

MINUTES
JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE
January 14, 2009
10 a.m.

The Joint Legislative Education Oversight Committee met on Wednesday, January 14, 2009 in Room 544 of the Legislative Office Building. Senator A. B. Swindell, Co-Chairman, presided and the following senators were also in attendance: Senators Atwater; Dannelly; Hartsell; Tillman; Queen; Stevens; Goss; Apodaca and Malone. The following House members were present: Rep. Douglas Yongue, Co-Chairman; Representatives Bell; Blackwood; Cotham; Jeffus; Lucas; McLawhorn; Rapp; Tolson, and Warren. The following members of the Legislative Research staff were in attendance: Shirley Iorio; Drupti Chauhan; Kara McCraw; Sara Kamprath and Dee Atkinson. Member of the Fiscal Research Division were present, as well as Committee Clerks Mo Hudson and Katie Stanley.

Senator Swindell convened the meeting at 10 a.m. and welcomed members and guests. Senator Atwater was recognized and asked that the meeting honor the memory of Chairman Swindell's late mother, Martha Easterling Swindell, who passed away on January 8th. Co-Chair Yongue concurred and Senator Swindell thanked members for their kind words and gracious gesture.

Before starting the agenda, Senator Swindell recognized Secretary Linda Hayes, newly appointed to the Governor's Cabinet as Secretary of Juvenile Justice, as being present in the audience.

Senator Swindell next called on Shirley Iorio, Legislative Research Division, to present a draft of the Committee's 2009 Recommendations (Attachment 1).

Recommendation 1: Child Nutrition. (a)(b) Ms. Iorio reviewed draft legislation of Attachment 1. Following discussion, Recommendation 1 was unanimously approved by the committee.

Recommendation 2: Dropout Prevention. The Committee unanimously approved Recommendation 2.

Recommendation 3: The Collaborative Project. The Committee voted unanimously to approve Recommendation 3.

Recommendation 4 (a)(b): Teachers. (a) ABC Bonuses – Recommendation 4 (a) was unanimously approved. 4 (b) Retired Teachers Return to Work. Draft legislation was reviewed on Page 6 of Attachment 1 and, after lengthy discussion with regard to IRS ruling, the Chairs proposed that the Committee exclude including a recommendation on the issue of retired teachers returning to work. This would not preempt individual legislators from introducing legislation.

Recommendation 5: Assistant Principal Salaries. Rep. Tolson moved approval of Recommendation 5. The motion was seconded by Rep. Bell and unanimously approved.

Rep. Tolson was recognized and stated that since the Committee was identifying items for future legislation, he moved that the Committee reconsider its earlier motion, which excluded Part (b) of Recommendation 4; and that 4(b) be included as a part of the Committee's recommendation. Motion seconded. In that regard, Senator Hartsell moved to amend the language in 4 (b) by

removing the word “contractor” throughout the draft bill. Seconded by Rep. Glazier, motion carried and Recommendation 4 (b), as amended, was included as a part of Recommendation 4.

Recommendation 6: Tuition Forgiveness for Social Workers. The committee next reviewed draft legislation which would establish the Scholarship Loan Fund for social workers in underserved areas. Sen. Stevens moved approval. Motion carried.

Recommendation 7 (a)(b): (a) Sales and Use Tax Refund. The Committee reviewed draft legislation which would reenact the sales and use tax refund for Local School Administrative Units. Brian Matteson, Legislative Fiscal Research, was recognized by the Chair and responded to specific questions from members. Rep. Jeffus moved approval of (a) and motion carried unanimously. **(b) Sales and Use Tax Refund to NC Community College System.** The Committee reviewed draft legislation, which would create a sales and use tax refund for Community Colleges. The Committee voted unanimously to approve this recommendation.

Recommendation 8: Exceptional Children. Following a review of Recommendation 8, the Committee gave unanimous approval to enact legislation which would provide for additional improvements with regard to educational opportunities to all students with disabilities.

Chairman Yongue stated that additional recommendations had been submitted by Rep. Glazier; however, more study was needed by staff.

The Chair called for a motion to adopt the 2009 Joint Legislative Education Oversight Recommendations, authorizing appropriate legislation be drafted. Sen. Dannelly moved adoption and seconded by Rep. Tolson, motion carried.

Prior to adjournment, the minutes of the December 2, 2008 meeting were offered for approval. Rep. Tolson moved approval and seconded by Rep. Bell, the minutes were adopted as written.

Chairman Swindell thanked everyone for their attendance and for their continued hard work. He adjourned the meeting at 10:50 a.m.

Respectfully submitted,

Senator A. B. Swindell, IV

ATTEST:

Mo Hudson, Committee Clerk

COMMITTEE FINDINGS AND RECOMMENDATIONS

The Joint Legislative Education Oversight Committee makes the following findings and recommendations to the 2009 General Assembly:

1. Child Nutrition

(a) The Committee finds that Child Nutrition Programs have operated as small businesses on school campuses and have had to produce revenue to cover their costs. Operating costs have increased and program revenues have decreased over the past several years.

The Committee also finds that the Child Nutrition Programs can be part of the solution to the epidemic of overweight children in North Carolina. However, it is more expensive to provide healthful foods such as fresh fruits and vegetables, whole grain products and skim milk, and there are increased labor and equipment costs associated with providing healthy food choices.

The Committee recommends that the General Assembly provide funds to ensure that Child Nutrition Programs operating in the public schools have the funds necessary to implement nutrition standards adopted by the State Board of Education for elementary schools and to improve the overall operation of the child nutrition programs. See attached **LEGISLATIVE PROPOSAL I: 2009-SFz-1[v.2]**.

(b) The Committee finds that obesity continues to be a serious health concern in North Carolina. Overweight and obesity are alarming because both conditions can increase the risk for health problems, including chronic diseases. In light of this serious problem, legislation in 2008 established a Taskforce on Preventing Childhood Obesity to review current State activities in the Department of Health and Human Services, the Department of Public Instruction, and the Health and Wellness Trust Fund and to develop a comprehensive statewide strategic plan with recommendations for preventing childhood obesity.

The Committee strongly endorses the work of this Task Force and looks forward to receiving their strategic plan and recommendations.

2. Dropout Prevention

The Committee believes that all students should graduate from high school prepared for work or to pursue further education. The Committee recognizes that North Carolina must lower its high school dropout rate and increase its graduation rate. The Committee believes that strengthening the curriculum so it is more challenging and relevant to students and providing courses that prepare students for career and work options after high school are strategies that have the potential to keep students in school until they graduate.

The Committee recommends that the General Assembly continue to support initiatives aimed at reducing the high school dropout rate and increasing the graduation rate. The Committee supported the additional funding awarded for new grants from among those that were submitted and not selected in the first round of grants awarded as a result of the House Initiative on High School Dropout Reform. Additionally, the Committee supported the reauthorization of the Joint Commission on Dropout Prevention and High School Graduation.

The Committee also recommends continued funding for the recommendations of the Joint Legislative Commission on Dropout Prevention and High School Graduation, and the high school reform efforts in place across the State.

3. The Collaborative Project – A 21st Century Initiative of the NC General Assembly

The goals of the Collaborative Project – A 21st Century Initiative of the North Carolina General Assembly are to positively impact student performance and recruitment and retention of teachers, and to provide

access to high quality professional development resources. The Project is focused generally on five public school systems serving low-income students in rural areas across the State, and specifically on elementary and middle schools within the participating school systems to improve the students' academic foundation and better prepare them for high school.

The Committee strongly recommends continued funding for the remainder of this three-year education reform pilot program known as The Collaborative Project.

4. Teachers

(a) The General Assembly makes an appropriation to the State Board of Education to provide incentive funding for schools that meet or exceed the projected levels of improvement in student performance, in accordance with the ABCs of Public Education Program. These incentive awards are commonly known as ABC bonuses.

Incentive awards in schools that achieve higher than expected improvements may be up to \$1500 for each teacher and for certified personnel, and up to \$500 for each teacher assistant. Incentive awards in schools that meet the expected improvements may be up to \$750 for each teacher and for certified personnel and \$375 for each teacher assistant.

Until the 2007-2008 school year, the maximum amounts of the ABC bonuses had been awarded. However, in the 2008 Appropriations Act the State Board was directed to limit the amount expended for ABC bonuses to the average expenditure for this program over the last 11 years. This "cap" on spending resulted in a less than maximum award to teachers and teacher assistants.

The Committee believes that teachers and teacher assistants have come to expect the maximum award based on the 11 year history of the ABC bonuses. The Committee recommends that the Appropriations Committees study and evaluate the current process for awarding ABC bonuses and then reconsider their decision to "cap" the amount of the appropriation to the State Board of Education to provide incentive funding for schools that meet or exceed the projected levels of improvement in student performance, in accordance with the ABCs of Public Education Program.

(b) The Committee encourages the General Assembly to continue to support initiatives that address the State's teacher shortage. The Committee believes that one way to help alleviate the State's teacher shortage is to continue to allow retired teachers to return to the classroom. In 2007, the General Assembly enacted legislation to allow teachers who retired after October 1, 2007, to return to the classroom after a six month break in service if they retired on an unreduced retirement allowance. This legislation is set to expire on October 1, 2009. The Committee recommends the enactment of legislation to extend the sunset on this legislation to October 1, 2011 and to reduce the break in service from six months to four months. See attached **LEGISLATIVE PROPOSAL II: 2009-RQz-1[v.7]**.

5. Assistant Principal Salaries

The General Assembly directed the State Board of Education, in cooperation with the UNC Board of Governors, to conduct a study to develop a framework for a North Carolina Board Certified Principal and Assistant Principal Program. A study group made up of individuals from UNC, the State Board of Education and DPI, the legislature, school administrator associations, the National Board for Professional Teaching Standards, and an LEA was formed for this purpose. In arriving at its recommendations the study group considered information provided by the National Board for Professional Teaching Standards as well as cost to the State. One of the principles that guided the group's work is the following: "North Carolina must act to build the "bench strength" and increase the pool of qualified candidates for school leadership positions. North Carolina must also act to support and retain qualified school leaders. In so doing, the State should create incentives for qualified educators to pursue and remain in principal roles. Teachers who pursue roles as school leaders should not be financially disadvantaged."

The Committee recognizes that having strong, capable educators leading our schools is critical to the academic success of our students.

The Committee strongly supports the Study Committee's recommendation that National Board for Professional Teaching Standards teachers who move into the role of assistant principal should receive the higher of their salary as a teacher or their salary as an assistant principal, provided they are working with teachers (instruction) as assistant principals.

6. Tuition Forgiveness for Social Workers

The Committee finds that the mental health system in North Carolina faces a tremendous challenge to provide a sufficient number of well-trained professional providers in mental health, substance abuse, and developmental services, especially in rural areas. The State has 24 counties that meet the federal criteria for being underserved by mental health professionals.

The Committee recommends that the General Assembly provide funds to develop and implement a loan scholarship program to train social workers to deliver mental health, substance abuse, and developmental services in underserved areas. See attached **LEGISLATIVE PROPOSAL III: 2009-RJz-6[v.7]**.

7. Sales and Use Tax refund

(a) In 1998, the General Assembly authorized the refund of both the State and local sales and use taxes paid by local school administrative units (LEAs). In 2005, the State portion of the sales and use tax refund was repealed and the General Assembly enacted in its place a quarterly transfer of revenue from the Department of Revenue to the State Public School Fund in the amount of one quarter of the prior year's total State sales and use tax, adjusted by the percentage change in total State tax collections.

The Committee finds that, following the repeal of the refund and institution of the transfer, some LEAs began transferring capital expenditures to counties to make items eligible for the State sales and use tax refund. The Committee finds that there are reports of significant costs related to these property transfers, and that the ability to engage in such transfers varies depending on the relationship between the school board and county commissioners. The Committee also finds that, in recent fiscal years, transfers from the Department of Revenue to the State Public School Fund have exceeded budgeted amounts. Further, the Committee finds that a comparison of diminished local refund claims by LEAs in the same fiscal years suggests that current revenue transfers are greater than the foregone sales and use tax refund.

The Committee recommends the enactment of legislation to repeal the transfer of a percentage of State sales and use tax revenue by the Department of Revenue to the State Public School Fund, and to reenact the refund of the State sales and use tax to LEAs. See attached **LEGISLATIVE PROPOSAL IV: 2009-TCz-4[v.6]**.

(b) The Committee also finds that The University of North Carolina system was made eligible in 2003 for a full refund of the State sales and uses tax, but that the North Carolina Community College System has not been made eligible for a refund of the State sales and use tax.

The Committee recommends the enactment of legislation to provide a refund of the State sales and use tax to institutions of the Community College system. See attached **LEGISLATIVE PROPOSAL V: 2009-TCz-5[v.4]**.

8. Exceptional Children

North Carolina has long been a leader in special education. The General Assembly has repeatedly demonstrated its commitment to providing full educational opportunities to all students with disabilities, most recently in 2006 with a complete modernization and revision of the State special education laws.

The Committee finds that there are still improvements that can be made to enhance the delivery of special education in the State and that proven programs must be expanded. The Committee believes that the Positive Behavior Support Initiative improves the learning environment for all students by establishing and reinforcing clear behavioral expectations throughout the school building and school day. The Committee recommends the enactment of legislation to fund three personnel positions to support and expand the Positive Behavior Support Initiative. See attached **LEGISLATIVE PROPOSAL VI: 2009-RQz-2[v.5]**.

Legislative Proposal I

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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D

BILL DRAFT 2009-SFz-1 [v.2] (12/18)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
1/12/2009 11:50:49 AM

Short Title: School Nutrition Program Funds.

(Public)

Sponsors:

Referred to:

A BILL TO BE ENTITLED

1 AN ACT TO APPROPRIATE FUNDS TO ENSURE THAT CHILD NUTRITION
2 PROGRAMS OPERATING IN THE PUBLIC SCHOOLS HAVE ADEQUATE
3 FUNDS TO IMPLEMENT NUTRITION STANDARDS ADOPTED BY THE
4 STATE BOARD OF EDUCATION FOR ELEMENTARY SCHOOLS, AS
5 RECOMMENDED BY THE JOINT LEGISLATIVE EDUCATION OVERSIGHT
6 COMMITTEE.
7

8 The General Assembly of North Carolina enacts:

9 **SECTION 1.** There is appropriated from the General Fund to the
10 Department of Public Instruction the sum of twenty million dollars (\$20,000,000) for
11 the 2009-2010 fiscal year to enable child nutrition programs in the public schools to
12 implement nutrition standards adopted by the State Board of Education for elementary
13 schools. These funds shall be allotted to each local school administrative unit based on
14 the number of reimbursable meals served to students in elementary schools. These
15 funds shall be disbursed on a monthly basis through the Child Nutrition Technology
16 System, based on a monthly claim for reimbursement. Local school administrative units
17 shall use these funds to implement the nutrition standards as adopted by the State Board
18 of Education in elementary schools and to improve the overall operation of its child
19 nutrition program. These funds may be used only to purchase food, equipment, and
20 supplies and to pay the salaries and benefits of child nutrition personnel directly
21 involved in the preparation and service of food to students.

22 **SECTION 2.** This act becomes effective July 1, 2009.
23

Legislative Proposal II

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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D

BILL DRAFT 2009-RQz-1 [v.7] (12/19)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
1/13/2009 2:24:58 PM

Short Title: Retired Teachers Return to Work.

(Public)

Sponsors: .

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT TO MODIFY THE PROVISION THAT PERMITS RETIRED TEACHERS
3 TO RETURN TO THE CLASSROOM WITHOUT A LOSS OF RETIREMENT
4 BENEFITS BY SHORTENING THE WAITING PERIOD BETWEEN
5 RETIREMENT AND RE-EMPLOYMENT AND EXTENDING THE SUNSET ON
6 THE PROVISION, AS RECOMMENDED BY THE JOINT LEGISLATIVE
7 EDUCATION OVERSIGHT COMMITTEE.

8 The General Assembly of North Carolina enacts:

9 **SECTION 1.** G.S. 135-1(20) reads as rewritten:

10 "(20) "Retirement" means the termination of employment and the complete
11 separation from active service with no intent or agreement, express or
12 implied, to return to service. A retirement allowance under the
13 provisions of this Chapter may only be granted upon retirement of a
14 member. In order for a member's retirement to become effective in any
15 month, the member must render no service, including part-time,
16 temporary, substitute, or contractor service, at any time during the six
17 months immediately following the effective date of retirement. For
18 purposes of this subdivision, service as a member of a school board
19 shall not be considered service.

20 On or after October 1, 2009, if the member is a retired teacher as
21 defined in G.S. 115C-325(5a), in order for the retired teacher's
22 retirement to become effective in any month, the retired teacher must
23 render no service, including part-time, temporary, substitute or
24 contractor service, at any time during the four months immediately
25 following the effective date of retirement if the retired teacher has
26 attained (i) the age of at least 65 with five years of creditable service;
27 or (ii) the age of at least 60 with 25 years of creditable service; or (iii)
28 30 years of service."

Legislative Proposal II

1 **SECTION 2.** G.S. 135-3(8)c. reads as rewritten:

2 " c. Should a beneficiary who retired on an early or service
3 retirement allowance under this Chapter be reemployed by, or
4 otherwise engaged to perform services for, an employer
5 participating in the Retirement System on a part time,
6 temporary, interim, or on a fee for service basis, whether
7 contractual or otherwise, and if such beneficiary earns an
8 amount during the 12 month period immediately following the
9 effective date of retirement or in any calendar year which
10 exceeds fifty percent (50%) of the reported compensation,
11 excluding terminal payments, during the 12 months of service
12 preceding the effective date of retirement, or twenty thousand
13 dollars (\$20,000), whichever is greater, as hereinafter indexed,
14 then the retirement allowance shall be suspended as of the first
15 day of the month following the month in which the
16 reemployment earnings exceed the amount above, for the
17 balance of the calendar year, except when the reemployment
18 earnings exceed the amount above in the month of December,
19 in which case the retirement allowance shall not be suspended.
20 The retirement allowance of the beneficiary shall be reinstated
21 as of January 1 of each year following suspension. The amount
22 that may be earned before suspension shall be increased on
23 January 1 of each year by the ratio of the Consumer Price Index
24 to the Index one year earlier, calculated to the nearest tenth of a
25 percent (1/10 of 1%).

26 The computation of postretirement earnings of a beneficiary
27 under this sub-subdivision, who retired on or before October 1,
28 2007, and who has been retired at least six months and has not
29 been employed in any capacity with a public school for at least
30 six months immediately preceding the effective date of
31 reemployment, shall not include earnings while the beneficiary
32 is employed to teach in a permanent full-time or part-time
33 capacity that exceeds fifty percent (50%) of the applicable
34 workweek in a public school. The Department of Public
35 Instruction shall certify to the Retirement System that a
36 beneficiary is employed to teach by a local school
37 administrative unit under the provisions of this sub-subdivision
38 and as a retired teacher as the term is defined under the
39 provisions of G.S. 115C-325(a)(5a).

40 The computation of postretirement earnings of a beneficiary
41 under this sub-subdivision, who retired after October 1,
42 ~~2007,2007~~, but on or before September 30, 2009, after attaining
43 (i) the age of at least 65 with five years of creditable service; or
44 (ii) the age of at least 60 with 25 years of creditable service; or

Legislative Proposal II

1 (iii) 30 years of service; and who has been retired at least six
2 months and has not been employed in any capacity with a
3 public school for at least six months immediately preceding the
4 effective date of reemployment, shall not include earnings while
5 the beneficiary is employed to teach in a permanent full-time or
6 part-time capacity that exceeds fifty percent (50%) of the
7 applicable workweek in a public school. The Department of
8 Public Instruction shall certify to the Retirement System that a
9 beneficiary is employed to teach by a local school
10 administrative unit under the provisions of this sub-subdivision
11 and as a retired teacher as the term is defined under the
12 provisions of G.S. 115C-325(a)(5a).

13 The computation of postretirement earnings of a beneficiary
14 under this sub-subdivision, who retired on or after October 1,
15 2009, after attaining (i) the age of at least 65 with five years of
16 creditable service; or (ii) the age of at least 60 with 25 years of
17 creditable service; or (iii) 30 years of service; and who has been
18 retired at least four months and has not been employed in any
19 capacity with a public school for at least four months
20 immediately preceding the effective date of reemployment,
21 shall not include earnings while the beneficiary is employed to
22 teach in a permanent full-time or part-time capacity that
23 exceeds fifty percent (50%) of the applicable workweek in a
24 public school. The Department of Public Instruction shall
25 certify to the Retirement System that a beneficiary is employed
26 to teach by a local school administrative unit under the
27 provisions of this sub-subdivision and as a retired teacher as the
28 term is defined under the provisions of G.S. 115C-325(a)(5a).

29 Beneficiaries employed under this sub-subdivision are not
30 entitled to any benefits otherwise provided under this Chapter
31 as a result of this period of employment."

32 **SECTION 3.** G.S. 115C-325(5a) reads as rewritten:

33 (5a) "Retired teacher" means a beneficiary of the Teachers' and State
34 Employees' Retirement System of North Carolina who retired on or
35 before October 1, 2007, and who has been retired at least six months,
36 has not been employed in any capacity for at least six months,
37 immediately preceding the effective date of reemployment, is
38 determined by a local board of education or a charter school to have
39 had satisfactory performance during the last year of employment by a
40 local board of education or a charter school, and who is employed to
41 teach as provided in G.S. 135-3(8)c. A retired teacher at a school other
42 than a charter school shall be treated the same as a probationary
43 teacher except that (i) a retired teacher is not eligible for career status
44 and (ii) the performance of a retired teacher who had attained career

Legislative Proposal II

1 status prior to retirement shall be evaluated in accordance with a local
2 board of education's policies and procedures applicable to career
3 teachers.

4 "Retired teacher" also means a beneficiary of the Teachers' and
5 State Employees' Retirement System of North Carolina who retired
6 after October 1, ~~2007, 2007~~, but on or before September 30, 2009, after
7 attaining (i) the age of at least 65 with five years of creditable service;
8 or (ii) the age of at least 60 with 25 years of creditable service; or (iii)
9 30 years of service; who has been retired at least six months, has not
10 been employed in any capacity for at least six months immediately
11 preceding the effective date of reemployment, is determined by a local
12 board of education or a charter school to have had satisfactory
13 performance during the last year of employment by a local board of
14 education or a charter school, and who is employed to teach as
15 provided in G.S. 135-3(8)c. A retired teacher at a school other than a
16 charter school shall be treated the same as a probationary teacher
17 except that (i) a retired teacher is not eligible for career status and (ii)
18 the performance of a retired teacher who had attained career status
19 prior to retirement shall be evaluated in accordance with a local board
20 of education's policies and procedures applicable to career teachers.

21 "Retired teacher" also means a beneficiary of the Teachers' and State
22 Employees' Retirement System of North Carolina who retired on or
23 after October 1, 2009, after attaining (i) the age of at least 65 with five
24 years of creditable service; or (ii) the age of at least 60 with 25 years of
25 creditable service; or (iii) 30 years of service; who has been retired at
26 least four months, has not been employed in any capacity for at least
27 four months immediately preceding the effective date of
28 reemployment, is determined by a local board of education or a charter
29 school to have had satisfactory performance during the last year of
30 employment by a local board of education or a charter school, and who
31 is employed to teach as provided in G.S. 135-3(8)c. A retired teacher
32 at a school other than a charter school shall be treated the same as a
33 probationary teacher except that (i) a retired teacher is not eligible for
34 career status and (ii) the performance of a retired teacher who had
35 attained career status prior to retirement shall be evaluated in
36 accordance with a local board of education's policies and procedures
37 applicable to career teachers."

38 **SECTION 4.** Notwithstanding any other provision of law, effective July 1,
39 2009, each local school administrative unit shall pay to the Teachers' and State
40 Employees' Retirement System a Reemployed Teacher Contribution Rate of eleven and
41 seventy-hundredths percent (11.70%) as a percentage of covered salaries that the retired
42 teachers, who are exempt from the earnings cap, are being paid. Each local school
43 administrative unit shall report monthly to the Retirement Systems Division on
44 payments made pursuant to this section.

45 Notwithstanding any other provision of law, effective July 1, 2009, any
46 portion of the payment made by a local school administrative unit to a reemployed

Legislative Proposal II

1 teacher who is exempt from the earnings cap, consisting of salary plus the Reemployed
2 Teacher Contribution Rate, that exceeds the State-supported salary level for that
3 position shall be paid from local funds.

4 **SECTION 5.** If the Internal Revenue Service determines that the provisions
5 of G.S. 135-3(8)c. relating to the computation of postretirement earnings of retired
6 teachers jeopardize the status of the Teachers' and State Employees' Retirement System
7 of North Carolina under the Internal Revenue Code, then the third and fourth paragraphs
8 of G.S. 135-3(8)c. are repealed.

9 **SECTION 6.** This act becomes effective October 1, 2009 and expires
10 October 1, 2011.

Legislative Proposal III

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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D

BILL DRAFT 2009-RJz-6 [v.7] (01/06)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
1/12/2009 3:18:00 PM

Short Title: Scholarship Loan for Rural Social Workers.

(Public)

Sponsors: Unknown.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH THE SCHOLARSHIP LOAN FUND FOR SOCIAL WORKERS IN UNDERSERVED AREAS, AS RECOMMENDED BY THE JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE.

The General Assembly of North Carolina enacts:

SECTION 1. Article 23 of Chapter 116 of the General Statutes is amended by adding a new section to read:

"§ 116-209.31. Scholarship Loan Fund for Social Workers in Underserved Areas.

(a) There is established the Scholarship Loan Fund for Social Workers in Underserved Areas. The purpose of the Fund is to provide scholarship loans to train social workers to deliver mental health, substance abuse, and developmental disabilities services in underserved areas of North Carolina. The State Education Assistance Authority shall administer the Fund and shall award 40 scholarship loans per year, ten at each of the eligible institutions in (b) below.

(b) Students in masters programs of social work at the following institutions are eligible to receive the Scholarship Loan Fund for Social Workers in Underserved Areas:

(1) The University of North Carolina at Chapel Hill.

(2) Appalachian State University.

(3) East Carolina University.

(4) The joint program between the University of North Carolina at Greensboro and the North Carolina Agricultural and Technical State University.

(c) Social Workers in Underserved Areas Fellows shall be offered a curriculum that advances skills in evidence and research-based best practices for mental health, substance abuse, and disabilities service delivery in underserved areas and that instills a strong motivation to provide services in rural and other need-based areas. The coordinator of the academic program, in consultation with the faculty of the eligible programs of social work, current program coordinators of the local management entities in designated federal mental health provider shortage areas and the state chapter of the National Association of Social Workers, shall develop, review and revise the curriculum, program goals, progress and outcomes.

(d) Criteria for awarding the scholarship loans shall be developed by the State Education Assistance Authority in consultation with the Board of Governors of The

Legislative Proposal III

1 University of North Carolina and shall include all of the following:

2 (1) An applicant shall be enrolled in the second year of an accredited
3 masters of social work program at the University of North Carolina at
4 Chapel Hill, Appalachian State University, East Carolina University,
5 or the joint program between the University of North Carolina at
6 Greensboro and the North Carolina Agricultural and Technical State
7 University.

8 (2) All students shall enter into a legal agreement and promissory note
9 with the Authority to accept employment in mental health, substance
10 abuse, and developmental disabilities delivery in exchange for
11 receiving any funds, which agreement shall include stipulation that the
12 student agrees to accept employment in rural or other need-based
13 counties.

14 (3) An applicant shall be a resident of North Carolina. For purposes of this
15 section, residency shall be determined by the same standard as
16 residency for tuition purposes pursuant to G.S. 116-143.1.

17 (4) Any additional criteria that the State Education Assistance Authority
18 considers necessary to administer the Fund effectively, including all of
19 the following:

20 a. Consideration of applicants from diverse backgrounds to
21 receive scholarships pursuant to this section.

22 b. Consideration of what rural or other need-based areas of the
23 State shall be considered appropriate underserved areas for
24 work after graduation.

25 c. Consideration of the academic qualifications of the individuals
26 applying to receive funds.

27 d. Consideration of the commitment an individual applying to
28 receive funds demonstrates to the profession of social work.

29 (e) The State Education Assistance Authority shall: (i) prepare a clear written
30 explanation of the Scholarship Loan Fund for Social Workers in Underserved Areas and
31 the information regarding the availability and criteria for awarding the scholarships, and
32 (ii) provide that information to the appropriate counselors and shall charge those
33 counselors to inform students about the scholarships and to encourage them to apply for
34 the scholarships.

35 (f) The State Education Assistance Authority shall administer the Fund and shall
36 ensure that the loan amount is limited to eleven thousand dollars (\$11,000) per
37 recipient.

38 (g) The Authority shall ensure that the following loan cancellations and
39 repayment schedules apply to all funds distributed pursuant to this section:

40 (1) The individual who graduates with a masters degree and who works as
41 a social worker providing mental health, substance abuse, and
42 developmental disabilities services in an underserved area of North
43 Carolina for two years shall have the entire loan cancelled.

44 (2) The individual who graduates with a masters degree and who does not
45 work as a social worker providing mental health, substance abuse, and
46 developmental disabilities services in an underserved area for any or
47 all of the two years of required service shall repay the loan to the
48 Authority according to a schedule prescribed in the promissory note,
49 plus ten percent (10%) annual interest.

50 (3) The individual who does not graduate with a masters degree shall
51 repay the loan according to a schedule prescribed by the Authority, not
52 to exceed fifteen percent (15%) annual interest. In establishing a
53 schedule and interest rate, the Authority shall take into consideration
54 the reasons the individual did not graduate with a masters degree.

55 The Authority shall ensure that all repayments, including accrued interest, shall be

Legislative Proposal III

1 placed in the Fund.

2 The Authority may forgive or reduce any loan repayment if the Authority considers
3 that extenuating circumstances exist that would make repayment impossible.

4 (h) The State Education Assistance Authority, in consultation with the Board of
5 Governors of The University of North Carolina, shall adopt rules to implement this
6 section.

7 (i) The State Education Assistance Authority shall report to the Joint Legislative
8 Education Oversight Committee by March 1 of each year regarding the Fund and
9 scholarship loans awarded from the Fund."

10 **SECTION 2.** There is appropriated from the General Fund to the Board of
11 Governors of The University of North Carolina the sum of two hundred sixty thousand
12 dollars (\$260,000) for the 2009-2010 fiscal year and sum of two hundred sixty thousand
13 dollars (\$260,000) for the 2010-2011 fiscal year for a program coordinator, faculty,
14 support staff, an intensive training week, a placement event, advisory board meetings
15 and other costs of the academic program. There is appropriated from the General Fund
16 to the State Education Assistance Authority for the 2010-2011 fiscal year the sum of
17 four hundred forty thousand dollars (\$440,000) for scholarship loans to implement this
18 act.

19 **SECTION 3.** This act becomes effective July 1, 2009.
20
21

Legislative Proposal IV

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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D

BILL DRAFT 2009-TCz-4 [v.6] (12/19)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)

1/8/2009 5:12:24 PM

Short Title: LEA Sales Tax Refund.

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED

2 AN ACT TO REENACT THE SALES AND USE TAX REFUND FOR LOCAL
3 SCHOOL ADMINISTRATIVE UNITS SO AS TO OPTIMIZE SCHOOL
4 CONSTRUCTION FUNDING, AS RECOMMENDED BY THE JOINT
5 LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE.

6 The General Assembly of North Carolina enacts:

7 SECTION 1. G.S. 105-164.14(c)(2b) and (2c) are reenacted.

8 SECTION 2. G.S. 105-467(b) reads as rewritten:

9 "(b) Exemptions and Refunds. – The State exemptions and exclusions contained
10 in G.S. 105-164.13, the State sales and use tax holiday contained in G.S. 105-164.13C,
11 and the State refund provisions contained in G.S. 105-164.14 apply to the local sales
12 and use tax authorized to be levied and imposed under this Article. ~~Except as provided~~
13 ~~in this subsection, a~~ A taxing county may not allow an exemption, exclusion, or refund
14 that is not allowed under the State sales and use tax. ~~A local school administrative unit~~
15 ~~and a joint agency created by interlocal agreement among local school administrative~~
16 ~~units pursuant to G.S. 160A-462 to jointly purchase food service-related materials,~~
17 ~~supplies, and equipment on their behalf is allowed an annual refund of sales and use~~
18 ~~taxes paid by it under this Article on direct purchases of tangible personal property and~~
19 ~~services, other than electricity, telecommunications service, and ancillary service. Sales~~
20 ~~and use tax liability indirectly incurred by the entity on building materials, supplies,~~
21 ~~fixtures, and equipment that become a part of or annexed to any building or structure~~
22 ~~that is owned or leased by the entity and is being erected, altered, or repaired for use by~~
23 ~~the entity is considered a sales or use tax liability incurred on direct purchases by the~~
24 ~~entity for the purpose of this subsection. A request for a refund shall be in writing and~~
25 ~~shall include any information and documentation required by the Secretary. A request~~
26 ~~for a refund is due within six months after the end of the entity's fiscal year. Refunds~~
27 ~~applied for more than three years after the due date are barred."~~

28 SECTION 3. G.S. 105-164.44H is repealed.

Legislative Proposal IV

1 **SECTION 4.** Sections 1 and 2 of this act become effective July 1, 2009, and
2 apply to purchases made on or after that date. Section 3 of this act becomes effective
3 July 1, 2010.
4

Legislative Proposal V

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

U

D

BILL DRAFT 2009-TCz-5 [v.4] (12/22)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)
1/13/2009 10:46:43 AM

Short Title: Community College Sales Tax Refund.

(Public)

Sponsors: .

Referred to:

A BILL TO BE ENTITLED

AN ACT TO CREATE A SALES AND USE TAX REFUND FOR COMMUNITY COLLEGES, AS RECOMMENDED BY THE JOINT LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-164.14(c) is amended by adding a new subdivision to read:

"(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, telecommunications service, and ancillary 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.

This subsection applies only to the following governmental entities:

...

(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.

(20a) A community college as defined in G.S. 115D-2.

(21) The University of North Carolina Health Care System.

...."

Legislative Proposal V

1 **SECTION 2.** This act becomes effective July 1, 2009, and applies to
2 purchases made on or after that date.
3

Legislative Proposal VI

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009

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D

BILL DRAFT 2009-RQz-2 [v.5] (01/06)

(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)

1/12/2009 5:27:23 PM

Short Title: Positive Behavior Support Position Funds.

(Public)

Sponsors: Unknown.

Referred to:

1 A BILL TO BE ENTITLED

2 AN ACT TO APPROPRIATE FUNDS TO EXPAND THE POSITIVE BEHAVIOR
3 SUPPORT INITIATIVE BY ESTABLISHING THREE NEW POSITIONS AT
4 THE DEPARTMENT OF PUBLIC INSTRUCTION AND APPROPRIATE
5 FUNDS FOR THE POSITIONS, AS RECOMMENDED BY THE JOINT
6 LEGISLATIVE EDUCATION OVERSIGHT COMMITTEE.

7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** There is appropriated from the General Fund to the
9 Department of Public Instruction the sum of two hundred eighty-five thousand dollars
10 (\$285,000) in recurring funds for the 2009-2010 fiscal year and the sum of two hundred
11 eighty-five thousand dollars (\$285,000) for the 2010-2011 fiscal year to expand the
12 Positive Behavior Support Initiative and establish three positions at the Department of
13 Public Instruction. These positions shall provide services across the State regarding the
14 Positive Behavior Support Initiative.

15 **SECTION 2.** This act becomes effective July 1, 2009.
16

