leadership and facilities and resources. For each school, district and the state, the responses to the questions in each domain are averaged together to create domain average. Responses to the questions in each domain are on a five point scale, with a 1 being strongly disagree with the statement and a 5 being strongly agree with the statement. This data comes from analysis by the Center for Teaching Quality.

development for principals, and local cash to cover additional expenses, including college textbooks for students. Funding for the partnerships with the redesigned high schools comes from the Bill & Melinda Gates Foundation and funding for the partnerships with the *Learn and Earn* early college high schools comes from the State of North Carolina.

***School Change Coach:*** Each HSIP is assigned a professionally trained and highly experienced coach who serves as a facilitator for the planning and implementation of the new school. Coaches are identified and trained by NCNSP and NCDPI. Brokering organizations, such as the Leadership Group of the Carolinas, work with NCNSP and NCDPI to facilitate the coaching process. Next year, the work of the school change coach will be supplemented by a highly trained and experienced instructional coach.

***Teacher Professional Development:*** Over the course of the 2005-06 school year, teachers and counselors participated in a series of professional development sessions collectively called *Teaching for Results*. Many of the professional development sessions were follow-up to previous sessions so that teachers and counselors were receiving consistent and meaningful professional development. Teachers and counselors participated in the following sessions:

- ***Student Support:*** Principals and counselors from each HSIP participated in a two-day professional development session focused on providing effective student support in their redesigned high schools. The session was held in September at the 2005 North Carolina New Schools Project Fall Institute. The participants were engaged in discussions and hands-on activities centered on developing student advisories and seminar classes. Professional development leaders from the Middle College National Consortium led the session. This session was designed to support school sites in improving their student support systems in order to improve student-teacher relationships.
- ***Professional Learning Communities:*** In November, two teachers from each HSIP participated in a professional development session focused on developing successful professional learning communities in a redesigned or early college high school through effective teacher leadership and the use of critical friends groups and other protocols to analyze student and teacher work. The session was a follow up to a previous site-based professional development session. Two instructors from the National Staff Development Council and three teachers from Texas led the session.
- ***Differentiating Instruction:*** In December, two teachers from each HSIP participated in a session focused on differentiating instruction. The session provided participants with a variety of practical and ready-to-use differentiation strategies, including flexible groupings of students, learning contracts, and tiered lesson planning. Sandra Page from ASCD facilitated the session.
- ***Project Based Learning:*** In January, one to two teachers from each HSIP participated in a project based learning professional development session. The

session was a follow-up to two previous PBL sessions. Facilitators from the Buck Institute led the session. Teachers shared the PBL units they had been developing over the past several months and received feedback for improvement through the use of a tuning protocol from both the presenters and their colleagues.

- *Literacy:* In February, one teacher from each HSIP participated in a session focused on teaching literacy across the curriculum. The session was a follow-up to a previous literacy session. Steve Hauge, a local literacy professional development facilitator, led the session, which was focused on specific literacy teaching strategies, teaching writing across the content areas, and developing school-wide literacy plans.
- *Teaching and Learning Conference:* In April, two to three teachers and principals from each HSIP attended the second annual North Carolina New Schools Project Teaching and Learning Conference. The two-day collaborative session was designed so that the teachers and principals had the opportunity to share curriculum, best practices, successes and lessons learned. Teacher-facilitators from established innovative high schools including the Urban Academy, International High School at LaGuardia, International School of the Americas, and Dayton Early College Academy were available to discuss and provide feedback on a variety of topics including designing new courses, creating internship and service learning opportunities, developing integrated curriculum, and implementing differentiated instruction. School teams were asked to bring at least one curriculum unit, professional plan or professional dilemma that they have been working on at their school. The participants then worked on those units or plans over the two days in their teams and scheduled meeting times with the teacher-facilitators for advice and feedback.
- *2006 NCNSP Summer Institute:* In June, teams of seven teachers, counselors and principals from the HSIPs attended the 2006 North Carolina New Schools Project Summer Institute. This annual institute provided the teams time for meaningful reflection on the past year and planning for the opening of school in the fall. In addition, members of each team were involved in a field-based learning experience to the NC Zoo where they learned how to enrich field-based learning experiences through the use of literacy. Teams also had access to instructional experts and teacher leaders who could share their experiences of teaching and leading in innovative high schools. Overall, the institute was designed to help school teams develop a deeper understanding of rigor. Noted author Tony Wagner, Co-Director of the Change Leadership Group at Harvard Graduate School of Education, kicked off the institute by discussing what rigor is and how to recognize it in a school or classroom.

***Principal Professional Development:*** The North Carolina New Schools Project in partnership with the UNC Principals Executive Program launched last summer the Leadership Institute for High School Redesign. Over the course of the year, the Leadership Institute for High School Redesign has provided professional development for

HSIP principals focused on effective instructional leadership. Principals participated in five regional evening networking sessions in which they discussed issues they were facing in their new schools, how to build a professional learning community, how to distribute leadership among teachers, the teacher working conditions survey, and how to analyze student assignments for evidence of rigor. In addition, the principals participated in the student support, the Teaching and Learning Conference and the Summer Institute professional development sessions detailed above.

### **Sites Opening for the 2006-07 School Year**

During the 2005-06 school year, 14 redesigned high school sites and 20 *Learn and Earn* early college high school sites completed a planning process for opening a redesigned or *Learn and Earn* early college high school for the 2006-07 school year. Of the 14 redesigned high schools, six are information technology-enabled, project-based learning high schools; one is an international studies high school; and seven are a locally designed model school. Of the twenty new *Learn and Earn* early college high schools, two are partnered with a UNC system school and 18 are partnered with an NC community college. For a complete list of the redesigned and *Learn and Earn* early college high schools that are opening for the 2006-07 school year, please see Attachment 1.

Each planning site received a small planning grant from NCNSP and NCDPI which was used over the course of the year to fund a school change coach, various planning activities and additional associated costs. The planning activities included:

- *Planning Support Session:* In September, members from each HSIP planning team shared their school plans with other planning teams and received feedback on their planning process. The planning teams received initial training in the National School Reform Faculty's tuning protocol and used this tool in evaluating their school redesign plans. NCNSP staff and coaches also facilitated discussions around the design principles for redesigned and *Learn and Earn* early college high schools and the structures that need to be in place to ensure that a redesigned or *Learn and Earn* early college high school is different from a comprehensive high school.
- *Study Visits to Model Schools:* NCNSP and NCDPI staff also led a series of study visits to model schools across the country for two planning team members from each HSIP planning teams. Planning teams visited Dayton Early College Academy in Dayton, OH; Youngstown State Early College in Youngstown, OH; Middle College High School at LaGuardia Community College in New York, NY; International High School at LaGuardia Community College in New York, NY; Hollis Price Middle College High School and Middle College High School at SWTCC in Memphis, TN; Mott Middle College High School in Flint, MI; Humanities Prep High School in New York City; Julia Richman Education Complex in New York City; landmark High School in New York City; Napa New Technology High



School in Napa, CA; Minnesota New Country School in Minneapolis, MN; Avalon Charter School in Minneapolis, MN; Minnesota School of Environmental Studies in Minneapolis, MN; and Glen Este High School in Cincinnati, OH. Each study visit included an initial briefing session, in which NCNSP and NCDPI staff provided background information on the schools that the participants would be visiting, led the participants in discussions about what questions they hoped to get answered and facilitated an accountable talk with participants focused on an article on effective student support. After the site visits, NCNSP and NCDPI staff led participants in a debriefing session in which participants discussed what they saw, why it is important, and what they intend to do with the information they have gathered. Participants prepared powerpoint presentations from what they had learned to share with their other planning team members. Each participant also received a packet before the trip that included background information on the schools they are visiting, tools for use in gathering information from the site visits, and articles on high school redesign and the design principles.

- *Teaching and Learning Conference:* In April, two teachers from each HSIP planning site attended a two-day professional development session focused on project-based learning. Thom Markham from the Buck Institute led the session. The session served as an introduction, with follow-up sessions planned for the 2006 Summer Institute and several other times over the course of the 2006-07 school year.
- *2006 NCNSP Summer Institute:* Teams of seven teachers, principals and counselors from the HSIP planning sites also attended the Summer Institute detailed above. The teachers and counselors from the planning sites participated in one of four professional development sessions while at the Summer Institute. Those sessions were focused on project-based learning, rigor in practice, equity, and professional learning communities. The principals participated in a leadership session facilitated by the Leadership Institute for High School Redesign that was focused on preparing for the opening of the new school and on effective instruction leadership strategies.

### **Evaluation Efforts**

As mentioned earlier, there are several evaluation efforts underway to monitor the progress of HSIPs on improving student achievement, graduation rates and college enrollment and persistence rates. Below is a brief description of each effort. Data from each of these efforts will not be available for another year or two.

#### *Redesigned High Schools*

Fouts and Associates, NCNSP's external evaluators, are conducting an evaluation of the overall NCNSP initiative and the redesigned high schools. The evaluators are collecting

and comparing data from 16 NCNSP schools sites (both the comprehensive high schools and the redesigned high schools housed on the comprehensive campuses) to evaluate the impact of the new, redesigned high schools on student retention and graduation rates, college attendance and persistence rates, student perceptions of their school and student perceptions of college. In addition, 10 of the 16 sites are in-depth evaluation sites in which the evaluators are conducting annual site visits, which include interviews and focus groups with school and district personnel, to evaluate both the implementation of the redesigned high schools and the impact on teachers and administrators in those schools.

### *Learn and Earn Early College High Schools*

NCNSP and NCDPI are currently building a partnership with Jobs for the Future (JFF), the intermediary for the national Early College High School Initiative, to include NC's early college high schools in the Early College High School Initiative Student Information System. The Student Information System (SIS) collects and analyzes early college student-level data on such areas as demographics, attendance, course taking and course completion patterns, test scores, GPA, disciplinary incidences, and number of college courses taken. The Student Information System will allow NCNSP, NCDPI and our early college high schools to better track and evaluate the progress of the students in our early colleges.

SERVE, the southeast region Federal Education Laboratory, in partnership with Duke University, the North Carolina New Schools Project, UNC-Greensboro, Abt Associates and other organizations, has received funding from the US Department of Education to conduct a rigorous, experimental research study of the *Learn and Earn* Early College High School Initiative. The research project will study the impact of the early college model on important student outcomes and will seek to determine whether the model works for different student populations. In addition, the project will also study the implementation of the components of early college high schools by examining the association of those components with student outcomes. This study will provide useful information to NCNSP, NCDPI and our early colleges on how to improve our practice.

## Attachment 1. HSIPs in Implementation as of September 2006

Cohort 1 (opened Fall 2005)	Health and Life Sciences
Asheville City Schools	School of Inquiry and Life Sciences at Asheville (SILSA)
Cumberland County Schools	The Cumberland School of Health and Life Sciences
Granville County Schools	South Granville School of Health and Life Sciences
Granville County Schools	J.F. Webb School of Health and Life Sciences
Newton-Conover City Schools	Newton-Conover Health Science High School
Scotland County Schools	Scotland High School of Health Sciences
Scotland County Schools	Scotland High School of Engineering and Skilled Trades
Wake County Schools	East Wake School of Health Science
Winston-Salem/Forsyth County Schools	Atkins School of Biotechnology
Winston-Salem/Forsyth County Schools	Atkins School of Computer Technology
Winston-Salem/Forsyth County Schools	Atkins School of Pre-Engineering
Cohort 2 (opened Fall 2005)	<i>Learn and Earn Early College High School</i>
Anson County Schools	Anson County Early College High School
Buncombe County Schools	Buncombe County Early / Middle College
Catawba County Schools	Catawba Valley Early College High School
Clinton City/Sampson	Sampson County Early College High School
Cumberland County Schools	Cross Creek Early College High School
Davidson County Schools	Davidson Early College High School
Durham Public Schools	Josephine Dobbs Clement Early College High School
Edgecombe County schools	Edgecombe County Early College High School
Guilford County Schools	The Early / Middle College at GTCC
Nash-Rocky Mount Schools	Nash-Rocky Mount Early / Middle College High School
Iredell-Statesville Schools	Collaborative College for Technology and Leadership
Robeson County Schools	Robeson County Early College High School
Rutherford County Schools	Rutherford Early College High School
Cohort 3 (opening Fall 2006)	Northeastern North Carolina
Camden County Schools	Cam-Tech High School
Dare County Schools	Cape Hatteras Secondary School of Coastal

Studies

**Cohort 4 (opening Fall 2006) Information Technology Enabled**

Charlotte-Mecklenburg Schools	Garinger School of Information Technology
Cherokee Central Schools (Bureau of Indian Affairs)	Cherokee High School
Public Schools of Robeson County	Robeson New Tech High School
Scotland County Schools	Scotland High School of Math, Science, and Technology
Wake County Public Schools	East Wake School of Information Technology

**Cohort 4 (opening Fall 2006) International Studies**

Charlotte-Mecklenburg Schools	Garinger School of International Studies
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**Cohort 4 (opening Fall 2006) Local Design**

Halifax County (Roanoke River Consortium)	Halifax County School of Ecology
Roanoke Rapids Graded School District	Roanoke Rapids Living to Learn High School
Scotland County Schools	Scotland High School of Visual and Performing Arts
Scotland County Schools	Scotland High School of Business, Marketing and Finance
Scotland County Schools	Scotland High School of Leadership and Public Service
Swain County Schools	Swain County School of Applied Science, Math and Technology

**Cohort 5 (opening Fall 2006) Learn and Earn Early College High School**

Brunswick County Schools	Brunswick County Early College High School
Caldwell County Schools	Caldwell Early College
Cherokee County Schools	Tri-County Early College High School
Columbus County Schools	Southeastern Early College High School
Craven County Schools	Craven Early College High School
Greene County Schools	Greene County Early College High School
Guilford County Schools	GTCC Early/Middle College of Entertainment Technology
Guilford County Schools	NC A&T University Early/Middle College High School
Haywood County Schools	Haywood Early College High School
Hoke County Schools	SandHoke Early College High School
Lee County Schools	Lee County Early College High School
Macon County Schools	Macon County Early College High School

McDowell County Schools  
New Hanover County Schools  
Pender County Schools  
Randolph County Schools  
Stanly County Schools  
Surry County Schools  
Union County Schools  
Wake County Schools

McDowell Early College  
Isaac Bear Early College High School  
Pender Early College High School  
Randolph Early College High School  
Stanly Early College High School  
Surry Early College High School of Design  
Union County Early College  
Wake Early College of Health Sciences

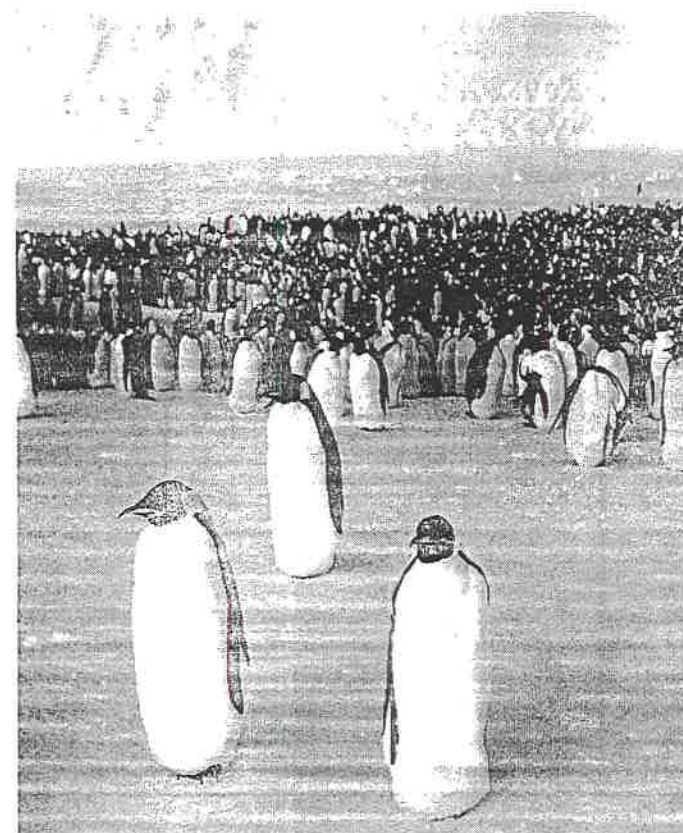


# Compulsory School Attendance

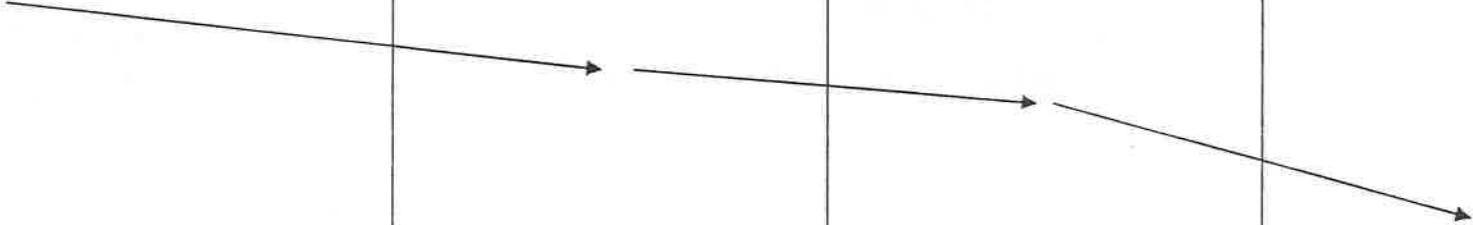
Refers to the  
minimum . . .



- and maximum age required by each state at which a student must be enrolled in and attending public school or some equivalent program defined by law.




# Compulsory Attendance Age 16

1960	1984	1996	2006
39 states (source: NBER)	34 states	33 states	26 states
			



# Compulsory Attendance Age 17

1960	1984	1996	2006
5 states	6 states	8 states	9 states



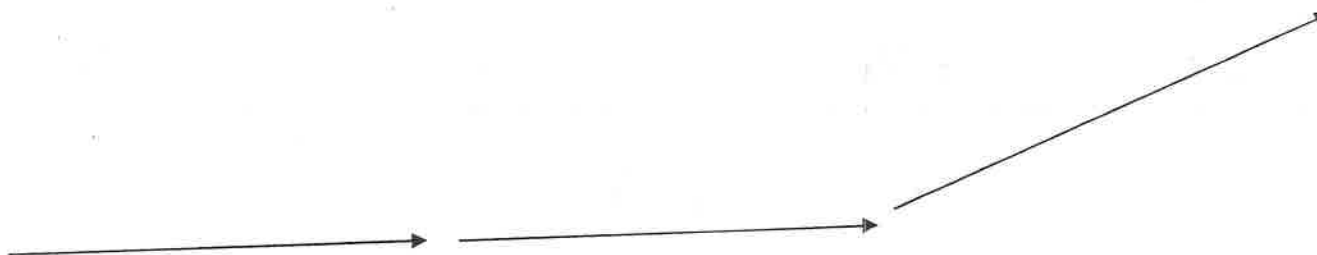
The graph shows a steady increase in the number of states requiring compulsory attendance at age 17 over time. The number of states grows from 5 in 1960 to 6 in 1984, 8 in 1996, and 9 in 2006.

Year	Number of States
1960	5
1984	6
1996	8
2006	9



# Compulsory Attendance Age 18

1960	1970	1984	2006
4 states (source: NBER)	5 states (source: NBER)	6 states	16 states (plus DC, American Samoa and Puerto Rico)



# Current Primary Source of Pressure Behind Raising the Upper Age

- **No Child Left Behind Act:**

Graduation rates contribute to whether a school or district makes adequate yearly progress.

# Proponents say:

- Raising the age encourages students to attend higher education institutions, and decreases dropout rates, juvenile crime, and teen pregnancy.
- Raising the age would increase the number of high school graduates at a time when having at least a high school diploma is more important than ever.

# Critics Say:

- Forcing students to attend school is counter-productive. Students often become disruptive influences.
- The real issue is that schools need to improve the educational experience for students who are disengaged or so far behind their peers they cannot see a way to catch up.

# Truancy Prevention Recommendations

Source: U.S. Department of Education, *Manual to Combat Truancy*, July 1996

1. **Involve parents in all truancy prevention activities** - By fostering parental involvement in the school, administrators can increase communication and trust between the parent and the school. Personal contact with parents is an important component to handling truancy problems.
2. **Ensure that students face firm sanctions for truancy** - Schools must communicate to students and families that truancy will not be tolerated. Sanctions should be firm and timely.
3. **Create meaningful incentives for parental responsibility** - Schools can create incentive programs both for parents and children. Positive incentives may include participation in publicly funded activities or parenting education classes. Negative sanctions like fines and imprisonment may also be necessary for promoting parental responsibility.
4. **Establish ongoing truancy prevention programs in school** - Truancy is often a symptom of a much larger problem. Schools should address the underlying needs of each child to ensure that truancy is not a reoccurring behavior. Students may also need alternative learning environments including school-to-work opportunities, community service or vocational programs.
5. **Involve local law enforcement in truancy reduction efforts** - Relationships between school officials and law enforcement agencies ensure that violations of compulsory education laws are prosecuted. Police departments, juvenile courts and probation officers can become important allies in addressing truancy.



# Two Differing Viewpoints

- National Bureau of Economic Research (NBER)
  - Home School Legal Defense Association

# “Does Compulsory School Attendance Affect Schooling and Earnings?”

National Bureau of Economic Research, 1990

- Estimates suggest that 25% of potential dropouts remain in school because of compulsory schooling laws.
- Students who are compelled to attend school longer by compulsory schooling laws earn higher wages as a result of their extra schooling.



# “The Effect of Age at School Entry on Educational Attainment”

Natl. Bureau of Economic Research, 1990

- “We present evidence that educational attainment is related to age at school entry because children who enter school at an older age are permitted to drop out after having completed less schooling than children who enter school at a younger age.”

# Home School Legal Defense Association's Background re: Maryland's Proposal to Raise the Compulsory Age . . .

## Background:

- *Raising the compulsory attendance age from 16 to 18 would subject Maryland home educators to the requirements of the homeschool statute two years longer than now required.*
- *Raising the compulsory attendance age will not reduce the dropout rate. In fact, the two states with the best high school completion rates, Maryland at 94.5% and North Dakota at 94.7%, compel attendance only to age 16. The state with the lowest completion rate (Oregon: 75.4%) compels attendance to age 18. (Figures are three-year averages, 1996 through 1998.)*



# Background from Home School Legal Defense Association, cont'd.

- *Twenty-nine states only require attendance to age 16. Older children unwilling to learn can cause classroom disruptions and even violence, making learning harder for their classmates who truly want to learn.*
- *It would restrict parents' freedom to decide if their 16-year-old is ready for college or the workforce. Some 16-year-olds who are not academically inclined benefit more from valuable work experience than from being forced to sit in a classroom.*
- *Another significant impact of expanding the compulsory attendance age would be an inevitable tax increase to pay for more classroom space and teachers to accommodate the additional students compelled to attend public schools. When California raised the age of compulsory attendance, unwilling students were so disruptive that new schools had to be built just to handle them and their behavior problems, all at the expense of the taxpayer.*

# Recent Bills – 2006

- Tennessee: Changed from 7-16 to 6-17 (enacted) – but only affects blind children
- Florida: A bill authorized local boards to raise the ages (does not appear to have passed)
- New York: one bill proposed lowering the age to 5 (for starting school) – did not pass
- Colorado law changed from ages 7-16 to ages 7-17
- The Vermont legislature asked the state commissioner to look into the possibility of increasing to age 18 and present information to the legislature in January
- Iowa proposed raising to 18 – did not pass.

# Recent Bills -- 2006

- Maryland

- *One bill to raise the age for Baltimore only and another more general*
- *Both amended to simply require a task force to look into raising the age to 18.*

# Maryland Task Force

- Required to develop an action plan to implement, provide professional development opportunities, and foster partnerships among governmental agencies, county boards of education and the business community to support the successful implementation of an initiative to raise the compulsory public school attendance age to 18 throughout the state.
- The report is due by December 1, 2007.

# Opt-out Provisions

- In 2004, Nebraska increased its law to age 18, with the provision that parents be allowed to opt out their children at age 16. This provision has accommodated parents who want to home school their children. Parents must sign a notarized release discontinuing the enrollment of the child.

# Some Alternatives to Raising the Compulsory Age

From 2004 Tennessee study: <http://www.comptroller.state.tn.us/orea/reports/truancy.pdf>  
Tennessee Office of Education Accountability

Reduce age for adult ed

Limit absences

Help local boards address truancy



# From 2004 Tennessee Study:

<http://www.comptroller.state.tn.us/orea/reports/truancy.pdf>

Tennessee Office of Education Accountability

- **Legislative Alternatives**

- *The General Assembly may wish to reduce the age at which a student can participate in adult high school programs from 17 to 16 years old.*
- *The General Assembly may wish to limit the number of absences that a student can accumulate before he or she must be referred to the judicial system.*

From 2004 Tennessee Study:

# Adult School Alternative

- Because adult high schools offer students an opportunity to earn their degree during nontraditional hours and at their own pace, these alternative education arrangements provide a chance for students who might otherwise drop out of school – Tennessee’s law requires that students be “over sixteen (16) years of age.”
- Other states allow students to enter into adult high schools when they turn 16 years old.
- Although this would require adult high schools to monitor attendance to track compulsory education compliance, it may also create more cooperation between adult high schools and traditional schools.

From 2004 Tennessee Study:

## Tenn. Alternative: Limiting Absences

- T.C.A. §49-6-3007 requires superintendents to notify parents after students miss five days without an adequate excuse. However, the law provides no standard for when districts must refer students and their families to attendance officers or the judicial system. Because students fall more behind with each additional absence, encouraging districts to handle truancy cases swiftly may benefit all students.

From 2004 Tennessee Study:

# Tenn. Administrative Alternative

- The state board of education in conjunction with the department of education should provide local boards of education with guidelines for developing attendance policies.
- Stopping short of regulating local school board rules, several states have developed broad guidelines to help districts create effective attendance policies.
- Kentucky guidelines ask districts to consider seven components and provide sample language for each component.
- West Virginia guidelines provide more stringent requirements, asking each district to create a policy that includes at least five specific sections. Although the guidelines do not prescribe exactly how the policies should regulate attendance, they do outline several policy components that need to be articulated. Providing a guideline for local policies will ensure that each district has a comprehensive plan to handle attendance issues.

# Other Questions for Today:

- Will increasing the compulsory attendance age be effective in decreasing the incidence of withdrawal prior to graduation and enhancing high school graduation rates?
- Will increasing the compulsory attendance age cause more problems for schools because students who are not motivated to attend school remain in classrooms?



Kathy Christie  
ECS

# Findings to Consider

# High School Survey of Student Engagement 2005

- Student respondents were from 87 schools in 19 states. While respondents were disproportionately from the Midwest, the total respondents mirrored national gender and racial distributions for high school students, based on data from the National Center for Education Statistics.



# Findings From the Survey...

- Almost three fifths (59%) indicated that most of their courses were in general/regular education.
- More than 20% spent at least 11 hours a week in each of the following: working for pay, watching television and socializing with friends.

# Findings From the Survey . . .

## Disengagement

- More than one third (36%) were not involved in school athletics, clubs, student government, publications or other school-sponsored activities. However, two fifths (40%) devoted at least five hours in a typical week to such activities.

# Findings From the Survey . . .

## Disengagement

- More than two fifths of the regular education students (42%) and almost half of the career/vocational education students (49%) reported that they spent *no* time in school-sponsored activities.
- Students enrolled primarily in honors/college prep courses (44%) were far more likely than classmates in other instructional paths to participate more than seven hours per week in school-sponsored activities.
- Latino students (51%) were more likely than students in other racial groups to report that they were not involved in *any* school-sponsored activities (American Indian, 41%; African American, 41%; White, 34%; and Asian, 33%).



# Findings From the Survey . . .

Overall, respondents spent relatively little time preparing for class.

- *Half (50%) devoted four hours or less per week to homework, reading, rehearsing, etc.*
- *One fifth (20%) spent one hour or less and 32% spent two hours or less per week in such class preparation.*

# Findings From the Survey . . .

- Most students also reported they completed their assignments without devoting much time to homework.
- More than four fifths (81%) of the respondents indicated that they frequently (often or very often) come to class with readings or assignments completed. Coming to class with assignments completed was the behavior most highly correlated with a number of positive attitudes, such as taking pride in school work, valuing rewards at school, putting forth a great deal of effort at school, and placing a high value on learning.



# Findings From the Survey . . .

There were also differences in study patterns based on instructional track and race.

- On average, students enrolled primarily in honors/college prep courses spent twice as much time per week preparing for class than did students enrolled in special education and career/vocational courses.
- Asian students (18%) were far more likely than other racial groups to report spending more than 15 hours a week preparing for class (Latino, 5%; American Indian, 6%; African American, 5%; and White, 6%).

# Findings From the Survey . . .

- Working for pay: 7% of the 9th graders compared to 43% of the 12th graders worked more than 10 hours a week. Almost one fourth (24%) of the 12th graders worked more than 20 hours per week. Students enrolled primarily in career/ vocational courses (25%) were more than twice as likely as other students to work more than 20 hours per week.

Sidebar: Employment during high school has been found to be negatively correlated with grades, participation in school-related activities and other student outcomes.)



# Findings From the Survey . . .

Overall, respondents did not spend much time on assigned reading or reading for pleasure.

- Four fifths (80%) of the students said they spent three hours or less reading assigned materials each week.
- More than three fourths (77%) reported spending three hours or less on personal reading in books or magazines, and 84% devoted three hours or less to personal reading online.



# Findings From the Survey . . .

Relationships between teachers and students are an important aspect of the student experience. Teacher support has been linked to increased student learning, greater school satisfaction and more positive attitudes toward school. (National Research Council, 2004)

- More than half (52%) of the students had not discussed ideas from their readings or classes with a teacher outside of class during the school year. Only 15% had frequently (often or very often) had such conversations.
- Three fifths (60%) had not communicated with a teacher by e-mail.
- However, seven out of 10 respondents (70%) agreed they had many opportunities to ask teachers questions about their work.

# Findings From the Survey . . .

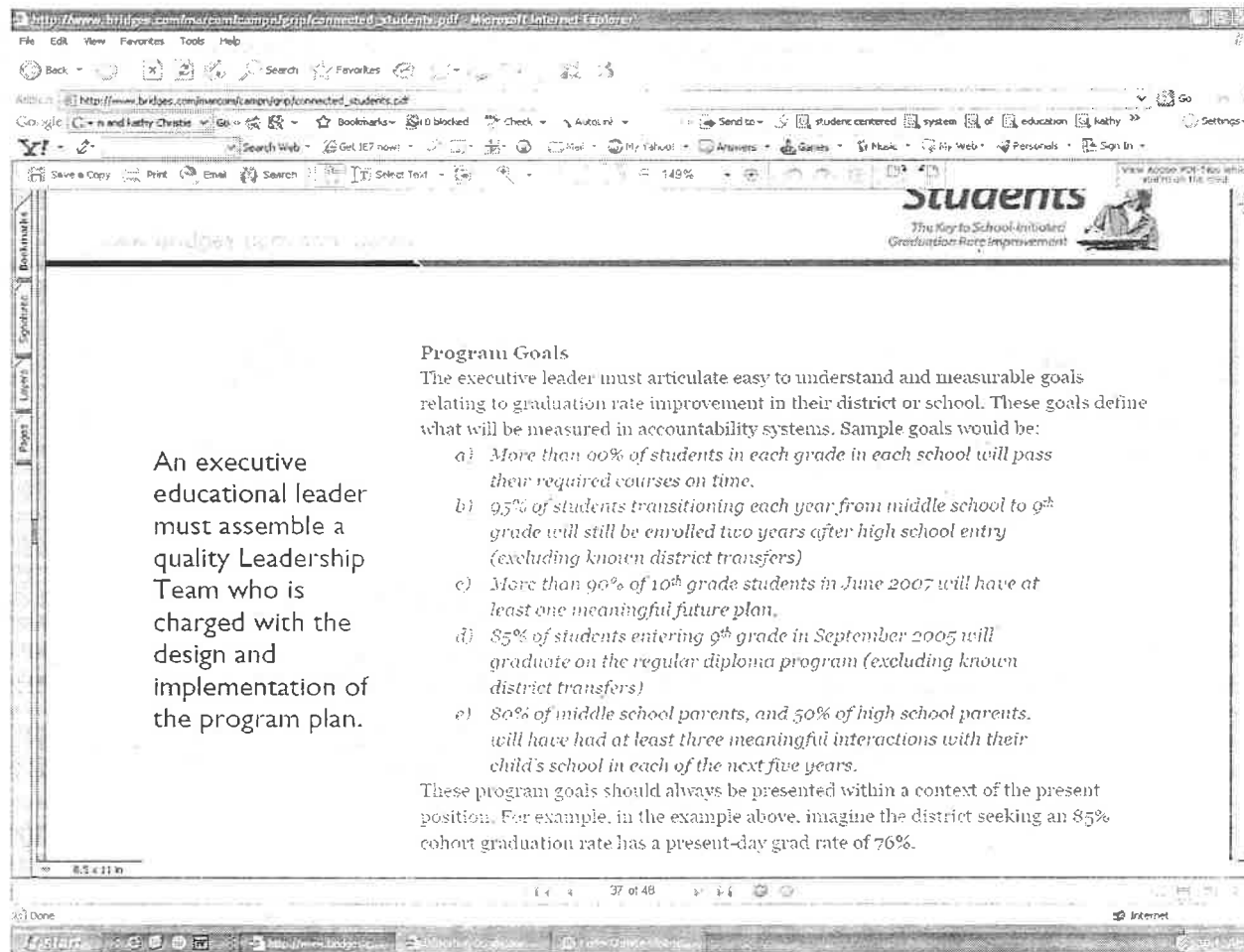
Students who think they are not respected or who feel socially isolated do not perform to their full potential. (National Research Council, 2004) Accordingly, respondents were asked a number of questions about the school environment, their sense of belonging, what their school emphasizes, and how their school experience has affected them.

- More than half (53%) of all respondents agreed that they care about their current school; 9th graders (56%) were more likely to agree or strongly agree than were 12th graders (50%).
- Less than one third of all respondents (31%) agreed that school rules are fair; Asian students (38%) were the most likely to agree with this sentiment, while African American students (24%) were least likely to agree.

# Findings From the Survey . . .

- Less than half (47%) of the students agreed that they would select the same high school again if given the opportunity.
- Only half (50%) said that their school places substantial (quite a bit or very much) emphasis on treating students fairly.
- About two thirds (67%) of the respondents said that people at their school, overall, accept them for who they are.

# Potential for Strategic Improvement: Demonstrating Leadership



**Students**  
The Key to School-Initiated  
Graduation Rate Improvement

An executive educational leader must assemble a quality Leadership Team who is charged with the design and implementation of the program plan.

**Program Goals**  
The executive leader must articulate easy to understand and measurable goals relating to graduation rate improvement in their district or school. These goals define what will be measured in accountability systems. Sample goals would be:

- More than 90% of students in each grade in each school will pass their required courses on time.
- 95% of students transitioning each year from middle school to 9<sup>th</sup> grade will still be enrolled two years after high school entry (excluding known district transfers)
- More than 90% of 10<sup>th</sup> grade students in June 2007 will have at least one meaningful future plan.
- 85% of students entering 9<sup>th</sup> grade in September 2005 will graduate on the regular diploma program (excluding known district transfers)
- 80% of middle school parents, and 50% of high school parents, will have had at least three meaningful interactions with their child's school in each of the next five years.

These program goals should always be presented within a context of the present position. For example, in the example above, imagine the district seeking an 85% cohort graduation rate has a present-day grad rate of 76%.



Whether you raise the age or not,

What does the research say about  
making high school a successful  
experience?

# On Course for Success: A Close Look at Selected High School Courses

That Prepare All Students for College (ACT, Education Trust, 2004)

In successful courses:

- Students are enrolled in college-preparatory courses and learning the skills they need to be ready for college-level work.
  - *Implication: All students should be provided with a rigorous college-oriented curriculum. The trajectory toward college begins in grade 9.*

# In schools with successful courses . . .

- Both the schools and the teachers of the courses supported students with tutorial help, both formally and informally.
- Implication:
  - ***Extra assistance***
  - *All students should be provided with help outside the classroom when needed. High schools should accept the responsibility of organizing tutorial help before, after, and during school hours and, if necessary, on Saturdays, in the evenings, and in summer programs. Tutors can be teachers, fellow students or members of the community. Counselors have a special responsibility to ensure that students get the help they need.*

On Course for Success:  
A Close Look at Selected High School Courses  
That Prepare All Students for College (ACT, Education Trust, 2004)



Education Commission  
States

# In schools with successful courses . . .

- Teachers were qualified to teach their academic discipline in high school.
- Implication:
  - *Qualified teachers*

*All students should have the benefit of teachers qualified to teach these rigorous college-oriented courses. District administrators and staff should make sure all schools have teachers qualified to teach these courses. Teachers need not only initial degrees in the academic discipline and educational qualifications, but opportunities to maintain and enhance their mastery of the discipline and of the appropriate pedagogy. They need the pedagogical flexibility to draw from a wide range of knowledge—including current events and popular culture—in order to make difficult concepts accessible to all students. School board members and community leaders should respond if schools need help staffing schools with enough qualified teachers, high-level college-preparatory materials, and extra academic services for students when they need it.*

A Close Look at Selected High School Courses  
That Prepare All Students for College (ACT, Education Trust, 2004)



**Education Commission**  
**States**



# From School Context, Student Attitudes and Behavior, and Academic Achievement: An Exploratory Analysis, MDRC 2006

Attitudes and beliefs matter:

- Perceived academic competence may play an even more important role than engagement in shaping achievement outcomes.
- Prior student engagement and perceived academic competence have a positive influence on subsequent levels of math achievement, but the influence of perceived academic competence is 3X larger than that of engagement.

# From School Context, Student Attitudes and Behavior, and Academic Achievement: An Exploratory Analysis, MDRC 2006

- Teacher support, clear and consistent expectations for behavior, and student-to-student interactions in the classroom are significantly and positively related to engagement.
- Perceived academic competence is more likely to precede engagement in school than vice versa.



From School Context, Student Attitudes and  
Behavior, and Academic Achievement: An  
Exploratory Analysis, MDRC 2006

- Students who believe that the rules of conduct in their school are clear and fairly administered are more likely to feel engaged and academically successful the next year.

# From School Context, Student Attitudes and Behavior, and Academic Achievement: An Exploratory Analysis, MDRC 2006

- Policy Implications/Recommendations:

## Student Attitudes and Behavior Matter

- The earlier schools and teachers begin to build students' confidence in their ability to do well, the better off students will be.
- Clear and high academic expectations and active and connected learning strategies may not in and of themselves be sufficient to increase students' sense of involvement in learning and their belief that they can do well. If students view academic standards as so high that they are unattainable, they are unlikely to feel that they can be successful, and will be less engaged in schoolwork. Similarly, if students are exposed to active and connected learning strategies without sufficient scaffolding and support, the strategies will have a detrimental influence on their perceived capacity for success and their subsequent engagement in school and learning.

# From School Context, Student Attitudes and Behavior, and Academic Achievement: An Exploratory Analysis, MDRC 2006

- **School Context Matters**

- Challenging and attainable academic goals, teaching strategies that emphasize student collaboration, and subject matter that is meaningful and connected to students' experiences also contribute to their feelings of academic competence and engagement. Teacher training strategies should focus on assisting teachers to create collaborative, supportive environments with high but achievable standards.
- The supportive influence of school context may be more immediate than long term. The relationships between supportive relationships with teachers and clear behavioral norms on one hand, and perceived academic competence on the other, were much stronger in the same year than they were across years. Treating students well in the short term, then, may lead them to feel more confident, become more engaged, and learn more. But a positive initial experience is not enough, as the influences fade from one year to the next.
- To be successful in the long term, students may need supportive teachers and high-quality instruction throughout their high school careers. At the same time, the findings also suggest that an intervention that emphasizes supportive relationships, high and clear expectations, and high-quality instruction can make a difference to students at any point in their educational careers, and that these factors in the school context will produce strong and immediate influences. It is never too late to create high-quality academic environments with positive benefits for students.



## Wake County Public School System Raleigh, NC

### Historically

- WCPSS was the largest pilot district in the original NC WISE initiative in 1999.

### Currently

- In Wake County, unlike all other districts, the NC Wise application is running on the WCPSS main computers and supports 147 schools.
- WCPSS keeps its NC Wise application in synch with DPI's NC WISE version and participates in DPI's NC WISE Executive Steering Committee.
- Teachers view NC WISE as a functional tool for managing resources and accessing real-time student information.
- WCPSS teachers can access the NC WISE Teacher Assistant Module from home.
- The unique business requirements of the school system are addressed effectively through timing of events, customized processes, targeted training, and in-depth understanding of the application.
- WCPSS meets the operational needs of the School System by integrating applications (such as formative assessment, standards based report cards, and student course selections) through real-time, read-only access to NC Wise data.
- Customized data extraction provides clean, certified, and approved data to meet the reporting needs of DPI.

### Challenges

- WCPSS performs extensive testing prior to applying patches or upgrades based on multiple experiences when vendor patches to fix specific problems resulted in other parts of the application malfunctioning.
- The vendor's de-support of previous versions of the application which coupled with the timing of new releases, mandates upgrades at inappropriate times in the school calendar in order to have support during critical processes such as year-end-transition.
- WCPSS defines processes to enable NC Wise to support current multi-track year round calendar schools and finds work-arounds when necessary.
- Resources are dedicated to provide Help Desk, user training, central administration personnel to support schools and ensure data integrity, technology hardware & network support and upgrades.

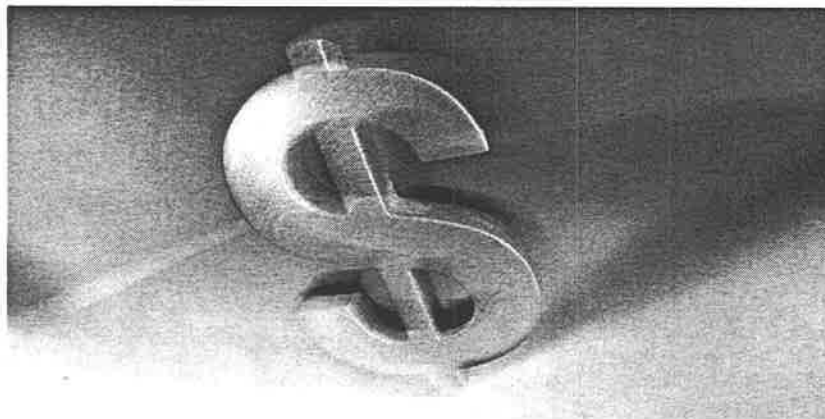
### Future Implications for WCPSS

- WCPSS is concerned about the quality assurance and testing of new versions of the product which will have to be developed to address the concerns and expressed needs of the user community.
- WCPSS is devising and testing a method of scheduling and conversions for 22 district schools changing from a traditional calendar to a multi-track year round calendar while retaining historic student data.
- There are on-going fiscal requirements to provide technology hardware, software, and network upgrades; to provide professional development and user support; to meet changing reporting requirements from the state; and to provide ongoing administrative support.





# Refund of Sales Tax to Local Education Agencies (LEAs)



Adam Levinson  
Fiscal Research Division  
NC General Assembly

November 14, 2006



# Overview

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- **Refund of Sales Tax: Why? What? How?**
  - **Statutory Definitions**
  - **Mechanics of Refund**
  - **Legislative actions affecting LEAs**
- **LEA Data: Amounts Refunded**
- **Issues for Legislative Consideration**

# Context

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## Why refund sales tax?

- **To support, through State General Fund subsidy, certain governmental and/or non-governmental entities in their efforts to perform functions deemed by the General Assembly to be worthy of such support.**

# Statutory Definitions

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## **G.S. 105-116.14 (c):**

Certain Governmental Entities. –  
...allowed an **annual refund of sales and use taxes paid...on direct purchases** of tangible personal property and services, other than electricity and telecommunications service.

# Definitions (cont'd)

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## G.S. 105-116.14(c) - cont'd:

(c) ...Sales and use tax liability indirectly incurred by a governmental entity on building materials, supplies, fixtures, and equipment that become a part of or annexed to any building or structure that is owned or leased by the governmental entity and is being erected, altered, or repaired for use by the governmental entity is considered a sales or use tax liability incurred on direct purchases by the governmental entity for the purpose of this subsection.

# Mechanics

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## **G.S. 105-116.14(c) - cont'd:**

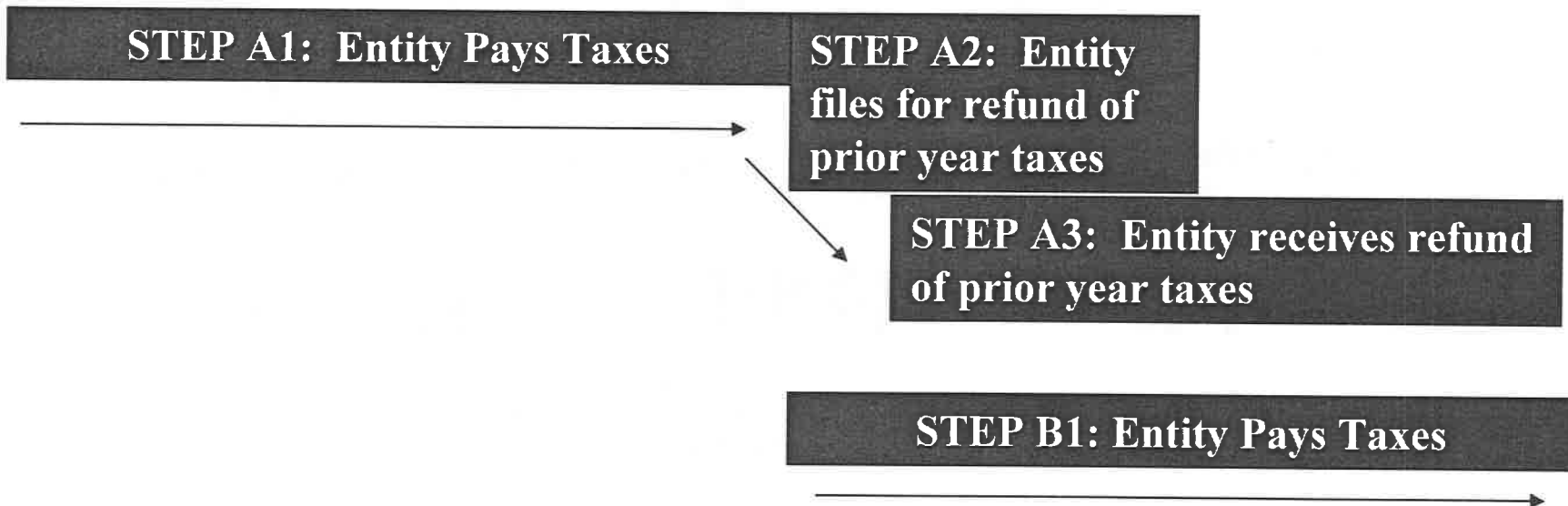
**(c)...A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund is due within six months after the end of the governmental entity's fiscal year.**

# Mechanics

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<b>FY 1998-99</b>	<b>FY 1999-2000</b>
<b>July 1, 1998 - June 30, 1999</b>	<b>July 1, 1999 - June 30, 2000</b>
	<b>July 1, 1999 – Dec 31, 1999</b>





# LEAs: Legislative History

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- 1961-98:** LEAs not eligible to receive refunds of State and local sales taxes paid.
- 1998-99:** S.L. 1998-212 adds LEAs to list of “Certain Government Entities” (G.S. 105-164.14) allowed to receive refunds.
- 2005-06:** S.L. 2005-276 removes LEAs from the list, effective for taxes paid after July 1, 2005. Beginning in 2006-07, formerly refundable tax paid is redirected to support statewide Public Schools operations.
- 2006-07:** S.L. 2006-66 ensures that LEAs remain eligible for refund of local tax paid.

# Refunds to LEAs

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<b>Fiscal Year</b>	<b>Total Refund</b>
<b>1999-00</b>	<b>\$33,303,389</b>
<b>2000-01</b>	<b>\$43,600,000</b>
<b>2001-02</b>	<b>\$46,700,000</b>
<b>2002-03</b>	<b>\$49,969,000</b>
<b>2003-04</b>	<b>\$48,076,155</b>
<b>2004-05</b>	<b>\$46,589,981</b>
<b>2005-06</b>	<b>\$55,734,168</b>

# **Refunds to LEAs**

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- **Approximately 65% of each annual total is State sales and use tax**
- **A significant portion of the total refund relates to school construction efforts in growing LEAs**
- **School lunches and textbooks are exempt from sales tax (G.S. 105-164.13)**

# **Issues for Consideration**

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**Should LEAs be eligible  
for a refund of State sales  
and use tax?**

# **Issues for Consideration**

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- (1) What is the purpose of allowing LEAs to receive a refund?**
- (2) Is the refund the most efficient and/or effective means by which to target State resources to support that purpose?**
- (3) If not, what is?**

# Questions to Explore

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**How are LEAs similar and/or different from other entities on the “refund list?”**

***Similar:***

- Provide public services
- Local government entities

***Different:***

- Receive significant State General Fund (GF) support (\$7+ billion)
- GF appropriations are the primary source of operating support

# **“The List”**

## **[G.S. 105-164.14(c)]**

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- (1) A county.**
- (2) A city as defined in G.S. 160A-1.**
- (2a) A consolidated city-county as defined in G.S. 160B-2.**
- (2b),(2c) Repealed by Session Laws 2005-276, s. 7.51(a), effective July 1, 2005, and applicable to sales made on or after that date.**
- (3) A metropolitan sewerage district or a metropolitan water district in this State.**
- (4) A water and sewer authority created under Chapter 162A of the General Statutes.**
- (5) A lake authority created by a board of county commissioners pursuant to an act of the General Assembly.**
- (6) A sanitary district.**
- (7) A regional solid waste management authority created pursuant to G.S. 153A-421.**
- (8) An area mental health, developmental disabilities, and substance abuse authority, other than a single-county area authority, established pursuant to Article 4 of Chapter 122C of the General Statutes.**

# **“The List” (Cont’d)**

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- (9) A district health department, or a public health authority created pursuant to Part 1A of Article 2 of Chapter 130A of the General Statutes.**
- (10) A regional council of governments created pursuant to G.S. 160A-470.**
- (11) A regional planning and economic development commission or a regional economic development commission created pursuant to Chapter 158 of the General Statutes.**
- (12) A regional planning commission created pursuant to G.S. 153A-391.**
- (13) A regional sports authority created pursuant to G.S. 160A-479.**
- (14) A public transportation authority created pursuant to Article 25 of Chapter 160A of the General Statutes.**
- (14a) A facility authority created pursuant to Part 4 of Article 20 of Chapter 160A of the General Statutes.**
- (15) A regional public transportation authority created pursuant to Article 26 of Chapter 160A of the General Statutes, or a regional transportation authority created pursuant to Article 27 of Chapter 160A of the General Statutes.**



# **“The List” (Cont’d)**

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- (16) A local airport authority that was created pursuant to a local act of the General Assembly.**
- (17) A joint agency created by interlocal agreement pursuant to G.S. 160A-462 to operate a public broadcasting television station.**
- (18) Repealed by Session Laws 2001-474, s. 7, effective November 29, 2001.**
- (19) Repealed by Session Laws 2001-474, s. 7, effective November 29, 2001.**
- (20) A constituent institution of The University of North Carolina, but only with respect to sales and use tax paid by it for tangible personal property or services that are eligible for refund under this subsection acquired by it through the expenditure of contract and grant funds.**
- (21) The University of North Carolina Health Care System.**
- (22) A regional natural gas district created pursuant to Article 28 of Chapter 160A of the General Statutes.**

# **Questions to Explore**

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**Is refunding State sales tax “double funding” LEA purchases?**

**The State Public School Fund (SPSF) allotment formulas are calibrated to provide an LEA, out of State GF dollars, with all the resources needed to deliver the Standard Course of Study (Federal and Local funds supplement).**

# Questions to Explore

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**Should any refunded sales tax be directed to be expended for specific purposes (like other GF allotments for public schools)?**

**Refunded Sales Tax was not subject to any guidelines for LEA expenditure – these were additional General Fund dollars (in addition to SPSF allotments) that were “off budget.”**

# Summary

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- **LEAs eligible for refund of State sales and use taxes from 1998-99 to 2004-05**
  - No longer eligible for refund of State tax
  - Other government entities were eligible before LEAs and remain eligible
- **Approximately \$324 m refunded to LEAs**
- **Key Issues: Purpose? Means?**

Leanne Winner  
NC SBA**§ 105-164.14. Certain refunds authorized.**

(a) **Interstate Carriers.** – An interstate carrier is allowed a refund, in accordance with this section, of part of the sales and use taxes paid by it on the purchase in this State of railway cars and locomotives, and fuel, lubricants, repair parts, and accessories for a motor vehicle, railroad car, locomotive, or airplane the carrier operates. An "interstate carrier" is a person who is engaged in transporting persons or property in interstate commerce for compensation. The Secretary shall prescribe the periods of time, whether monthly, quarterly, semiannually, or otherwise, with respect to which refunds may be claimed, and shall prescribe the time within which, following these periods, an application for refund may be made.

An applicant for refund shall furnish the following information and any proof of the information required by the Secretary:

- (1) A list identifying the railway cars, locomotives, fuel, lubricants, repair parts, and accessories purchased by the applicant inside or outside this State during the refund period.
- (2) The purchase price of the items listed in subdivision (1) of this subsection.
- (3) The sales and use taxes paid in this State on the listed items.
- (4) The number of miles the applicant's motor vehicles, railroad cars, locomotives, and airplanes were operated both inside and outside this State during the refund period.
- (5) Any other information required by the Secretary.

For each applicant, the Secretary shall compute the amount to be refunded as follows. First, the Secretary shall determine the ratio of the number of miles the applicant operated its motor vehicles, railroad cars, locomotives, and airplanes in this State during the refund period to the number of miles it operated them both inside and outside this State during the refund period. Second, the Secretary shall determine the applicant's proportional liability for the refund period by multiplying this mileage ratio by the purchase price of the items identified in subdivision (1) of this subsection and then multiplying the resulting product by the tax rate that would have applied to the items if they had all been purchased in this State. Third, the Secretary shall refund to each applicant the excess of the amount of sales and use taxes the applicant paid in this State during the refund period on these items over the applicant's proportional liability for the refund period.

(a1) **(See editor's note) Passenger Plane Maximum.** – An interstate passenger air carrier is allowed a refund of the net amount of sales and use tax paid by it in this State on fuel during a calendar year in excess of two million five hundred thousand dollars (\$2,500,000). The "net amount of sales and use tax paid" is the amount paid less the refund allowed under subsection (a) of this section. A request for a refund must be in writing and must include any information and documentation the Secretary requires. A request for a refund is due within six months after the end of the calendar year for which the refund is claimed. The refund allowed by this subsection is in addition to the refund allowed in subsection (a) of this section.

(b) **Nonprofit Entities and Hospital Drugs.** – A nonprofit entity included in the following list is allowed a semiannual refund of sales and use taxes paid by it under this Article on direct purchases of tangible personal property and services, other than electricity and telecommunications service, for use in carrying on the work of the nonprofit entity:

- (1) Hospitals not operated for profit, including hospitals and medical accommodations operated by an authority created under the Hospital Authorities Law, Article 2 of Chapter 131E of the General Statutes.
- (2) Educational institutions not operated for profit.

- (3) Churches, orphanages, and other charitable or religious institutions and organizations not operated for profit.
- (4) Qualified retirement facilities whose property is excluded from property tax under G.S. 105-278.6A.

Sales and use tax liability indirectly incurred by a nonprofit entity on building materials, supplies, fixtures, and equipment that become a part of or annexed to any building or structure that is owned or leased by the nonprofit entity and is being erected, altered, or repaired for use by the nonprofit entity for carrying on its nonprofit activities is considered a sales or use tax liability incurred on direct purchases by the nonprofit entity.

A hospital that is not allowed a refund under this subsection of sales and use taxes paid on its direct purchases of tangible personal property is allowed a semiannual refund of sales and use taxes paid by it on medicines and drugs purchased for use in carrying out its work.

The refunds allowed under this subsection for certain nonprofit entities and for medicines and drugs purchased by hospitals do not apply to organizations, corporations, and institutions that are owned and controlled by the United States, the State, or a unit of local government, except hospital facilities created under Article 2 of Chapter 131E of the General Statutes and nonprofit hospitals owned and controlled by a unit of local government that elect to receive semiannual refunds under this subsection instead of annual refunds under subsection (c).

A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund for the first six months of a calendar year is due the following October 15; a request for a refund for the second six months of a calendar year is due the following April 15.

(c) Certain Governmental Entities. – A governmental entity listed in this subsection is allowed an annual refund of sales and use taxes paid by it under this Article on direct purchases of tangible personal property and services, other than electricity and telecommunications service. Sales and use tax liability indirectly incurred by a governmental entity on building materials, supplies, fixtures, and equipment that become a part of or annexed to any building or structure that is owned or leased by the governmental entity and is being erected, altered, or repaired for use by the governmental entity is considered a sales or use tax liability incurred on direct purchases by the governmental entity for the purpose of this subsection. A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund is due within six months after the end of the governmental entity's fiscal year. The Secretary shall make an annual report to the Department of Public Instruction and the Fiscal Research Division of the General Assembly by March 1 of the amount of refunds, identified by taxpayer, claimed under subdivisions (2b) and (2c) of this subsection over the preceding year.

This subsection applies only to the following governmental entities:

- (1) A county.
- (2) A city as defined in G.S. 160A-1.
- (2a) A consolidated city-county as defined in G.S. 160B-2.
- (2b), (2c) Repealed by Session Laws 2005-276, s. 7.51(a), effective July 1, 2005, and applicable to sales made on or after that date.
- (3) A metropolitan sewerage district or a metropolitan water district in this State.
- (4) A water and sewer authority created under Chapter 162A of the General Statutes.
- (5) A lake authority created by a board of county commissioners pursuant to an act of the General Assembly.

- (6) A sanitary district.
- (7) A regional solid waste management authority created pursuant to G.S. 153A-421.
- (8) An area mental health, developmental disabilities, and substance abuse authority, other than a single-county area authority, established pursuant to Article 4 of Chapter 122C of the General Statutes.
- (9) A district health department, or a public health authority created pursuant to Part 1A of Article 2 of Chapter 130A of the General Statutes.
- (10) A regional council of governments created pursuant to G.S. 160A-470.
- (11) A regional planning and economic development commission or a regional economic development commission created pursuant to Chapter 158 of the General Statutes.
- (12) A regional planning commission created pursuant to G.S. 153A-391.
- (13) A regional sports authority created pursuant to G.S. 160A-479.
- (14) A public transportation authority created pursuant to Article 25 of Chapter 160A of the General Statutes.
- (14a) A facility authority created pursuant to Part 4 of Article 20 of Chapter 160A of the General Statutes.
- (15) A regional public transportation authority created pursuant to Article 26 of Chapter 160A of the General Statutes, or a regional transportation authority created pursuant to Article 27 of Chapter 160A of the General Statutes.
- (16) A local airport authority that was created pursuant to a local act of the General Assembly.
- (17) A joint agency created by interlocal agreement pursuant to G.S. 160A-462 to operate a public broadcasting television station.
- (18) Repealed by Session Laws 2001-474, s. 7, effective November 29, 2001.
- (19) Repealed by Session Laws 2001-474, s. 7, effective November 29, 2001.
- (20) A constituent institution of The University of North Carolina, but only with respect to sales and use tax paid by it for tangible personal property or services that are eligible for refund under this subsection acquired by it through the expenditure of contract and grant funds.
- (21) The University of North Carolina Health Care System.
- (22) A regional natural gas district created pursuant to Article 28 of Chapter 160A of the General Statutes.

(d) Late Applications. – Refunds applied for more than three years after the due date are barred.

(e) State Agencies. – The State is allowed quarterly refunds of local sales and use taxes paid indirectly by the State agency on building materials, supplies, fixtures, and equipment that become a part of or annexed to a building or structure that is owned or leased by the State agency and is being erected, altered, or repaired for use by the State agency.

A person who pays local sales and use taxes on building materials or other tangible personal property for a State building project shall give the State agency for whose project the property was purchased a signed statement containing all of the following information:

- (1) The date the property was purchased.
- (2) The type of property purchased.
- (3) The project for which the property was used.
- (4) If the property was purchased in this State, the county in which it was

purchased.

(5) If the property was not purchased in this State, the county in which the property was used.

(6) The amount of sales and use taxes paid.

If the property was purchased in this State, the person shall attach a copy of the sales receipt to the statement. A State agency to whom a statement is submitted shall verify the accuracy of the statement.

Within 15 days after the end of each calendar quarter, every State agency shall file with the Secretary a written application for a refund of taxes to which this subsection applies paid by the agency during the quarter. The application shall contain all information required by the Secretary. The Secretary shall credit the local sales and use tax refunds directly to the General Fund.

(f) Information to Counties and Cities. – The Secretary must give information on refunds of tax made under this section to a designated county or city official within 30 days after the official makes a written request to the Secretary for the information. For a request made by a county official, the Secretary must give the official a list of each claimant that received a refund in the past 12 months of at least one thousand dollars (\$1,000) of tax paid to the county. For a request made by a city official, the Secretary must give the official a list of each claimant that received a refund in the past 12 months of at least one thousand dollars (\$1,000) of tax paid to all the counties in which the city is located. The list must include the name and address of each of these claimants and the amount of the refund received from each county covered by the request.

A claimant that has received a refund under this section of tax paid to a county must give information on the refund to a designated official of the county or a city located in the county. The claimant must give the information to the county or city official within 30 days after the official makes a written request to the claimant for the information. For a request by a county or city official, the claimant must give the official a copy of the request for the refund and any supporting documentation requested by the official to verify the request. If a claimant determines that a refund it has received under this section is incorrect, the claimant must file an amended request for a refund.

For the purpose of this subsection, a designated county official is the chair of the board of county commissioners or a county official designated in a resolution adopted by the Board, and a designated city official is the mayor of the city or a city official designated in a resolution adopted by the city's governing board. Information given to a county or city official under this section is not a public record and may not be disclosed except as provided in G.S. 153A-148.1 or G.S. 160A-208.1.

(g) Major Recycling Facilities. – The owner of a major recycling facility is allowed an annual refund of sales and use taxes paid by it under this Article on building materials, building supplies, fixtures, and equipment that become a part of the real property of the recycling facility. Liability incurred indirectly by the owner for sales and use taxes on these items is considered tax paid by the owner. A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund is due within six months after the end of the major recycling facility's fiscal year. Refunds applied for after the due date are barred.

(h) Low Enterprise Tier Machinery. – Eligible taxpayers are allowed an annual refund of sales and use taxes paid under this Article as provided in this subsection.

(1) Refunds. – An eligible person is allowed an annual refund of sales and use



taxes paid by it under this Article at the general rate of tax on eligible machinery and equipment it purchases for use in an enterprise tier one area or an enterprise tier two area, as defined in G.S. 105-129.3. Liability incurred indirectly by the taxpayer for sales and use taxes on these items is considered tax paid by the taxpayer. A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund is due within six months after the end of the State's fiscal year. Refunds applied for after the due date are barred.

(2) **Eligibility.** – A person is eligible for the refund provided in this subsection if it is engaged primarily in one of the businesses listed in G.S. 105-129.4(a) in an enterprise tier one area or an enterprise tier two area, as defined in G.S. 105-129.3.

(3) **Machinery and equipment.** – For the purpose of this subsection, the term "machinery and equipment" means engines, machinery, equipment, tools, and implements used or designed to be used in one of the businesses listed in G.S. 105-129.4(a). Machinery and equipment are eligible for the refund provided in this subsection if the taxpayer places them in service in an enterprise tier one area or an enterprise tier two area, as defined in G.S. 105-129.3, capitalizes them for tax purposes under the Code, and does not lease them to another party.

(i) **(Repealed for taxes paid on or after January 1, 2008) Nonprofit Insurance Companies.** – Eligible nonprofit insurance companies are allowed an annual refund of sales and use taxes paid under this Article as provided in this subsection.

(1) **Refunds.** – An eligible nonprofit insurance company is allowed an annual refund of sales and use taxes paid by it under this Article on building materials, building supplies, fixtures, and equipment that become a part of its real property. Liability incurred indirectly by the company for sales and use taxes on these items is considered tax paid by the company. A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund is due within six months after the end of the insurance company's fiscal year. Refunds applied for after the due date are barred.

(2) **Eligibility.** – An insurance company is eligible for the refund provided in this subsection if it meets all of the following conditions:

a. It is a nonprofit corporation.

b. It is operated for the exclusive purpose of providing insurance and annuity contracts to or for the benefit of (i) organizations exempt from federal income tax under section 501(c)(3) of the Code and their employees or (ii) public institutions and their employees.

c. The Secretary of Commerce has certified that the insurance company will invest at least twenty million dollars (\$20,000,000) in constructing a facility in this State for the conduct of its operations.

(3) **Forfeiture.** – If an eligible insurance company does not make the required minimum investment within five years after its first refund under this subsection, it loses its eligibility and forfeits all refunds already received under this subsection. Upon forfeiture, the company is liable for tax under this Article equal to the amount of all past taxes refunded under this subsection, plus

interest at the rate established in G.S. 105-241.1(i), computed from the date each refund was issued. The tax and interest are due 30 days after the date of the forfeiture. A company that fails to pay the tax and interest is subject to the penalties provided in G.S. 105-236.

(j) **(Repealed for sales made on or after January 1, 2010) Certain Industrial Facilities.**  
– The owner of an eligible facility is allowed an annual refund of sales and use taxes as provided in this subsection.

(1) **Refund.** – The owner of an eligible facility is allowed an annual refund of sales and use taxes paid by it under this Article on qualified building materials, building supplies, fixtures, and equipment that become a part of the real property of the eligible facility. Liability incurred indirectly by the owner for sales and use taxes on these items is considered tax paid by the owner. Building materials, building supplies, fixtures, and equipment are qualified if they are installed in the construction of the facility. Purchases for subsequent repair, renovation, or equipment replacement are not qualified.

A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund is due within six months after the end of the State's fiscal year. Refunds applied for after the due date are barred.

(2) **Eligibility.** – A facility is eligible under this subsection if it meets both of the following conditions:

- a. It is primarily engaged in one of the industries listed in this subsection.
- b. The Secretary of Commerce has certified that the owner of the facility will invest at least the required amount of private funds to construct the facility in this State. For the purpose of this subsection, costs of construction may include costs of acquiring and improving land for the facility and costs of equipment for the facility. If the facility is located in an enterprise tier one, two, or three area as defined in G.S. 105-129.3, the required amount is fifty million dollars (\$50,000,000). For all other facilities, the required amount is one hundred million dollars (\$100,000,000). In the case of a computer manufacturing facility, the owner may invest these funds either directly or indirectly through a related entity or strategic partner as those terms are defined in G.S. 105-129.61. In the case of a computer manufacturing facility, the term "facility" has the same meaning as under G.S. 105-129.61.

(3) **Industries.** – This subsection applies to the following industries:

- a. **Air courier services.** Air courier services has the same meaning as in G.S. 105-129.2.
- b. **Aircraft manufacturing.** Aircraft manufacturing means manufacturing or assembling complete aircraft.
- c. **Bioprocessing.** Bioprocessing means biomanufacturing or processing that includes the culture of cells to make commercial products, the purification of biomolecules from cells, or the use of these molecules in manufacturing.
- d. **Computer manufacturing.** Computer manufacturing means manufacturing or assembling electronic computers, such as personal computers, workstations, laptops, and computer servers. The term

includes the assembly or integration of processors, coprocessors, memory, storage, and input/output devices into a user-programmable final product. The term includes manufacturing or assembling computer peripheral equipment, such as storage devices, printers, monitors, input/output devices, and terminals only if the manufacture or assembly of this peripheral equipment occurs at a facility or campus at which the taxpayer also manufactures or assembles electronic computers.

- e. Reserved for future codification purposes.
- f. Reserved for future codification purposes.
- g. Motor vehicle manufacturing. Motor vehicle manufacturing means any of the following:
  - 1. Manufacturing complete automobiles and light-duty motor vehicles.
  - 2. Manufacturing heavy-duty truck chassis and assembling complete heavy-duty trucks, buses, heavy-duty motor homes, and other special purpose heavy-duty motor vehicles for highway use.
  - 3. Manufacturing complete military armored vehicles, nonarmored military universal carriers, combat tanks, and specialized components for combat tanks.
- h. Reserved for future codification purposes.
- i. Reserved for future codification purposes.
- j. Pharmaceutical and medicine manufacturing and distribution of pharmaceuticals and medicines. Pharmaceutical and medicine manufacturing means any of the following:
  - 1. Manufacturing biological and medicinal products. For the purpose of this sub-subdivision, a biological product is a preparation that is synthesized from living organisms or their products and used medically as a diagnostic, preventive, or therapeutic agent. For the purpose of this sub-subdivision, bacteria, viruses, and their parts are considered living organisms.
  - 2. Processing botanical drugs and herbs by grading, grinding, and milling.
  - 3. Isolating active medicinal principals from botanical drugs and herbs.
  - 4. Manufacturing pharmaceutical products intended for internal and external consumption in forms such as ampoules, tablets, capsules, vials, ointments, powders, solutions, and suspensions.
- k. Reserved for future codification purposes.
- l. Reserved for future codification purposes.
- m. Semiconductor manufacturing. Semiconductor manufacturing means development and production of semiconductor material, devices, or components.

- (4) Forfeiture. – If the owner of an eligible facility does not make the required minimum investment within five years after the first refund under this subsection with respect to the facility, the facility loses its eligibility and the owner forfeits all refunds already received under this subsection. Upon

forfeiture, the owner is liable for tax under this Article equal to the amount of all past taxes refunded under this subsection, plus interest at the rate established in G.S. 105-241.1(i), computed from the date each refund was issued. The tax and interest are due 30 days after the date of the forfeiture. A person that fails to pay the tax and interest is subject to the penalties provided in G.S. 105-236.

(5) Sunset. This subsection is repealed for sales made on or after January 1, 2010.

(k) **(Effective January 1, 2007) Reports.** – The Department of Revenue shall publish by May 1 of each year the following information itemized by taxpayer for the 12-month period ending the preceding December 31:

(1) The number of taxpayers claiming a refund allowed in subsections (g), (h), (i), and (j) of this section.

(2) The total amount of purchases with respect to which refunds were claimed.

(3) The total cost to the General Fund of the refunds claimed.

(l) **(See editor's note) Motorsports Events.** – A motorsports racing team or a motorsports sanctioning body is allowed a refund of the sales and use tax paid by it in this State on aviation fuel that is used to travel to or from a motorsports event in this State, to travel to a motorsports event in another state from a location in this State, or to travel to this State from a motorsports event in another state. For the purposes of this subsection, a "motorsports event" includes a motorsports race, a motorsports sponsor event, and motor sports testing. A request for a refund must be in writing and must include any information and documentation the Secretary requires. A request for a refund is due within six months after the end of the State's fiscal year. Refunds applied for after the due date are barred. (1957, c. 1340, s. 5; 1961, c. 826, s. 2; 1963, cc. 169, 1134; 1965, c. 1006; 1967, c. 1110, s. 6; 1969, c. 1298, s. 1; 1971, cc. 89, 286; 1973, c. 476, s. 193; 1977, c. 895, s. 1; 1979, c. 47; c. 801, ss. 77, 79-82; 1983, c. 594, s. 1; c. 891, s. 13; 1983 (Reg. Sess., 1984), c. 1097, s. 7; 1985, cc. 431, 523; 1985 (Reg. Sess., 1986), c. 863, s. 5; 1987, c. 557, ss. 8, 9; c. 850, s. 16; 1987 (Reg. Sess., 1988), c. 1044, s. 5; 1989, c. 168, s. 5; c. 251; c. 780, s. 1.1; 1989 (Reg. Sess., 1990), c. 936, s. 4; 1991, c. 356, s. 1; c. 689, s. 190.1(b); 1991 (Reg. Sess., 1992), c. 814, s. 1; c. 917, s. 1; c. 1030, s. 25; 1995, c. 17, s. 8; c. 21, s. 1; c. 458, s. 7; c. 461, s. 13; c. 472, s. 1; 1995 (Reg. Sess., 1996), c. 646, s. 6; 1996, 2nd Ex. Sess., c. 18, s. 15.7(a); 1997-340, s. 1; 1997-393, s. 2; 1997-423, s. 1; 1997-426, s. 5; 1997-502, s. 3; 1998-55, ss. 16, 17; 1998-98, s. 15; 1998-212, ss. 29A.4(a), 29A.14(i), 29A.18(b); 1999-360, ss. 4, 5(a), (b), 9; 1999-438, s. 14; 2000-56, s. 9; 2000-140, s. 92.A(c); 2001-414, s. 1; 2001-474, s. 7; 2003-416, ss. 18(b), 18(c), 18(d), 18(e), 23; 2003-431, ss. 2, 3; 2003-435, 2nd Ex. Sess., s. 4.1; 2004-110, s. 5.1; 2004-124, s. 32B.1; 2004-170, s. 21(a); 2004-204, 1st Ex. Sess., s. 3; 2005-276, ss. 7.27(a), 7.51(a), 33.12; 2005-429, s. 2.12; 2005-435, ss. 32(a), 33(a), 33(b), 33(c), 61, 61.1.)

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Leanne Wimer  
NCSBA



# State of North Carolina Department of State Treasurer

RICHARD H. MOORE  
TREASURER

*State and Local Government Finance Division  
and the Local Government Commission*

November 28, 2005

TO: County and School Board Officials and Certified Public Accountants

FROM: T. Vance Holloman, Director  
Fiscal Management Section

SUBJECT: Sales Tax Refunds and Motor Vehicle Property Taxes

### Sales Tax Refunds

During the 2005 legislative session, the General Assembly took action to amend G.S. 164.4(c) to delete local school administrative units (LEAs) from those governmental entities eligible to receive a sales tax refund. This change is effective during the current fiscal year, so LEAs may claim a refund of sales taxes paid during the fiscal year ended June 30, 2005. However, as G.S. 164.4(c) is currently written, LEAs can not claim a refund for subsequent years.

Action was also taken to require the Department of Revenue to deposit to the State Public School Fund each quarter an amount equal to the one-fourth of the prior year refund of sales taxes paid to LEAs. Effective July 1, 2006, that amount will be equal to the refunds paid for the 2005 fiscal year adjusted by increases or decreases in State sales tax collections. These funds will be distributed to LEAs on the basis of average daily membership.

We are aware of speculation that G.S. 164.4(c) may be amended to permit LEAs to claim refunds for local sales taxes paid. If this change does occur we will inform local officials.

The LGC issued Memorandum No. 859 on October 16, 1997 which addresses the circumstances under which sales taxes paid for the construction of school facilities, as well as for the purchase of tangible property, by a county for a LEA are eligible for a refund of sales tax under G. S. 105-164.14(c). At the time that Memorandum was issued LEAs were not among the governmental units that could claim a sales tax refund.

Memorandum No. 859 stated that under the provisions of G. S. 115C-521 and 522 LEAs are responsible for the construction of school facilities and the purchase of supplies and materials. The fact that a county might issue a check in payment to a vendor for the construction of school facilities or the purchase of tangible property for the LEA does not result in the county assuming responsibility for those tasks. Two provisions of the General Statutes make it possible for a county to assume this responsibility for a local board of education. The first is the authorization under G. S. 153A-158.1 for counties to acquire property for use by a LEA. The second way in which a county can assume this responsibility for a LEA is through an inter-local cooperation agreement between the

county and the LEA under the provisions of G.S. 160A-460. The inter-local cooperation agreement should state that the county will contract for the construction of school facilities and will purchase tangible school property. In either case the county must have title to the asset at the time the construction or purchase takes place and payments are made. Title to school facilities may pass from the county to the LEA once construction is complete and all payments under the contract have been made. Ownership of tangible property may pass from the county to the LEA once the purchase has been completed.

Since the issuance of Memorandum No. 859, schools become eligible for sales tax refunds under G.S. 164.4(c) and have recently lost that eligibility. The North Carolina Department of Revenue has reconfirmed to us that these two options are still valid provisions under which a county may claim a sales tax refund for school capital expenditures. Unless a county undertakes to make contracts for construction of school facilities or for purchase of tangible property under one of the two methods described in the preceding paragraph, a county should not claim a sales tax refund for taxes paid.

At the time Memorandum No. 859 was issued, not all counties were authorized to use the provisions of G. S. 153A-158.1. Other counties had to use inter-local cooperation agreements to become eligible for sales tax refunds for school expenditures. All 100 counties are now eligible to use G.S. 153A-158.1.

#### **Interest on Unpaid Motor Vehicle Property Taxes**

The General Assembly enacted House Bill 1779 which provides for the creation of a combined motor vehicle registration renewal and property tax collection system. The Bill calls for an increase in the first month's interest on uncollected property taxes on registered motor vehicles. This will apply to all property taxes levied on the registered motor vehicle: those levied by the county, any municipality and any special districts. The additional interest collected will be remitted to the Department of State Treasurer to be used by the Division of Motor Vehicles to create the combined registration and collection system.

A memorandum providing greater detail about the provisions of House Bill 1779 will be issued by the Department. Counties should be aware that effective January 1, 2006, the interest rate charged for the first month that registered motor vehicles taxes are delinquent will increase from the current rate of 2% to 5%. The interest rate for subsequent months will remain at three-fourths of a percent (3/4%).

The additional interest collected and remitted to the State should be accounted for in an agency fund, similar to the motor vehicle property taxes collected for municipalities and special districts. The additional interest would not be included in the county's budget.

If you have questions or comments regarding this memorandum, please contact Vance Holloman at (919) 807-2380.

Memorandum #859

October 16, 1997

Memorandum

To: Finance Officers of Counties and Local Boards of Education  
and Certified Public Accountants

From: T. Vance Holloman  
Director, Fiscal Management Section

Subject: Accounting for the State of North Carolina Public School Building  
Bonds and Related Sales Tax Issues

Recently, the Department of Public Instruction issued two memorandums, dated May 23, 1997 and July 3, 1997, to clarify the procedures for receiving grants from the Public School Building Bond Fund. Because of several procedural changes, we need to revise the accounting guidance that was provided earlier by our office in our Memorandum #842, Accounting for the Proceeds of the State of North Carolina Public School Building Bonds. In addition, we would like to make you aware of an advisory opinion that was recently issued by the Attorney General's Office on the refund of sales taxes paid for public school facilities.

Accounting Requirements

In its July 3, 1997 memorandum, the Department of Public Instruction required counties to select one of three options for processing grants from the public school bond funds. The available options were as follows:

1. The county government will request the cash for the LEA and the funds will be deposited into the LEA's local bank account. The LEA will write and sign the checks for the public school bond disbursements.
2. The county government agrees the LEA will request the cash for the LEA and the funds will be deposited into the LEA's local bank account. The LEA will write and sign the checks for the public school bond disbursements.
3. The county government will request the cash for the LEA and the funds will be deposited into the county's local bank account. The LEA will write the checks for the public school bond disbursements; however, the county government will sign the checks.

The accounting entries for options 1 and 2 will be the same since the LEA will write and sign the checks for the public school bond disbursements. However, the accounting entries will be different for option 3 since the checks will be written against the county's bank account. In addition, based on our discussions with the Department of Public Instruction, counties can write and sign the checks and still

Memorandum #859

October 16, 1997

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satisfy the requirements of option 3 if the LEA processes the transactions related to these grants through the same check writing program that is used for the State Public School Fund. Therefore, under option 3 an LEA does not have to actually write the checks but are only required to report these transactions to the State by using their normal check writing process for State funds. Furthermore, under options 1 and 2, counties must recognize revenues and expenditures for the public school bond funds even though the grant funds are deposited in the LEA's local bank account. Counties must recognize revenues and expenditures for these funds since the "Public School Building Bond Act of 1996" identifies these funds as grants to counties.

Both counties and schools should remember that these funds, as is the case with all public funds, must be budgeted and accounted for in accordance with the Local Government Budget and Fiscal Control Act and The School Budget and Fiscal Control Act. In order to assist both counties and public school systems in accounting for the grants from the "Public School Bond Fund", we have included 3 sets of illustrative journal entries as attachments to this memorandum. Attachment 1 includes the accounting entries for a county and the LEA when the checks are written against the county's bank account and the county is not entitled to sales tax refunds. Attachment 2 assumes the same facts except that the county is eligible to receive sales tax refunds. Attachment 3 includes the entries when the checks are written against the LEA's bank account.

#### Refunds of Sales Taxes

This office has received numerous questions about the circumstances under which refunds can be claimed for sales taxes paid during the construction of school facilities financed by grants from the Public School Building Bond Fund, as well as from other county sources. We asked the Attorney General's Office (AGO) for their opinion of the circumstances under which sales taxes paid for the construction of school facilities, as well as for the purchase of tangible property by a county for a LEA, are subject to a refund under G. S. 105-164.14(c). We requested that opinion for cases in which the county directly purchases tangible personal property and indirectly incurs sales taxes for the construction, repair and equipping of school buildings.

The AGO responded that LEAs are not among the entities which are eligible to receive a refund of sales taxes under the current law. Therefore, the AGO reiterated its 1961 opinion that when LEAs themselves are spending funds, no sales tax refunds may be received. Under the provisions of G. S. 115C-521 and 522 LEAs are responsible for the construction of school facilities and the purchase of supplies and materials. At the time the 1961 opinion was issued there was no allowance in the law for the county to assume this responsibility for the LEA. The fact that a county might issue a check in payment to a vendor for the construction of school facilities or the purchase of supplies and materials for a LEA does not result in the county assuming responsibility for those tasks. Since the 1961 opinion was issued two provisions have been added to the General Statutes which make it possible for a county to assume this responsibility for a local board of education. The first is the authorization under G. S. 153A-158.1 for counties to acquire property for use by a LEA. Currently, this statute authorizes

certain counties to assume this responsibility for a LEA. The second way in which a county can assume this responsibility for a LEA is through an inter-local cooperation agreement between the county and LEA under the provisions of G.S. 160A-460. The inter-local cooperation agreement should state that the county will contract for the construction of school facilities and will purchase tangible school property. Title to school facilities may pass from the county to the LEA once



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October 16, 1997

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construction is complete and all payments under the contract have been made. Ownership of tangible property may pass from the county to the LEA once the purchase has been completed.

Except where a county undertakes to make contracts for construction of school facilities or for purchase of tangible property under one of the two methods described in the preceding paragraph, a county can not claim a sales tax refund for taxes paid. If the county and local board of education enter into an inter-local agreement for school construction or the purchase of tangible property, refunds should not be claimed for sales taxes paid prior to the effective date of the agreement.

The full amounts to be paid to vendors may be requested from the Department of Public Instruction. Sales tax refunds should be accounted for as a receivable, reducing the amount expended. (Please refer to Attachment 2.) When a sales tax refund is received, it is restricted to the same purpose as the original grant.

Refunds can only be claimed for sales taxes paid by the county. Option 3 of the of three options for processing grants from the public school bond funds outlined earlier in this memorandum must be selected in order for a refund to be claimed. **Therefore, when local boards of education purchase their own personal property or construct, repair or equip their own buildings a refund is not available. A refund can only be claimed by the county if the county itself has undertaken to make contracts for construction of school facilities or for purchase of tangible property under one of the two allowable methods and option 3 has been selected for processing grants from the public school bond funds.**

If you have any questions concerning this memorandum, please Beth Wood at 919-715-3725.

**Checks Written Against the County's Bank Account - Not Eligible for Sales Tax Refunds**

<u>Summary of Key Facts</u>	<u>Amount</u>	
- Allowable public school capital outlays made during the year in accordance with expenditure plan approved by DPI - drawdown requests made by county and grants deposited into a county account through the STEPS program.	\$750,000	
- Allowable public school capital outlays incurred as of June 30 for approved Projects - no drawdown requests have been made by county	\$150,000	
- County withholds a retainage of 5 percent until acceptance of project	-	
- County not entitled to sales tax refunds	-	

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<u>Journal Entries - Counties</u>	<u>Debit</u>	<u>Credit</u>
1. Public schools - capital outlay	750,000	
Accounts payable		712,500
Retainage payable		37,500
(To record the public school capital outlays incurred in accordance with the expenditure plan approved by the State Board of Education for the local education agency.)		
2. Due from other governments - State	750,000	
Restricted intergovernmental revenues - Public School Building Bond Fund		750,000
(To record the reimbursement to be received from the State Public School Building Fund based on drawdown requests submitted by counties.)		
3. Cash	712,500	
Due from other governments - State		712,500
(To record grants received from the Public School Building Bond Fund based on drawdown requests submitted by counties.)		
4. Accounts payable	712,500	
Cash		712,500
(To record the payments made to contractors.)		
5. Public schools - capital outlay	150,000	
Due from other governments - State	150,000	
Accounts payable		142,500
Retainage payable		7,500
Restricted intergovernmental revenues - Public School Building Bond Fund		150,000
(To record year-end accruals for public school capital outlays incurred but for which drawdown requests have not been made.)		

**Attachment 1 (continued)**

<u>Journal Entries - Local Education Agencies</u>	<u>Debit</u>	<u>Credit</u>
1. Expenditures - capital outlays	750,000	
Restricted intergovernmental revenues - county appropriation from Public School Building Bond Fund		750,000
(To record revenues and expenditures for public school capital outlays based on drawdown requests submitted by county on behalf of the local education agency.)		
2. Expenditures - capital outlays	150,000	
Restricted intergovernmental revenues - county appropriation from Public School Building Bond Fund		150,000
( To record year-end accruals for public school capital outlays incurred by the county on behalf of the local education agency but for which drawdown requests have not been made.)		
3. Fixed assets - construction in progress	900,000	
Investment in General Fixed Assets - State grant		900,000
(To record fixed assets in the General Fixed Assets Account Group for amounts expended for approved capital projects.)		

**Checks Written Against the County's Bank Account - Eligible for Sales Tax Refunds**

<u>Summary of Key Facts</u>	<u>Amount</u>
- Allowable public school capital outlays made during the year in accordance with expenditure plan approved by DPI - drawdown requests made by county and grants deposited into a county account through the STEPS program. (Note: Of the total, \$325,000 was for salaries and wages and \$425,000 was for materials and supplies.)	750,000
- Allowable public school capital outlays incurred as of June 30 for approved projects - no drawdown requests have been made by county (Note: Of the total, \$50,000 was for salaries and wages and \$100,000 was for materials and supplies.)	150,000
- County entitled to sales tax refund because it either (1) has authorization to Acquire property for use by LEA under G.S. 153A-158 or (2) has entered into an Interlocal cooperation with the LEA under the provisions of G.S. 160A-460.	-
- County withholds a retainage of 5 percent until acceptance of project	-

<u>Journal Entries - Counties</u>	<u>Debit</u>	<u>Credit</u>
1. Public schools - capital outlay	724,500	
Due from other governments - sales tax refunds (425,000 x .06)	25,500	
Accounts payable		712,500
Retainage payable		37,500
(To record the public school capital outlays incurred in accordance with The expenditure plan approved by the State Board of Education for the local Education agency and sales tax refunds.)		
2. Due from other governments - State	750,000	
Restricted intergovernmental revenues - Public School Building Bond Fund		724,500
Deferred revenues		25,500
(To record the reimbursement to be received from the State Public School Building Fund based on drawdown requests submitted by counties.)		
3. Cash	712,500	
Due from other governments - State		712,500
(To record grants received from the Public School Building Bond Fund based on drawdown requests submitted by counties.)		
4. Accounts payable	712,500	
Cash		712,500
(To record the payments made to contractors.)		

**Attachment 2 (continued)**

<u>Journal Entries - Counties (continued)</u>	<u>Debit</u>	<u>Credit</u>
5. Public schools - capital outlay	144,000	
Due from other governments - State	144,000	
Due from other governments - sales tax refunds	6,000	
Accounts payable		142,500
Retainage payable		7,500
Restricted intergovernmental revenues - Public School Building Bond Fund		144,000
(To record year-end accruals for public school capital outlays incurred in accordance with approved expenditures plans but for which drawdown requests have not been made and sales tax refunds.)		
6. Cash	25,500	
Due from other governments - sales tax refunds		25,500
(To record receipt of sales tax refunds from the State.)		
7. Public schools - capital outlay	25,500	
Cash		25,500
(To record expenditure of sales tax refunds for public schools.)		
8. Deferred revenues	25,500	
Restricted intergovernmental revenues - Public School Building Bond Fund		25,500
(To recognize revenues for the expenditure of sales tax refunds for approved projects.)		
<u>Journal Entries - Local Education Agencies</u>		
1. Expenditures - capital outlays	724,500	
Restricted intergovernmental revenues - county appropriation from Public School Building Bond Fund		724,500
(To record revenues and expenditures for public school capital outlays based on drawdown requests submitted by county on behalf of the local education agency.)		
2. Expenditures - capital outlays	144,000	
Restricted intergovernmental revenues - county appropriation from Public School Building Bond Fund		144,000
(To record year-end accruals for public school capital outlays incurred by the county on behalf of the local education agency but for which drawdown requests have not been made.)		
3. Fixed assets - construction in progress	868,500	
Investment in General Fixed Assets - State grant		868,500
(To record fixed assets in the General Fixed Assets Account Group for amounts expended for approved capital projects.)		

**Checks Written Against the LEA's Bank Account**

<u>Summary of Key Facts</u>	<u>Amount</u>
- Allowable public school capital outlays made during the year in accordance with expenditure plan approved by DPI - drawdown requests made by county and grants deposited into an LEA account through the STEPS program.	\$750,000
- Allowable public school capital outlays incurred as of June 30 for approved projects - no drawdown requests have been made by county	\$150,000
- LEA withholds a retainage of 5 percent until acceptance of project	-

<u>Journal Entries - Counties</u>	<u>Debit</u>	<u>Credit</u>
1. Public schools - capital outlay Due to other governments - LEA (To record the public school capital outlays incurred in accordance with the expenditure plan approved by the State Board of Education for the local education agency.)	750,000	750,000
2. Due from other governments - State Restricted intergovernmental revenues - Public School Building Bond Fund (To record the reimbursement to be received from the State Public School Building Fund based on drawdown requests submitted by counties.)	750,000	750,000
3. Due to other governments - LEA Due from other governments - State (To record grants deposited into an LEA account through the STEPS program.)	712,500	712,500
4. Public schools - capital outlay Due from other governments - State Due to other governments - LEA Restricted intergovernmental revenues - Public School Building Bond Fund (To record year end accruals for public school capital outlays incurred in accordance with approved expenditures plans but for which drawdown requests have not been made.)	150,000 150,000	150,000 150,000

Journal Entries - Local Education Agencies

1. Expenditures - capital outlays Accounts payable Retainage payable (To record the public school capital outlays incurred in accordance with the expenditure plan approved by the State Board of Education)	750,000	712,500 37,500
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**Attachment 3 (continued)**

Journal Entries - Local Education Agencies (continued)

	<u>Debit</u>	<u>Credit</u>
2. Due from other governments - county Restricted intergovernmental revenues - Public School Building Bond Fund (To record the reimbursement to be received from the State Public School Building Fund based on drawdown requests submitted by counties.)	750,000	750,000
3. Cash Due from other governments - county (To record grants deposited into an LEA account through the STEPS program.)	712,500	712,500
4. Accounts payable Cash (To record payments to contractors)	712,500	712,500
5. Expenditures - capital outlays Due from other governments - county Accounts payable Retainage payable Restricted intergovernmental revenues - county appropriation from Public School Building Bond Fund (To record year end accruals for public school capital outlays incurred in accordance with approved expenditures plans but for which drawdown requests have not been submitted by county.)	150,000 150,000	142,500 7,500 150,000
6. Fixed assets - construction in progress Investment in General Fixed Assets - State grant (To record fixed assets in the General Fixed Assets Account Group for amounts expended for approved capital projects.)	900,000	900,000







**For Immediate Release**

Contact: Cecil Banks  
919-832-3000

## **NATIONAL SALARY RANKINGS SHOW MIXED RESULTS FOR NORTH CAROLINA**

The latest rankings of teacher salaries in the nation show much work to be done to bring teacher salaries to a competitive level with other professions and with teachers in other states. “North Carolina, despite the dramatic efforts of the General Assembly and Governor Easley in the past two years to increase teacher salaries, continues to remain stagnant in comparison with the rest of the nation,” declared Eddie Davis, President of the North Carolina Association of Educators (NCAE). North Carolina dropped to 26<sup>th</sup> in the nation in average teacher salaries according to the *Rankings and Estimates: Rankings of the States 2005* and *Estimates of School Statistics 2006* released today by the National Education Association.

The latest round of teacher salary increases, roughly 8%, championed by Governor Mike Easley and the General Assembly in the past session, is not reflected in these rankings.

Among southeastern states, North Carolina improved its rankings from 3<sup>rd</sup> to 2<sup>nd</sup>, with Georgia in the lead.

“As North Carolina strives to move beyond the national average in teacher salaries by 2008-09, North Carolina must address the low beginning salaries our teachers receive,” Davis explained. “Because we are a high-growth state employing 11,000 new teachers annually, the low beginning salary keeps our average depressed. In addition, the 31-step salary schedule, which is one of the longest in the nation, exacerbates the problem,” Davis continued.

According to the NEA study, North Carolina was one of the top five states whose teacher salaries saw an increase from 1994-95 to 2004-05. North Carolina increased 8.5% in the ten-year period. During the same time period, Georgia teachers—who out pace North Carolina in the rankings—saw their salaries increase by 11%.

“The commitment of the Governor and the legislature has been strong and determined to move beyond the national average in teacher salaries. If we continue the course we set out two years ago, we will surpass national average and finally pay teachers a professional salary, Davis noted.

#####



**CONTACT:** [Staci Maiers](mailto:smaiers@nea.org) (202) 822-7823, [smaiers@nea.org](mailto:smaiers@nea.org)

November 14, 2006

## Teachers Take "Pay Cut" as Inflation Outpaces Salaries

### NEA President Warns Students Pay the Price with High Teacher Turnover

WASHINGTON- The National Education Association released figures today that show a decline in public school teachers real earnings as the average increase in teacher pay slipped below the rate of inflation in 2004-05. According to NEA's [Rankings and Estimates: Rankings of the States 2005 and Estimates of School Statistics 2006](#), the average one-year increase in teacher salaries was 2.1 percent, while inflation increased by 3.1 percent. Over the past decade, average teacher salaries increased by only 0.2 percent when adjusted for inflation.

"Underpaying America's public school teachers is a classic case of being penny-wise and pound-foolish," said NEA President Reg Weaver. "Low teacher pay leads to high teacher turnover, and a constant revolving door of new teachers in classrooms hurts student learning. Every student has a basic right to attend a great public school staffed by experienced and caring teachers who are compensated fairly for the work they do."

Weaver said attracting highly qualified, enthusiastic individuals to teaching is a challenge when teacher pay lags behind comparable professions. And retaining new teachers is equally hard—more than one-third of teachers leave the profession within their first three years and half leave within the first five years. The attrition rate is even higher for ethnic minority teachers, male teachers and teachers under 30.

"In the end, it's the students who pay the price for low teacher salaries," said Weaver. "If we're going to close the student achievement gaps and reduce school dropouts, we need a stable corps of skilled teachers in our public schools. When teachers struggle to make ends meet, schools struggle to keep jobs filled and ultimately students bear the cost of losing good teachers."

According to *Rankings and Estimates*, the national average public school teacher salary for 2004-05 was \$47,674. Average teacher salaries ranged from those in the District of Columbia (\$58,456), California (\$57,876) and Connecticut (\$57,737) at the high end to South Dakota (\$34,040), Mississippi (\$36,590) and North Dakota (\$36,695) at the low end.

National average salaries are expected to decline in coming years as Baby Boomer educators retire and new teachers enter the profession at lower entry-level salaries. Experts estimate that two million new teachers will be needed over the next decade.

States that saw the largest real increases in salaries between the 1994-95 and 2004-05 school years were Louisiana (13.6%), Georgia (11%), Idaho (9%), California (8.6%) and North Carolina (8.5%). Twenty-eight states saw real declines in average teacher salaries over those years, adjusting for inflation. Those with average salaries declining five percent or more included: Alaska (-15.8%), Kansas (-12.5%), Connecticut (-11.1%), Wisconsin (-9.6%), New York (-9.0%), Pennsylvania (-7.8%), Hawaii (-7.7%), West Virginia (-7.5%), New Jersey (-7.1%) and Alabama (-5.5%).

Surveys of new college graduates are evidence of the salary gap between teaching and comparable professions. Salaries for new accountants (\$45,000), engineers (\$47,000) and registered nurses (\$39,000) far outpace the income of new teachers (\$30,000). Research also shows that salaries for

workers with at least four years of college are now more than 50 percent higher than the average earnings of a teacher. To retain quality teachers and encourage more professionals to enter the teaching field, NEA is advocating for a minimum beginning salary of \$40,000 for all teachers nationwide.

The new *Rankings & Estimates* statistics on public education were released as NEA kicks off American Education Week, designed to raise public understanding of key issues affecting the nation's 48 million public school students. Teacher salaries and public education indicators including school enrollment, student-teacher ratios and school funding at the local, state and federal levels are reported in the annual state-by-state report. Among the other highlights:

- **Average per student spending** for the 2004–05 school year rose 3.8 percent to \$8,661—with 28 states below the average. Over the past decade, per pupil expenditures have increased by 20.6 percent, in constant dollars. The highest ranking states in per pupil expenditures for 2004–05 were New Jersey (\$13,370), New York (\$12,879), Connecticut (\$11,874), Massachusetts (\$11,681) and Vermont (\$11,667). On the other side of the scale, Utah (\$5,032), Arizona (\$5,474), Arkansas (\$6,202), Mississippi (\$6,452) and Oklahoma (\$6,614) had the lowest per pupil expenditures (Chart H-11).
- **Public school enrollment** for fall 2004 rose 0.6 percent to 48,369,744 students. Two states—Nevada and Arizona—had the fastest-growing student populations. Twenty-one states and the District of Columbia experienced declines in student enrollment—the District, Vermont, South Dakota, North Dakota, Wisconsin, Maine, Wyoming and Montana reported the largest decreases (Charts B-2, B-3).
- The number of **male teachers** has hit a record 40-year low as fewer and fewer men are entering the profession. Men comprised 24.5 percent of public school teachers in 2005—continuing a downward trend. Many of them taught in Kansas (33.4%), Oregon (31.6%), Alaska (31.5%) or Indiana (30.5%). States with the lowest percentage of male faculty: Mississippi (17.4%), South Carolina (17.7%), Louisiana (18.1%), Georgia (18.9%), Arkansas (19%), Virginia (19%) and North Carolina (20%). The median was 25.2 percent (Chart C-8).

*Rankings and Estimates* has presented selected education statistics since the 1960s. The complete report can be found at [www.nea.org/edstats/index.html](http://www.nea.org/edstats/index.html)  
More information about American Education Week can be found online at [www.nea.org/aew](http://www.nea.org/aew).

###

*The National Education Association is the nation's largest professional employee organization, representing 3.2 million elementary and secondary teachers, higher education faculty, education support professionals, school administrators, retired educators and students preparing to become teachers.*

PUBLIC SCHOOLS OF NORTH CAROLINA

## Trends in Teacher Turnover

November 2006

STATE BOARD OF EDUCATION  
DEPARTMENT OF PUBLIC INSTRUCTION

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**1. Teacher turnover varies across and within regions.**

State-wide Aggregated LEA Turnover 12.58%  
15.7% generally reported nationally for teachers  
11% generally reported for other professions

Bertie County            25.79%  
Mitchell                    2.21%

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**Pages 26-35**

	2000-2001	2001-2002	2002-2003	2003-2004	2004-05	2005-06
Region 1	12.85%	12.10%	10.42%	12.88%	12.27%	13.00%
Region 2	12.89%	11.82%	11.48%	12.82%	14.27%	13.54%
Region 3	15.14%	12.50%	14.32%	12.45%	13.72%	13.37%
Region 4	13.36%	12.88%	12.85%	12.76%	12.88%	13.66%
Region 5	12.81%	11.02%	11.54%	12.22%	12.76%	12.88%
Region 6	17.26%	14.88%	12.81%	12.50%	12.45%	12.67%
Region 7	13.88%	12.28%	12.68%	11.83%	12.76%	11.25%
Region 8	8.58%	8.08%	8.22%	8.10%	10.12%	10.52%

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### Highest 5-Year Average Turnover

Hoke County	23.16%
Edgecombe County	20.82%
Weldon City	20.09%
Thomasville City	19.93%
Tyrrell County	19.82%
Hertford County	19.75%
Franklin County	19.52%
Vance County	19.48%
Harnett County	19.46%
Bertie County	19.19%

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### Lowest 5-Year Average Turnover

Henderson County	8.24%
Alleghany County	8.10%
Yancey County	7.96%
Ashe County	7.95%
Rutherford County	7.84%
Cherokee County	7.70%
Camden County	6.42%
Mitchell County	5.96%
Graham County	5.76%
Clay County	5.51%

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### 2. LEAs consistently report the top 3 reasons for turnover as

**To teach elsewhere**

**Retirement**

**Family Relocation**

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**3. Teachers who leave generally reflect the age and experience of the teaching population.**

Average age all NC teachers 41.1 years  
 Average age of teachers who leave 42.6 years

Average experience all NC teachers 12.6 years  
 Average experience of teachers who leave 13.1 years

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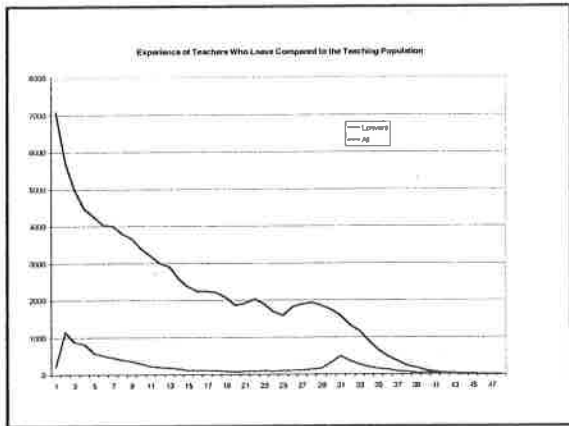
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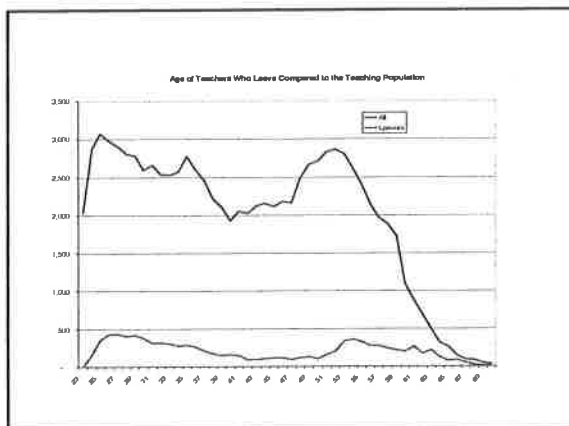
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**3 groups of teachers who leave**

Beginning Teachers

Retiring Teachers

Mid-Career Teachers

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**4. We tend to lose more teachers with provisional licenses.**

6% of all NC teachers are lateral entry

11% of teachers who leave are lateral entry

Difficulty taking/getting coursework while teaching

Financial hardship

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**5. Teacher turnover doesn't appear to be related to principal experience.**

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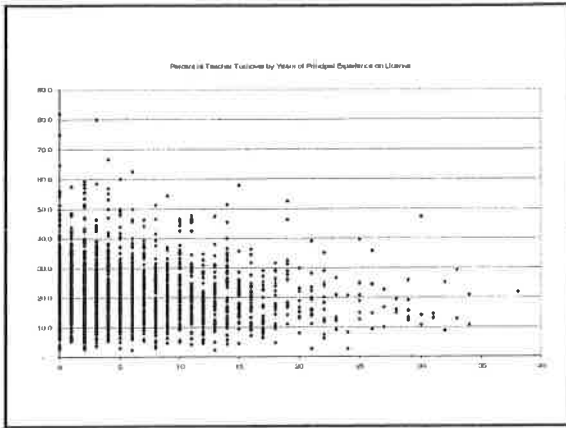
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**6. Teacher turnover doesn't appear to be related to principal experience at the school.**

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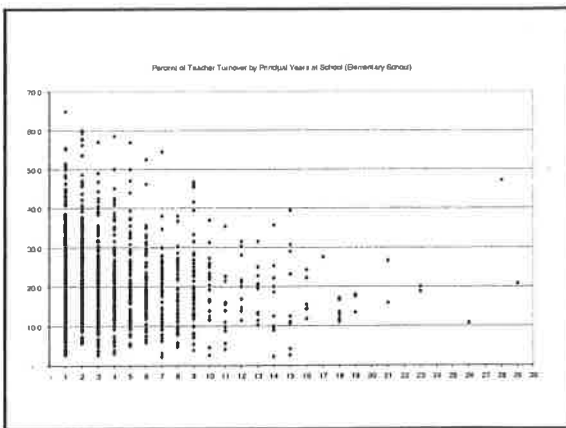
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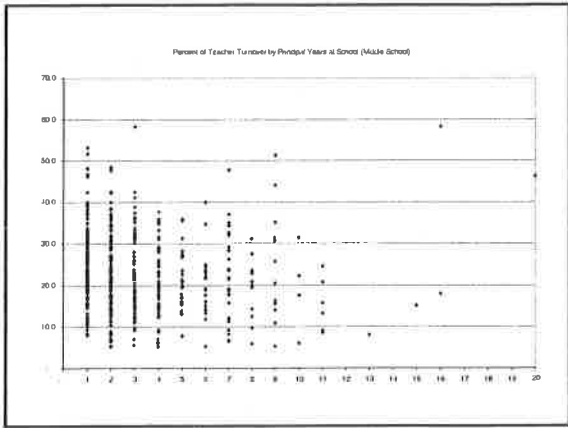
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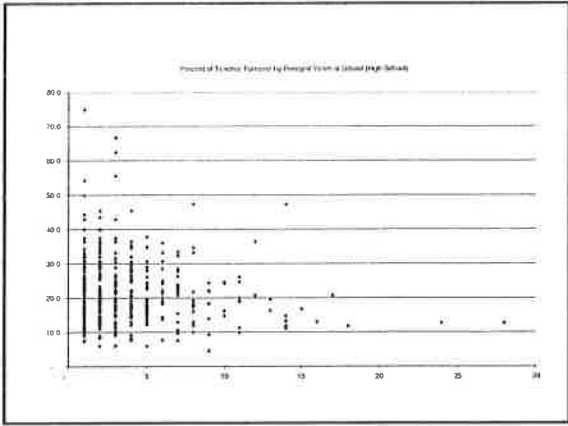
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**7. Teacher turnover doesn't appear to be related to superintendent experience in the LEA.**

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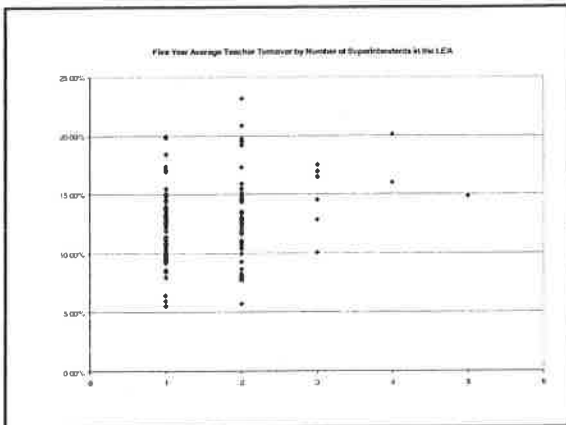
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**8. Principal turnover is increasing.**

1999-2000	20%
2003-04	23%
2005-06	28%

Almost half (48%) of our current school administrators are age 50 or older; almost two-thirds (66%) of our current school administrators are age 45 or older; 63% have 20 or more years of experience.

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**9. There appears to be a relationship between principal experience and student performance.**

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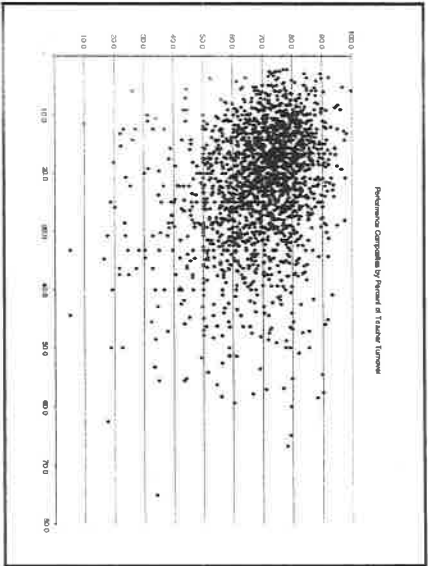
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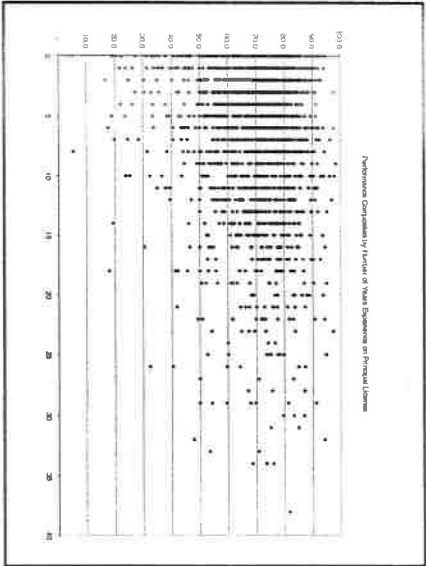
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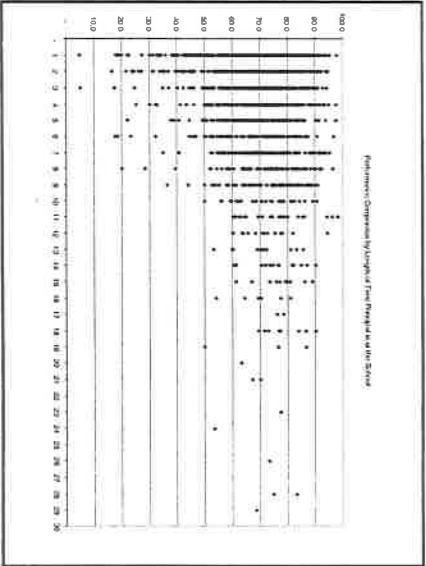
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1. Teacher turnover varies across and within regions.
2. LEAs consistently report the top 3 reasons for turnover as to teach elsewhere, retirement, family relocation.
3. Teachers who leave generally reflect the age and experience of the teaching population.
4. We tend to lose more teachers with provisional licenses.

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5. Teacher turnover doesn't appear to be related to principal experience.
6. Teacher turnover doesn't appear to be related to principal experience at the school.
7. Teacher turnover doesn't appear to be related to superintendent experience in the LEA.
8. Principal turnover is increasing.
9. There does appear to be a relationship between principal experience and student performance.

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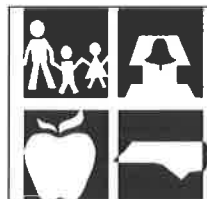
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Public Schools of North Carolina  
State Board of Education  
Department of Public Instruction

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# Report to the Joint Legislative Education Oversight Committee

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## System Level Teacher Turnover Report

*GS 115C-12(22)*

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**Date Due: Annual Report**  
Report #9  
DPI Chronological Schedule

## STATE BOARD OF EDUCATION

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## NC DEPARTMENT OF PUBLIC INSTRUCTION

**June St. Clair Atkinson, Ed.D., State Superintendent**

**301 N. Wilmington Street :: Raleigh, North Carolina 27601-2825**

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**SYSTEM LEVEL  
TEACHER TURNOVER REPORT  
2005-2006**

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**Prepared by:**

**Public Schools of North Carolina  
Department of Public Instruction  
Division of Human Resource Management  
October 2006**

**SYSTEM LEVEL  
TEACHER TURNOVER REPORT  
2005-2006**

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G. S. 115C-12(22) requires the State Board of Education to monitor and compile an annual report on the decisions of teachers to leave the teaching profession. To this end, LEAs are asked to complete a survey on an annual basis. The survey for the 2005-2006 school year asked LEAs to report the total number of teachers employed in the system between July 1, 2005 and June 30, 2006, the total number of teachers leaving the system, the number of teachers with tenure who were leaving, and the reason given by teachers for leaving. The results of the surveys are summarized in the following pages.

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**Survey Instruments Used**

Copies of the survey used and clarifying examples are contained in Appendix A. As before, LEAs were asked to identify up to five teaching areas in which they found the greatest difficulty in hiring appropriately licensed teachers. Their responses have been summarized and are included in this report.

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**Turnover**

The 115 school systems reported that 12,730 teachers of the 101,229 teachers employed during the 2005-2006 school year left their systems for an **aggregated system level turnover rate of 12.58%**. This represents a slight decrease in the aggregated system level turnover rate (12.95%) reported for the 2004-05 school year. This figure includes Visiting International Faculty (VIF) who are required to return to their home countries after three years. The aggregated system level turnover rate excluding VIF teachers is 12.32%.

Of the 12,730 teachers reported leaving, 3917 (30.77%) had tenure. During the 2004-05 school year 29% of the teachers who left had tenure, during the 2003-04 school year, 31.5% of the teachers who left teaching had tenure, and during the 2002-03 school year 32.9% of the teachers who left had tenure.

System-level turnover ranged from a high of 25.79% in Bertie County to a low of 2.21% in Mitchell County. A listing of turnover by systems is included in Appendix B. Appendix C contains a listing of turnover reported by local systems for the last five years.

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**Reasons for Leaving**

The table that follows details the reasons for teachers leaving as reported by their school systems. They are ranked in descending order. Appendix D summarizes the reasons given for teachers leaving across the past five years. Appendix E provides an analysis of turnover using the categories: Remained/Remaining in Education, Turnover that Might be Reduced, Turnover Initiated by the LEA, and Turnover Beyond Control.

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