



#### North Carolina General Assembly

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#### Introduction

- The North Carolina General Assembly convened on January 26, 2005, and adjourned September 2, 2005. This session will likely be remembered as the one during which a State Lottery was established. Funds from the Lottery will be used to support school construction and college and university scholarships, and to "further the goal of providing enhanced educational opportunities so that all students in the public schools can achieve their full potential."
- This document summarizes selected ratified legislation pertaining to education. The format was chosen so that the information can be used as speaker's notes with supporting detail, or readily reproduced as a visual presentation.



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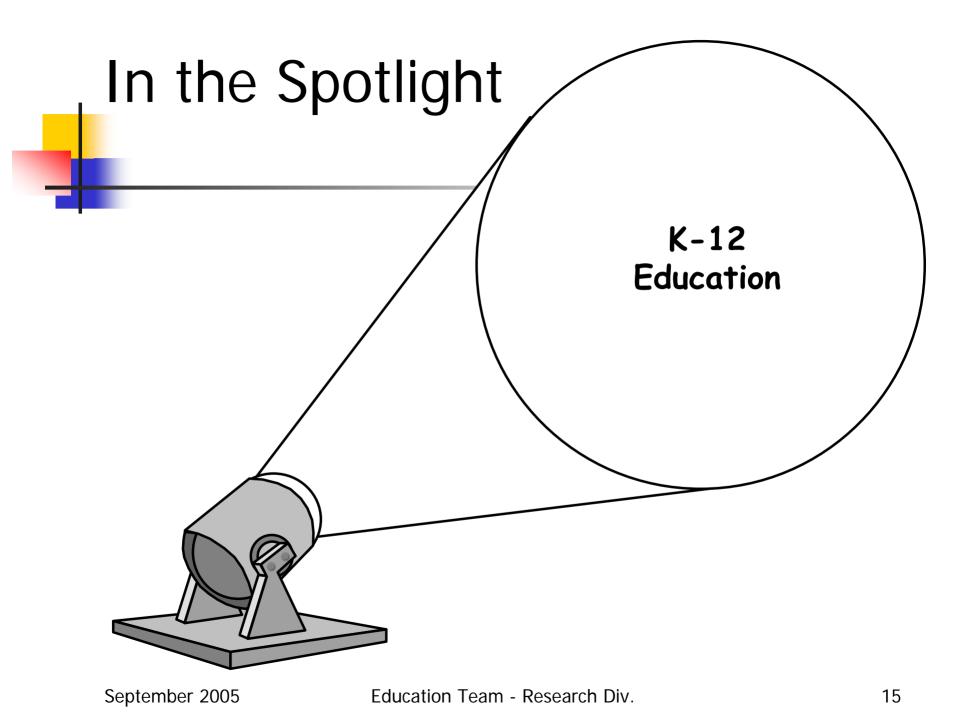
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## Student Asthma Medications S.L. 2005-22 (HB 496)

- Requires local boards of education to adopt policies allowing students with asthma, or subject to anaphylactic reactions, or both, to possess and selfadminister their asthma medication.
- Defines "Asthma medication" as medicine prescribed for the treatment of asthma or anaphylactic reactions, including an asthma inhaler and epinephrine auto-injector.
- Requires parents or guardians to provide the school with certain documentation.



## Student Asthma Medications (Cont'd.) S.L. 2005-22 (HB 496)

- Provides that the authorization to possess and self-administer asthma medications is for 365 calendar days and covers the student while on school property during the school day, during school-sponsored activities or during transit to and from schoolsponsored events. Authorization must be renewed annually.
- Permits the school to impose disciplinary action on a student if a student does not use the medicine as prescribed but the school may not restrict the student's immediate access to medication.
- Requires the student's parent or guardian to provide backup medication that must be kept in a location immediately accessible to a student in case of an emergency.
- Effective April 28, 2005.



# Make Up Instructional Days/Hurricanes S.L. 2005-48 (HB 415)

- Creates an exception to the required time for instruction for all school systems in North Carolina.
- Applies to local school administrative units located in whole or in part in certain counties that have missed more than 13 instructional days due to inclement weather including flooding from Hurricane Frances, Hurricane Ivan, or both.
- Provides that local boards of education that comply with this exception by scheduling 1,000 hours on less than 180 days due to inclement weather are deemed to have a minimum of 180 days of instruction, and employees must be compensated accordingly.
- Applies only to the 2004-2005 school year.
- Effective May 17, 2005.



# Permissible School Bus Routes Modified S.L. 2005-151 (SB 821)

- Allows public school buses to operate on municipal streets and other streets with publicly dedicated rights-of-way, in addition to state-maintained highways.
- Clarifies that a local board of education is not responsible for damage to the roadways.
- Effective July 5, 2005.



# Amend Law on Purchase of PSAT for Schools S.L. 2005-154 (HB 403)

- Removes the requirement that the State Board of Education contract with the College Board for the Preliminary Scholastic Aptitude Tests (PSAT) and the diagnostic materials that accompany the PSAT score reports.
- Effective July 5, 2005.



# Repeal Duplicative School Accreditation Requirement S.L. 2005-155 (HB 404)

- Deletes the requirement that the State Board develop and use a State accreditation program to monitor the implementation of the BEP.
- Repeals the law which requires local boards to meet educational State accreditation standards related to instruction in preventing alcohol and drug use in grades K-12.
- Effective July 5, 2005.



# Clarify Sch. Admin. Certification Standards SL 2005-179 (HB 11)

- Allows an individual to qualify for certification as a school administrator if the individual has education and training that is determined to be equivalent to a graduate degree from an approved public school administration program.
- Directs the State Board of Education to determine what constitutes equivalent education and training.
- Requires the individual to meet all the other certification requirements.
- Effective July 12, 2005.



# Residential Schools Like Other Public Schools S.L. 2005-195 (SB 630)

- Amends the laws governing the ABC's Program as it is implemented in the Schools for the Deaf and the Governor Morehead School to reflect comparable changes that have been made over time to the laws governing the ABC's Program for the public schools.
- Leaves unchanged the school personnel who are eligible for the ABC's awards.
- Effective July 15, 2005.



# Placing Students in Seclusion S.L. 2005-205 (HB 1032)

- Clarifies when it is reasonable to use seclusion and restraint in public schools.
- Requires teacher education programs to include in their training both (i) the identification and education of students with disabilities and (ii) strategies for the positive management of student behavior. Lateral entry programs must include these areas in their training programs beginning with the 2006-2007 school year.
- Requires local boards of education to include a behavior management component in the professional development section of their safe school plans by January 1, 2006.



## Placing Students in Seclusion (Cont'd.) S.L. 2005-205 (HB 1032)

- Directs local boards to maintain a record of reported incidents and provide this information annually to the State Board of Education.
- Requires that State, county, or local building codes or regulations may not prohibit the use of special locking mechanisms for approved seclusion rooms in public schools, provided that the special locking mechanisms meet certain criteria.
- Effective July 1, 2006, except as otherwise provided.



# Child Nutrition Standards S.L. 2005-253 (SB 961)

- Establishes statewide standards for the sale of soft drinks and snacks in school vending machines.
- Sets the following requirements for beverages that are sold in vending machines in public schools during the school day:
  - Soft drinks cannot be sold during the breakfast and lunch periods, at elementary schools, or contrary to the requirements of the National School Lunch Program;
  - Sugared carbonated soft drinks may not be sold in middle schools;
  - Not more than 50% of the offerings for sale to students in high schools can be sugared carbonated drinks; and



## Child Nutrition Standards (Cont'd.) S.L. 2005-253 (SB 961)

- Bottled water products must be available in every school that has beverage vending.
- Allows schools to adopt stricter policies for beverage vending.
- Requires that, by the 2006-2007 school year:
  - No snack vending will be available to students in elementary schools; and
  - 75% of snack vending products in middle and high schools may have no more than 200 calories per portion or package.
- Effective August 1, 2005 and applies to contracts for vending services executed or renewed on or after that date.



# Study Ways to Reduce Dropout Rate S.L. 2005-271 (SB 408)

- Requires the State Board of Education to identify research-based methods to reduce both the dropout rate and the number of suspended students, especially in high-poverty schools with diverse student populations.
- Directs the State Board to report to the Joint Legislative Education Oversight Committee by January 2006.
- Effective August 12, 2005.



- Section 7.10 <u>Flexibility for the Highest Priority</u>
   <u>Elementary Schools.</u>
  - Permits the State Board of Education to allow high priority schools that have made high growth for three consecutive years to be removed from the list of high priority schools.
  - Clarifies that the additional high priority funding for a school will be discontinued if a local board of education chooses to have that school removed from the list of high priority schools.
  - Effective July 1, 2005.



- Section 7.17 Replacement School Bus Funds.
  - Provides that the State Board of Education (SBE) may impose any of the following conditions on allotments to local boards of education for replacement school buses:
    - Requires the local board to use the funds only to make the first, second, or third year's payment on a financing contract.
    - Requires that the term of a financing contract must not exceed three years.
    - Directs the local board to purchase the buses only from vendors selected by the SBE and on terms approved by the SBE.
    - Requires that a bus financed under this provision must meet all federal motor vehicle safety regulation for school buses and any other condition that the SBE deems appropriate.



- Section 7.17 Replacement School Bus Funds (cont'd.).
  - Directs the Department of Administration, Division of Purchase and Contract, in cooperation with the SBE, to solicit bids for the direct purchase of school buses and activity buses and to establish a statewide term contract for use by the SBE. Local boards and other agencies are eligible to purchase from the statewide term contract. The SBE must also solicit bids for the financing of school buses.
  - Requires that any term contract for the purchase or lease purchase of school buses or school activity buses cannot require vendor payment of the electronic procurement transaction fee of the North Carolina E-Procurement Service.
  - Effective July 1, 2005.



- Section 7.18 <u>Expenditures for Driving Eligibility</u> <u>Certificates.</u>
  - Allows the State Board of Education to use funds appropriated for drivers education to cover the costs of driving eligibility certificates.
  - Effective July 1, 2005.



- Section 7.22 <u>Visiting International Exchange</u>
   Teachers.
  - Allows positions allocated for classroom teachers to be converted to dollar equivalents at the statewide average classroom teacher salary, including benefits, to contract for visiting international exchange teachers.
  - Requires that the converted funds be used to cover only the costs associated with bringing these teachers to a local school administrative unit through a State-approved visiting international exchange teacher program and for supporting these teachers.
  - Effective July 1, 2005.



- Section 7.29 Evaluation of School Principals.
  - Requires either the superintendent or the superintendent's designee to evaluate all principals and assistant principals at least once each year.
  - Directs the State Board of Education to revise its evaluation instruments to ensure that the standards and criteria for the evaluations include the accountability measures of teacher retention, teacher support, and school climate.
  - Requires a local board to use the performance standards and criteria adopted by the State Board unless the local board develops an alternative evaluation that is properly validated and that includes standards and criteria similar to those adopted by the State Board.
  - Effective July 1, 2005.



- Section 7.33 Flexibility for High School Innovation.
  - Amends the statutes that provide for cooperative innovative high school programs to include the constituent institutions of The University of North Carolina and North Carolina private colleges.
  - Authorizes local boards of education to jointly establish with one or more boards of trustees of a constituent institution or private college cooperative innovative programs for high school students.
  - Clarifies that high school students in accelerated learning programs may earn up to two years of college credit.
  - Provides that three cooperative innovative high school programs are to be established that emphasize the educational development of high school students in the areas of science and mathematics in a nonresidential setting. The eastern, central, and western regions of the State shall each have one of these programs.



- Section 7.33 <u>Flexibility for High School Innovation</u> (cont'd.).
  - Directs the State Board of Education to begin planning for the design and implementation of these programs and to report the plan to the Joint Legislative Education Oversight Committee and the Fiscal Research Division of the General Assembly by March 15, 2006. The plan must include the following aspects of the proposed programs:
    - Programmatic design including location, curriculum, student access, and calendar.
    - Projected costs of operation.
    - Any plans for coordination with institutes of higher education.
    - Proposed implementation schedule.
  - Effective July 1, 2005.



- Section 7.37 <u>Minimize Time Devoted to Standardized</u> <u>Tests.</u>
  - Directs the State Board of Education to include in their policies and guidelines for minimizing the time students spend taking tests, including field tests, all of the following:
    - Schools must not devote more than two days of instructional time per year taking practice tests that do not have the primary purpose of assessing current student learning.
    - Students in a school must not be subject to field tests or national tests during the two-week period preceding the administration of end-of-grade tests, end-of-course tests, or the school's regularly scheduled final exams.



- Section 7.37 <u>Minimize Time Devoted to</u> <u>Standardized Tests (cont'd.).</u>
  - No school must participate in more than two field tests at any one grade-level during a school year unless that school volunteers, through a vote of its school improvement team, to participate in an expanded number of field tests.
  - Effective July 1, 2005.



- Section 7.38 Education Cabinet.
  - Amends G.S. 116C-1 to add to the Education Cabinet the Secretary of Health and Human Services.
  - Directs the Education Cabinet to study:
    - collaboration among school nurses, school social workers, other instructional support personnel, and local health, mental health, and social services providers; and
    - the need for additional training for instructional support personnel on multidisciplinary assessments, referral, and care coordination for at-risk students and their families.
  - The Cabinet must report the results of these studies to the Joint Legislative Education Oversight Committee by April 15, 2006.
  - Effective July 1, 2005.



- Section 7.41 <u>Plan and Funding for a Virtual High</u> <u>School.</u>
  - Directs the State Board of Education, the UNC Board of Governors, the Independent Colleges and Universities, and the State Board of Community Colleges to develop Elearning standards and plans for infrastructures that provide virtual learning opportunities through all North Carolina schools, universities and community colleges.
  - Directs the State Board of Education to focus first on high schools while also researching and developing, where appropriate, E-learning for middle schools, junior high schools and elementary schools.



- Section 7.41 <u>Plan and Funding for a Virtual High</u> <u>School (cont'd.).</u>
  - Directs the State Board of Education to establish and implement a pilot virtual high school during the 2005-2006 school year and the 2006-2007 school year:
    - The State Board of Education must include in the pilot program instruction on personal financial literacy, including consumer financial education, personal finance and personal credit.
    - If the pilot program is successful, it is the intent of the General Assembly to provide funding to implement a virtual high school on a statewide basis for the 2006-2007 fiscal year.
  - Effective July 1, 2005.



- Section 7.43 <u>Assistance with School Technology</u> <u>Needs.</u>
  - Requires that the State school technology plan must include at least a baseline template for the following:
    - A technology and service application infrastructure; and
    - An evaluation component that provides for local school administrative unit accountability for maintaining quality upgradeable systems.
  - Directs the Department of Public Instruction (DPI) to do all of the following:
    - Hold, no later than October 31, 2005, regional workshops for local school administrative units (LEAs) to provide guidance in developing local school system technology plans that meet the criteria established in the State school technology plan.



- Section 7.43 <u>Assistance with School Technology</u> <u>Needs (cont'd.).</u>
  - Check local school system technology plans to ensure that the LEAs are implementing their plans as approved, and reporting to the State Board of Education and the State Chief Information Office on which LEAs are not complying with their plans.
  - Ensure that at least one full-time coordinator is assigned the responsibility of assisting LEAs with E-rate applications.
  - Provide the State Board of Education with an annual report on Erate, including funding, commitments, and enrollment by LEAs.



- Section 7.43 <u>Assistance with School Technology</u> <u>Needs (cont'd.).</u>
  - Requires the State Board of Education to determine the total amount of funds needed for the recurring total cost of ownership to implement, maintain, and upgrade technology infrastructures and instructional technology so that a three-to five-year budget plan can be developed for the General Assembly.
  - Directs the State Board to study and identify the types of resources needed to operate schools designed to meet the needs of future learners and report the results of the study to the 2006 Regular Session of the 2005 General Assembly.
  - Effective July 1, 2005, except as otherwise provided.



- Section 7.52 <u>Small Specialty High Schools Pilot Program.</u>
  - Provides for a pilot program to create 11 small specialty high schools within existing schools.
  - Directs the State Board of Education (State Board) to evaluate the success of students in the program.
  - Directs the State Board to also measure how funds and personnel resources were used and their impact on student achievement, retention, and employability.
  - Requires the State Board to report the results of the evaluation to the Office of State Budget and Management, the Joint Legislative Education Oversight Committee, and the Fiscal Research Division by November 15, 2006.
  - Effective July 1, 2005.



- Section 7.54 <u>Ensure Department of Health and</u> <u>Human Services Schools Receive Federal Funds.</u>
  - Clarifies that, for the purposes of eligibility for federal grant funds, the Department of Health and Human Services is classified as a public authority, which is the school administrative agency for the schools that it operates, and therefore will be considered as such by the State school authorities in the administration and distribution of federal grant funds.
  - Effective July 1, 2005.



- Section 7.58 Review of Internal Controls.
  - Amends G.S. 115C-447 to establish a procedure to be followed by the State Board of Education and local school administrative units when incidents of fraud, embezzlement, theft, or management failures are identified:
    - If the firm that conducts the annual audit uncovers these incidents, the local board must submit to the State Board of Education and the Local Government Commission, for their approval, the audit and a plan for corrective action to be taken before the next annual audit.



- Section 7.58 Review of Internal Controls (cont'd.).
  - If the incidents are not found by the firm that conducts the annual audit, then the State Board of Education and Local Government Commission must employ, at the expense of the local school administrative unit, an audit firm to review the internal control procedures of that local school administrative unit. This firm must report its findings publicly to the State Board of Education, the Local Government Commission, and the local board of education.
  - If the State Board of Education determines significant changes are needed, the local board must submit to the State Board of Education and the Local Government Commission for their approval a plan of corrective action to be taken before the next annual audit.
  - Effective July 1, 2005.



- Section 7.59 <u>Teach Financial Literacy in Public Schools.</u>
  - Requires that public schools provide instruction in personal financial literacy for all students during high school.
  - Directs the State Board of Education to determine the components of financial literacy to be covered and to determine in which course the new curriculum will be integrated.
  - Requires the State Board of Education to report to the Joint Legislative Education Oversight Committee before implementation of the proposed curriculum.
  - Effective July 1, 2005.



# Help Teacher Assistants Become Teachers S.L. 2005-302 (HB 1414)

- Directs the State Board of Education to adopt a program to help teacher assistants who (i) are enrolled in approved N.C. teacher education programs and (ii) are currently employed in a N.C. public school become teachers.
- Requires that the program begin with the 2005-06 academic year.
- Effective August 22, 2005.



# Charter School Retirement Election S.L. 2005-315 (HB 485)

- Permits Evergreen Charter School in Asheville to elect to become a participating employer in the Teachers' and State Employees' Retirement System.
- Requires that this election be made no later than 30 days after the effective date of the act and in accordance with all other requirements of G.S. 135-5.3.
- Effective August 25, 2005.



# Charter School Retirement Election S.L. 2005-317 (HB 182)

- Permits Success Institute, a charter school in Statesville, and Piedmont Community Charter school in Gastonia, to elect to do the following:
  - Become participating employers in the Teachers' and State Employees' Retirement System; and
  - Become participating employing units in the North Carolina Teachers' and State Employees' Comprehensive Major Medical Plan.
- Requires that these elections be made no later than 30 days after the effective date of the act and in accordance with all other requirements of G.S. 135-5.3 and G.S. 135-40.3A.
- Effective August 25, 2005.



# Increase the Penalty for Truancy S.L. 2005-318 (HB 779)

- Raises the penalty for a parent or guardian or other person who violates the compulsory attendance law from a Class 3 misdemeanor to a Class 1 misdemeanor.
- Effective December 1, 2005, and applies to offenses committed on or after that date.



# Insurance for School Social Workers S.L. 2005-355 (HB 1491)

- Provides that a school social worker cannot be required to transport students unless a written job description or local board policy exists that imposes this requirement.
- Authorizes a local board of education to require a social worker to increase the liability limits or add a business use rider, or both, on that employee's personal automobile liability insurance policy for the purpose of transporting students within the course of that employee's employment. If this requirement is imposed, then the board must reimburse the school social worker for the extra premium that results.
- Effective October 1, 2005.

## Testing Requirements/Teacher Education Students S.L. 2005-419 (HB 1310)

- Requires the State Board of Education to allow students to use either their SAT score or Praxis I scores to qualify for admission to an approved teacher education program in a North Carolina college or university.
- Directs the State Board of Education to set the required minimum scores for these tests.
- Requires that the minimum combined verbal and mathematics score on the SAT be between 900 and 1,200.
- Effective September 22, 2005, and applies to students seeking admission to a teacher education program beginning with the 2006-2007 academic year.



- Directs the State Board of Education to adopt standards, instead of policies and guidelines, for alternative learning programs (ALPs) and alternative schools.
- Requires local boards of education to comply with these standards for any new ALP or school to be implemented beginning with the 2006-2007 school year.
- Requires a local board of education to develop and submit a proposal to the State Board of Education for its review before the local board can establish any ALP or school.



# Alternative Learning Programs/School Proposals (Cont'd.) S.L. 2005-446 (HB 1076)

- Requires the State Board of Education to submit to the Joint Legislative Education Oversight Committee a copy of the proposal for a success center, or other ALP or school, from the New Hanover school board and any recommendations from the State Board.
- Effective September 29, 2005, applies at that time to New Hanover County, and applies to ALPs and alternative schools to be implemented in other school systems beginning with the 2006-2007 school year.



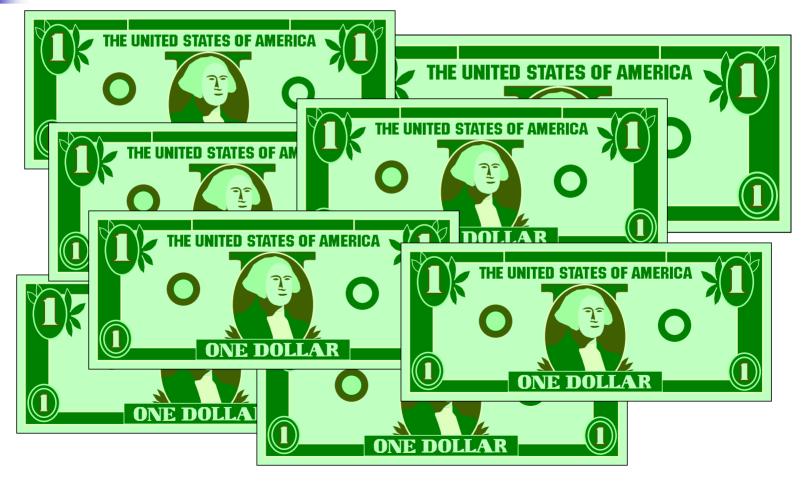
# Child Nutrition Standards S.L. 2004-457 (HB 855)

- Directs the State Board of Education to establish nutrition standards that will gradually increase the amount of fruits, vegetables, and whole grain products in the items available for school meals and the After School Snack Program, and in a la carte foods and beverages.
- Requires the State Board to pilot the nutrition standards in eight elementary schools, eight middle schools, and eight high schools before statewide introduction.
- Effective October 1, 2005.

# Streamline School Testing Program S.L. 2005-458 (HB 911)

- Eliminates the requirement that the State Board of Education (SBE) develop a plan to implement high school exit exams, student proficiency benchmarks, and end-of-course tests for each of the minimum courses required for admission to a UNC constituent institution.
- Requires the SBE to develop academic content standards and, as part of its system of annual testing for grades three through 12, to develop and implement a plan for end-of-course tests in high school that are aligned with those high school content standards.
- Effective October 2, 2005.

# Appropriations Public Schools





#### **Continuation Funding**

- Funding for Growth in Average Daily Membership (ADM)
  - FY 2005-06 Funded ADM: 1,397,372
  - Increase in ADM over FY 2004-05: 28,309 (+2.1%)
  - FY 2005-06 net funding increase: \$125 million



- Low Wealth Supplemental Funding
  - \$20 million in recurring funds
  - Brings funding level to approximately 75% of full funding calculated by the formula
  - Total funding now approximately \$129 million for 79 qualifying LEAs



- Disadvantaged Student Supplemental Funding (DSSF)
  - **\$22.5 million** in recurring funds
  - Allocated to 16 pilot LEAs at 2004-05 funding levels (had been funded by executive order, not appropriation)



- Child & Family Support Teams Initiative
  - \$8.5 million in recurring funds to establish 100 teams to support children at-risk of school failure
  - New social workers and nurses will coordinate services among education and human service agencies



- Learn & Earn High School Initiative
  - \$3.2 million in recurring funds to expand to 10 additional high schools (bringing total to 15)
  - \$917,500 in non-recurring funds to provide planning grants to 20 additional high schools



- Small Specialty High Schools Initiative
  - \$1.4 million in recurring funds to fund additional principals, guidance counselors, and clerical staff at new "schools within schools"
  - 11 new schools at 8 pilot sites



- Salary Increases
  - Step plus Schedule Increase: \$61 million
    - Teachers and Instructional Support: average of 2.24% salary increase
    - Principals and Assistant Principals: average of 2.11% salary increase
  - Top of range one-time bonus: \$8 million
    - Teachers and Instructional Support at top of salary range: onetime bonus of 1.58%
    - Principals and Assistant Principals at top of salary range: onetime bonus of 2.0%



- Salary Increases
  - Additional Increase: \$85 million
  - Governor given discretion to supplement appropriated increase for teachers in order to bring NC salaries in line with national average
  - Total teacher salary increase will average 2.24% + ?? (could be another 2%)



- Non-certified school personnel: \$54 million
  - Recurring raise of the greater of \$850 or 2%
  - 5 additional vacation days





#### ABC Bonuses

- \$100 million for FY 2005-06 for certified personnel and teacher assistants whose schools met expected growth or high growth targets in FY 2004-05
- Certified personnel receive up to \$750 for meeting expected growth, up to \$1,500 for meeting high growth
- Teacher assistants receive up to \$375 for meeting expected growth, up to \$500 for meeting high growth



#### Reductions

- LEA Flexibility Reduction
  - No new or additional LEA flexibility reduction in 2005-06
  - (\$44.3 million) reduction remains in continuation budget not eliminated through expansion
  - LEAs have flexibility to determine specific reductions on a year-by-year basis



#### Reductions

- Assistant Principals
  - (\$5 million) reduction in funds for assistant principal positions
  - Equivalent to approximately 89 10-month positions
- School Bus Replacement
  - (\$8 million) reduction in funds for replacement of school buses
  - Based on revised replacement schedule
  - Remaining funds include \$10 million for first-year leasepurchase payments for approximately 476 new buses in FY 2005-06



#### Reductions

- Central Office
  - (\$510,000) reduction in funds for central office positions
  - Equivalent to approximately 9 12-month positions (approximately 0.5% of total allotment for central office)



#### Reductions

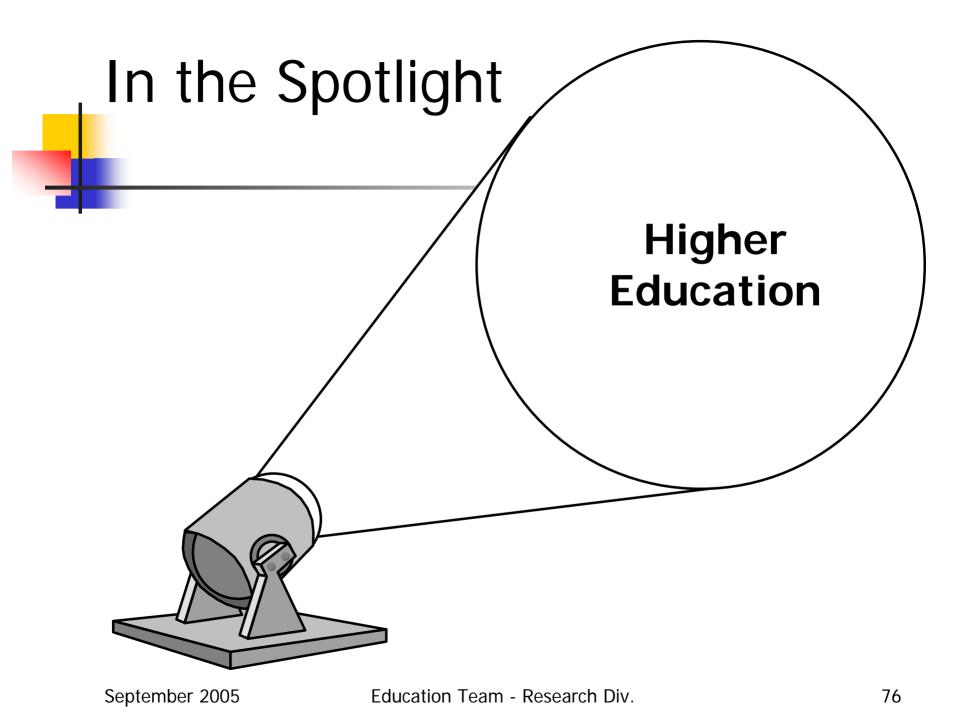
- Department of Public Instruction (DPI)
  - (\$598,666) reduction in funds for operation of the agency
  - Equivalent to approximately 2% of total General Fund budget





#### **Transfers**

- Civil Penalties & Forfeitures Fund (CPFF)
  - Budget \$18 million in estimated revenues of the CPFF in the School Technology Fund
  - Budget \$102.5 million in estimated revenues of the CPFF in the State Public School Fund
  - Reduce General Fund appropriation to State Public School Fund by (\$102.5 million) in recognition of the increased receipts from the CPFF

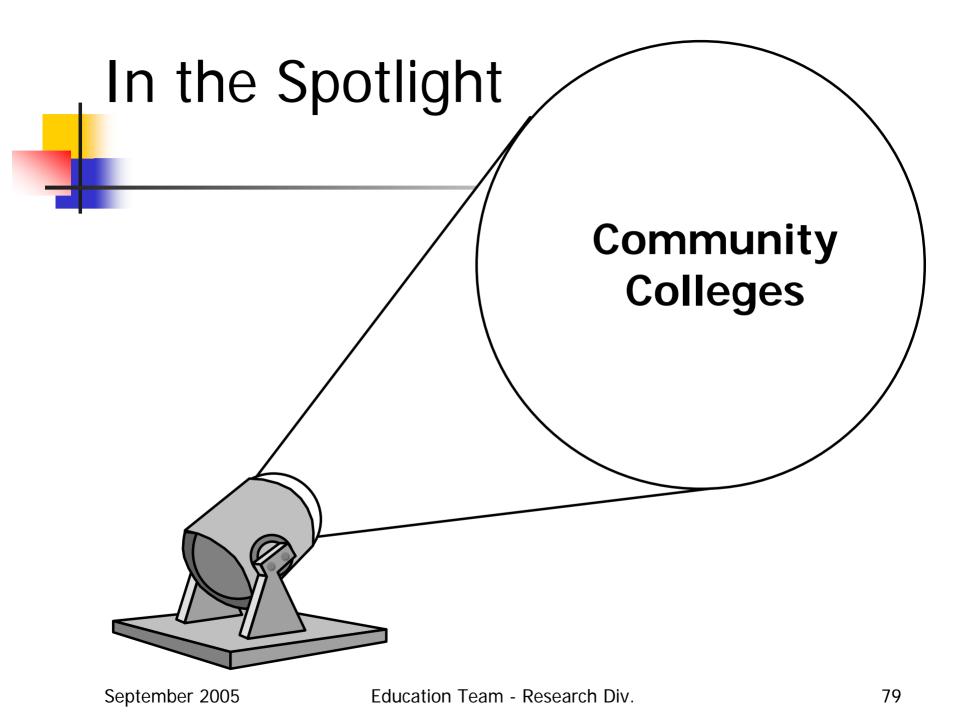




- Section 9.28 <u>Enhance Nutrition in University and</u> <u>Community College Food Programs.</u>
  - Directs the UNC Board of Governors and the State Board of Community Colleges to adopt policies that prohibit the use of cooking oils that contain trans-fatty acids or the sale of processed foods containing trans-fatty acids under the food programs operated by the constituent institutions or community colleges.
  - Requires that these policies be implemented by August 1, 2005, and apply to contracts entered into or renewed on or after that date.
  - Effective July 1, 2005.



- Section 9.30 Waive Tuition for a Person of a Certain Age Who Is or Was a Ward of the State and Who Attends Classes at any UNC Constituent Institution or any Community College.
  - Provides that any child attending a constituent institution of The University of North Carolina or a community college must receive a tuition waiver to the extent that there is any tuition payable after the student receives financial aid if the child:
    - Is at least 17 years old but less than 23 years old;
    - Is a ward of the State or was a ward of the State upon turning 18;
    - Is a resident of the State; and
    - Is eligible for services under the Chaffee Education and Training Vouchers Program.
  - Effective July1, 2005





# Comm. Coll./Lead Agency for Job Trng./Gifted Youths Attend Comm. Coll. S.L. 2005-77 (HB 583)

- Designates the Community Colleges System Office as the lead agency for delivering workforce development training, adult literacy training, and adult education programs in the State.
- Reenacts and amends a statute that expired in 2004 that provided a procedure for intellectually gifted students under the age of 16 to enroll in a community college. This reenacted statute will sunset September 1, 2008.
- Effective June 7, 2005.



# Transfer Textile Center to Gaston College S.L. 2005-103 (SB 988)

- Transfers the North Carolina Center for Applied Textile Technology (Center) from the Community Colleges System Office to Gaston College.
- States the Center's purposes:
  - To develop a world-class workforce for the textile industry;
  - To support the textile industry by identifying problems and assisting the industry in solving them;
  - To garner support from the textile industry for the work of the Center; and
  - To serve as a statewide center of excellence that serves all components of the textile industry.



# Transfer Textile Center to Gaston College (Cont'd.) S.L. 2005-103 (SB 988)

- Establishes the Advisory Board to assist in the advancement and administration of the Center.
- Directs the President of Gaston College to appoint the director of the Center from a list of two or more candidates recommended by the Advisory Board.
- Permits the director, after consultation with the Advisory Board, and subject to the approval of the President of Gaston College, to select other staff members of the Center.
- Effective July 1, 2005.



# Facilitate Community College Learn & Earn Program S.L. 2005-193 (SB 566)

- Clarifies that students in early college and middle college high school programs are included in the tuition waiver for high school students.
- Effective July 15, 2005.



# Community College May Train Lateral Entry Teachers S.L. 2005-198 (HB 563)

- Authorizes the State Board of Community Colleges to provide a program of study for lateral entry teachers to take many of the required courses to earn a teaching certificate at a community college. This provision became effective July 19, 2005 and will expire July 1, 2011.
- Reduces from five years to three years the amount of time a lateral entry teacher has to complete certification requirements. This provision became effective July 19, 2005 and applies to provisional certificates issued on or after that date.





- Creates an exception to the Umstead Act to allow private companies that have loaned or donated instructional equipment to a community college to use the community college facilities to demonstrate that equipment to potential customers.
- Requires the board of trustees to adopt policies on the use of the facilities.
- Requires the State Board of Community Colleges to report to Ed Oversight annually on October 1 on the use of community college facilities by private businesses.
- Effective August 4, 2005.



- Section 8.4. Workforce Development Programs.
  - Amends Chapter 115D of the General Statutes by adding a new G.S. 115D-5.1 entitled "Workforce Development Programs".
  - Creates within the North Carolina Community College System the Customized Industry Training (CIT) Program to provide programs and training services to assist existing business and industry to remain productive, profitable, and within the State.



- Section 8.4 <u>Workforce Development Programs</u> (cont'd.).
  - Requires the President of the North Carolina Community College System to make the following determinations before a business or industry qualifies to receive assistance under the CIT Program:
    - The business is making an appreciable capital investment;
    - The business is deploying new technology; and
    - The skills of the workers will be enhanced by the assistance.
  - Directs the State Board of Community Colleges to report annually to the Joint Legislative Education Oversight Committee on funds received under the CIT Program, the number of people trained, and the number of years a company has been funded.



- Section 8.4 <u>Workforce Development Programs</u> (cont'd.).
  - Allows the State Board of Community Colleges to use funds appropriated to it for the New and Expanding Industry Training Program to operate programs under the CIT Program. Effective June 30, 2005, funds available to the New and Expanding Industry Training Program will not revert at the end of a fiscal year but will remain available until expended.
  - Effective July 1, 2005, except as otherwise provided.



- Section 8.6 <u>Education Program Auditing Function.</u>
  - Directs the State Board of Community Colleges to conduct an annual audit of each community college's programs and fiscal operations.
  - Requires that the education program audit findings be forwarded to the community college president, board of trustees, State Board of Community Colleges, and State Auditor.
  - Directs the State Board of Community Colleges to assess a 25% fiscal penalty in addition to the exception when an audit exception results from nonprocessing errors.
  - Effective July 1, 2005.



- Section 8.15 <u>Exempt Community College Massage</u> and Bodywork Therapy Programs from Licensure by the North Carolina Board of Massage and Bodywork <u>Therapy.</u>
  - Exempts the following massage and bodywork therapy programs from the approval process, licensure process, or both, established by the North Carolina Board of Massage and Bodywork Therapy (Board):
    - Those operated by a North Carolina community college that is accredited by the Southern Association of Colleges and Schools; and

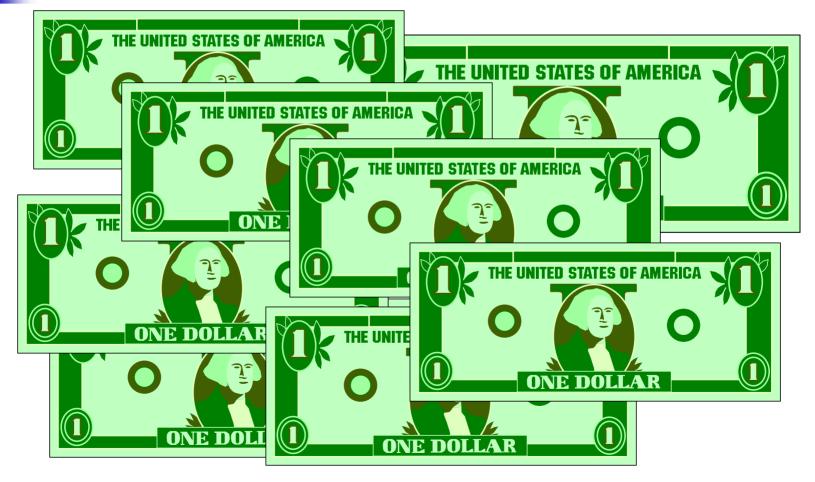


- Section 8.15 <u>Exempt Community College Massage and Bodywork Therapy Programs from Licensure by the North Carolina Board of Massage and Bodywork Therapy (cont'd.).</u>
  - Those operated by a degree or diploma granting college or university that offers a degree or diploma in massage therapy and is accredited by any accrediting agency recognized by the United States Department of Education and is licensed by the North Carolina Community College System or the Board of Governors of The University of North Carolina.
  - Requires the community college, college, or university to annually certify to the Board that its program meets or exceeds the minimum standards for curriculum, faculty, and learning resources established by the Board.



- Section 8.15 <u>Exempt Community College Massage</u> and Bodywork Therapy Programs from Licensure by the North Carolina Board of Massage and Bodywork <u>Therapy (cont'd.)</u>.
  - Requires that students who complete the program will qualify for licenses from the Board as if the program were approved, licensed, or both, by the Board.
  - Effective July 1, 2006.

# Appropriations Community Colleges





#### **Enrollment**

- 2005-06 Funding Increase: \$7.8 million
- Enrollment increased by 1.30%, or 2,449 FTE in FY 04-05.
- Total Budgeted FTE for FY 05-06 is 191,059.
- Provided \$2 million for an Enrollment Reserve Fund to assist colleges experiencing excessively high enrollment.



#### **Financial Aid**

- 2005-06 Funding Increase: \$3 million
- Total Financial Aid Allotment: \$13,981,202





## Salary Increases

2005-06 Legislative Salary Increase Funds: \$28.7 million for salary increases, including funding for a 2% increase for faculty and professional staff, and \$334,147 for presidents' salaries.



## Other Noteworthy Expansion Items

- Equipment \$10 million
- Multi-Campus College Funds: \$1.4 million
- Customized Industry Training: \$2.6 million
- Small Business Centers: \$1 million
- UNC-NCCCS 2+2 Learning Initiative: \$1 million
- BioNetwork: \$7.1 million



#### Reductions

#### Tuition Increase

- In-state tuition was increased by \$1.50 per credit hour from \$38 to \$39.50.
- Total tuition for a full-time in-state student: \$1,264 per year
- Total reduction: (\$5.6 million)



#### Reductions

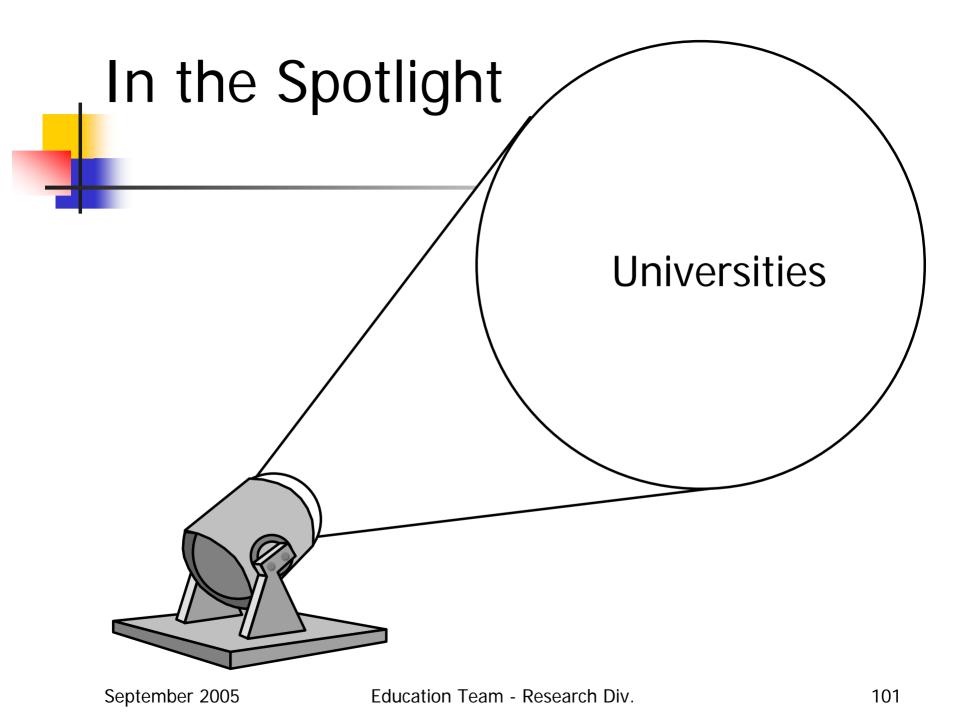
- Other Reductions
  - Formula Adjustments: (\$7.6 million)
  - Off-Campus Center Funding: (\$400,000)
  - Escheats Fund Offset for Financial Aid (\$10.3 million)



## **Total General Fund Appropriation**

Total GF Appropriation (excluding additional salary funds):

\$787,685,943





# Need-Based Nursing Scholarships S.L. 2005-40 (HB 780)

- Directs the State Education Assistance Authority to administer the need-based nursing scholarship loan funds in accordance with rules adopted by its board.
- Provides that distribution of the scholarship loan funds to students enrolled in the community colleges, UNC constituent institutions, and private colleges must be proportional to the amounts awarded to the same category of students in the previous fiscal year.
- Directs the State Education Assistance Authority to adopt rules necessary to implement the program, including the selection criteria and method of selecting recipients.
- Effective January 1, 2006 and applies to all scholarship loans awarded after that date.



# UNC-Pembroke/Historically American Indian University S.L. 2005-153 (HB 371)

- Designates the University of North Carolina at Pembroke as North Carolina's Historically American Indian University.
- Effective July 5, 2005.



# N.C. A&T University Campus Parking S.L. 2005-165 (HB 1552)

- Gives the board of trustees of North Carolina Agricultural and Technical State University authority to prohibit, regulate, and limit by ordinance the parking of motor vehicles on certain named streets in the City of Greensboro where the City does not prohibit parking.
- Allows the board of trustees to regulate traffic on portions of certain named streets that abut the university.
- Effective July 7, 2005



- Section 9.9 Board of Governors' Dental Scholarships.
  - Converts the current Board of Governors' Dental Scholarship Program to a scholarship loan program, beginning with awards to students admitted after July 1, 2005.
  - Requires that all scholarship loans be repaid to the Board beginning September 1 after completion of the program, or immediately after termination of the scholarship loan, whichever is earlier.
  - Requires the Board to forgive the loan if, within seven years after graduation, the recipient practices dentistry in North Carolina for four years, or if the recipient is unable to meet the criteria because the recipient dies or permanently disabled.



- Section 9.9 <u>Board of Governors' Dental Scholarships</u> (cont'd.).
  - Requires that any dental scholarship awarded prior to July 1, 2005, remains a scholarship unless the recipient agrees to convert it to a scholarship loan.
  - Effective July 1, 2005.



- Section 9.10 <u>Board of Governors' Medical Scholarships.</u>
  - Converts the Board of Governors' Medical Scholarship Program to a scholarship loan program, beginning with awards to qualified students admitted after July 1, 2005.
  - Requires that the loans be forgiven if the recipient practices medicine in North Carolina for four years, within seven years of graduation, or if the recipient is unable to meet the criteria because the recipient dies or is permanently disabled.
  - Requires that any medical scholarship awarded before July 1, 2005, remains a scholarships unless the recipient agrees to convert it to a scholarship loan.
  - Effective July 1, 2005.



- Section 9.11 <u>Teacher Scholarships Funds.</u>
  - Creates a Future Teachers of North Carolina Scholarship Loan Fund.
  - Provides a two-year scholarship loan of \$6,500 per year during the junior and senior years for any North Carolina student while they are in an accredited teacher preparation program at a State or private institution of higher education.
  - Requires a scholarship recipient to agree to become certified in math, science, special education, or English as a Second Language and teach full-time in that subject in a North Carolina public school for 3 years within 5 years of graduation.



- Section 9.11 <u>Teacher Scholarships Funds (cont'd.).</u>
  - Requires a scholarship recipient to have maintained a "B" or better average in college or in a college transfer curriculum at a community college before enrollment in a teacher preparation program.
  - Requires that students who fail to comply with the terms of the scholarship must repay the full amount of the scholarship loan provided to the student and the interest as determined by the State Education Assistance Authority.
  - Effective July 1, 2005.



- Section 9.14 <u>Amend North Carolina School of Science and Math Tuition Grant.</u>
  - Modifies the tuition grants awarded to students of the North Carolina School of Science and Math who elect to attend one of the State's 16 public universities.
  - Directs the State Education Assistance Authority to reduce the amount of the tuition grant so that the sum of all grants and scholarship aid covering the cost of attendance received by the student, including the tuition grant, does not exceed the cost of the attendance for the constituent institution where the student is enrolled.
  - Effective July 1, 2005 and applies to any eligible student who is enrolled full-time in The University of North Carolina after July 1, 2005.



- Section 9.17 <u>Transfer Prospective Teacher</u>
   <u>Scholarship Loan and Teacher Assistant Scholarship</u>
   <u>Loan to the NC State Education Assistance Authority.</u>
  - Authorizes a Type I transfer of the Scholarship Loan Fund for Prospective Teachers from the Department of Public Instruction to the State Education Assistance Authority (SEAA).
  - Directs the SEAA, in consultation with the State Board of Education, to establish criteria for awarding scholarship loans to qualified individuals who pursue college degrees to become teachers.



- Section 9.17 <u>Transfer Prospective Teacher</u>
   <u>Scholarship Loan and Teacher Assistant Scholarship</u>
   <u>Loan to the NC State Education Assistance Authority</u>
   <u>(cont'd.).</u>
  - Expands this criteria to include the geographic or instructional subject areas in which the demand for teachers is the highest, consideration of minority applicants and applicants from diverse socioeconomic backgrounds, and consideration of the applicant's demonstrated commitment to teaching.
  - Authorizes the SEAA to earmark up to 20% of the available funds for awards to the Teacher Assistant Scholarship Fund established in G.S. 116-209.35.



- Section 9.17 <u>Transfer Prospective Teacher</u>
   <u>Scholarship Loan and Teacher Assistant Scholarship</u>
   <u>Loan to the NC State Education Assistance Authority</u>
   <u>(cont'd.).</u>
  - Increases the scholarship loans to no more than \$4,000 per academic year for four years.
  - Directs the SEAA to forgive loans if, within seven years after graduation, the recipient teaches for four years or three consecutive years in a North Carolina public school or at a school operated by the United States government in the State.
  - Effective January 1, 2006, and applies to scholarship loans awarded on or after that date.



- Section 9.22 <u>UNC May Encourage the</u>
   <u>Establishment of Private Nonprofit Corporations to</u>
   <u>Support the University System and Assign UNC</u>
   <u>Employees to Assist with those Corporations.</u>
  - Directs the UNC Board of Governors to encourage the establishment of private nonprofit corporations to support the constituent institutions of The University of North Carolina and The University System.
  - Allows employees of The University of North Carolina to be assigned to assist with the establishment and operation of a nonprofit corporation.



- Section 9.22 <u>UNC May Encourage the</u>
   <u>Establishment of Private Nonprofit Corporations to</u>
   <u>Support the University System and Assign UNC</u>
   <u>Employees to Assist with those Corporations</u>
   (cont'd.).
  - Requires the board of directors of each private nonprofit corporation to pay for the services of The University System's internal auditors, or employ a certified public accountant to audit the financial accounts of the corporation and submit this financial audit report to the UNC Board of Governors.
  - Effective July 1, 2005.



- Section 9.25 <u>Tuition Waiver Program Expansion.</u>
  - Provides that any person who is a full-time employee of The University of North Carolina, or is the spouse or dependent child of a full-time employee, and who is a legal resident of the State, qualifies for the in-State tuition rate without having maintained that legal residence for at least 12 months immediately before being classified as a resident for tuition purposes.
  - Directs the UNC Board of Governors and the State Board of Community Colleges to study the feasibility of a tuition waiver exchange program for their full-time employees.
  - Effective July 1, 2005.



- Section 9.26 <u>Brody School of Medicine at</u>
   <u>ECU/Medicare Receipts/Family Medicine Center.</u>
  - Eliminates the requirement that funds budgeted by the General Assembly from Medicare reimbursements at the Brody School of Medicine at East Carolina University (School of Medicine) for education costs be credited to that code as a receipt.
  - Eliminates the requirement that the remainder of the funds be transferred to a special funds account on deposit with the State Treasurer that was used for repayment of Medicare funds due to final audit settlements.



- Section 9.26 <u>Brody School of Medicine at ECU/Medicare</u> <u>Receipts/Family Medicine Center (cont'd.).</u>
  - Provides that funds received prior to July 1, 2005 that were transferred to a special fund account on deposit with the State Treasurer are appropriated to the School of Medicine and may be expended for the family medicine center and for purposes consistent with its stated mission.
  - Repeals provisions that allowed the Brody School of Medicine to retain receipts from the lease of the Magnetic Resonance Imaging building and equipment in an institutional trust fund and allowed the revenue for the treatment of patients in the Radiation Therapy Facility to accrue to the East Carolina School of Medicine Medical Faculty Practice Plan accounts.



- Section 9.26 <u>Brody School of Medicine at</u> <u>ECU/Medicare Receipts/Family Medicine Center</u> (cont'd.).
  - Allows the UNC Board of Governors to authorize the design and construction of a family medicine center on the Health Sciences Campus of the School of Medicine.
  - Effective July 1, 2005, the School of Medicine is no longer required to reimburse the General Fund for use of outpatient facilities built with General Fund monies.
  - Effective July 1, 2005.



- Section 9.27 <u>Scholarship Student.</u>
  - Allows the Board of Trustees of a constituent institution of The University of North Carolina, if it elects to do so, to consider as residents of North Carolina all persons who:
    - receive full scholarships to the institution from entities recognized by the institution; and
    - attend the institution as undergraduate students.
  - Requires The University of North Carolina to consider these persons residents of North Carolina for all purposes.
  - Effective July 1, 2005, and applies to students who accept admission to a constituent institution on or after that date.



- Section 9.31 <u>Physical Education/Coaching Scholarship</u> <u>Loan Fund.</u>
  - Creates the Physical Education Coaching Scholarship Loan Fund (Fund) to provide scholarship loans to students who pursue college degrees to become public school teachers and coaches or assistant coaches.
  - Directs the State Education Assistance Authority (SEAA) to administer the Fund which will provide 25 scholarship loans per year.
  - Provides for loan reduction or loan forgiveness when a recipient graduates with a bachelors degree and works as a school coach or assistant coach in a rural or other need-based area of North Carolina.



- Section 9.31 <u>Physical Education/Coaching</u>
   <u>Scholarship Loan Fund (cont'd.).</u>
  - Directs the SEAA to adopt rules to implement the Fund and to report to the Joint Legislative Education Oversight Committee annually by March 1 about the Fund and scholarship loans awarded from the Fund.
  - Effective July 1, 2005.



- Section 9.33 <u>Nursing Scholars Program.</u>
  - Amends the law that established the Nursing Scholars Program by creating a waiver that allows a scholarship recipient under this program who is enrolled, or accepted for enrollment, in a baccalaureate nursing program, but is unable to pursue the course of study in nursing due to limited faculty resources at the institution for that semester, to continue to receive the scholarship loan and not be required to forfeit or repay the scholarship loan for that semester.
  - Provides that the waiver is valid for only one semester of study and may extend a recipient's eligibility for funding under the program by no more than one semester.
  - Effective July 1, 2005.

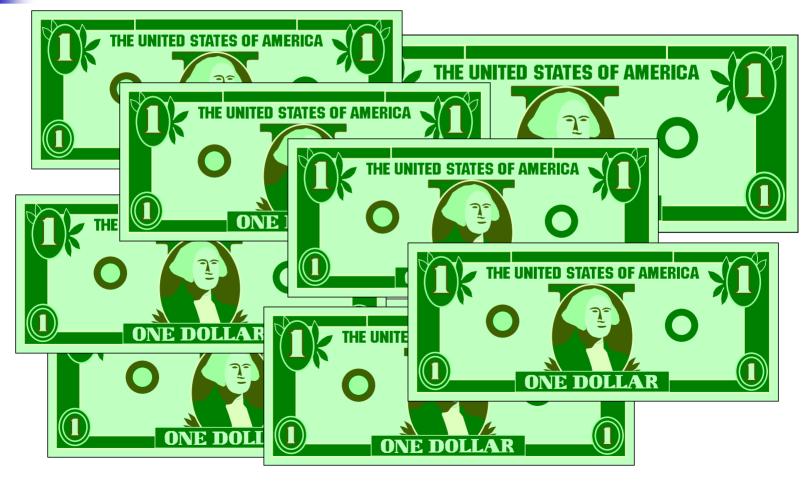


- Section 9.34 <u>Professional Development Programs for Public School Employees.</u>
  - Alters the procedure for the State Board of Education (Board) to monitor professional development programs for school personnel that are administered by the UNC Board of Governors (BOG):
    - Eliminates the requirement that the BOG must submit to the Board, the Joint Legislative Education Oversight Committee, and the General Assembly an annual written report that evaluates the effectiveness of professional development programs provided by the Center for School Leadership Development (CSLD) and that documents how these programs are addressing State needs identified by the Board.
    - Eliminates the requirement that the Board must analyze whether these programs are using Board-recommended strategies to improve student achievement.



- Section 9.34 <u>Professional Development Programs</u> for <u>Public School Employees (cont'd.).</u>
  - Eliminates the Board's annual report of this analysis to the Joint Legislative Education Oversight Committee; and
  - Substitutes requirements that the BOG must submit to the Board an annual report that evaluates these programs, the Board must evaluate these programs on an annual basis, and, after consulting with the BOG, the Board must make recommendations concerning the programs.
  - Effective July 1, 2005.

# Appropriations Universities





## **Base Budget**

- Inflation Adjustments Provides \$13.6 million in inflationary adjustments for utilities, supplies, library books, etc.
- One Time Appropriations Removes \$10.4 million in one-time funds from the base budget.
- Building Reserves- Appropriates \$32.5 million for personnel and equipment for new or renovated buildings opening during the next fiscal year. Reflects reductions made by the General Assembly for delays in scheduled openings and for starting salaries.



### Reductions

- Management Flexibility- Reduces the UNC budget \$31 million (1.72%) but allows campuses management flexibility to handle the cut. Exemptions: AHEC, School of the Arts, School of Science and Math, Public TV, & K-12 programs. Legislative Tuition Grants were cut, but financial aid to private colleges was not.
- Summer School- Eliminates \$3.7 million subsidy of Summer School.



### Reductions

- Strategic Initiative Reserve- Reduces this \$4 million reserve by \$700,000.
- <u>Education Research Council</u>- Eliminates state funding for this research unit of the Education Cabinet.
- Medical Scholarships- Reduces medical scholarship funds by \$1.4 million due to lower enrollment.





## **Expansion**

- Enrollment- Provides \$72.8 million to fully fund enrollment growth of 6,921 on-campus and distance education students. Provides \$200,000 to add 10 students at the NC School of Science and Math.
- Equity Funding- Increases the appropriation per FTE at UNCW by adding \$7 million and at ASU by adding \$1.4 million. This funding moves these campuses closer to the mean appropriation per FTE.



### **Expansion**

- Financial Aid- Shifts \$24 million in need-based financial aid from the General Fund to the Escheats Fund. Increases need-based aid from Escheats Fund by \$8.7 million due to enrollment growth and \$3.2 million due to student loss of Pell Grant funds resulting from a federal formula change.
- <u>UNCC Doctoral Status</u>- Appropriates \$5 million in FY 05-06 and \$10 million in FY 06-07 to fund faculty, technology, and library resources associated with UNCC's achievement of Doctoral/Research Intensive status.



## **Expansion**

- Biotechnology- Appropriates \$2 million to NCCU and \$2.5 million to NCSU to staff and equip their new biotechnology buildings.
- Focused Growth- Provides \$2.5 million recurring and \$1.25 million nonrecurring funds to the seven focused growth campuses.
- <u>RENCI</u>- Provides \$5.9 million in FY 05-06 and \$11.8 million in FY 06-07 for a supercomputer initiative at UNC-Chapel Hill and other regional campuses.
- Indigent Care- Provides \$5 million each year for indigent care services at UNC Hospitals.



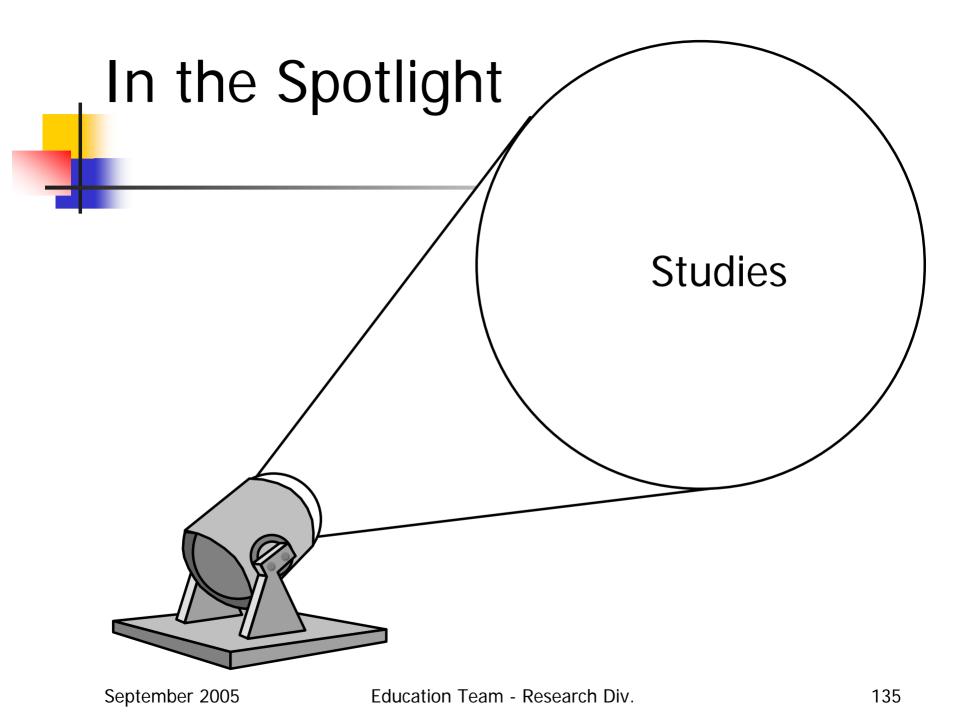
### **Provisions**

- Medical/Dental Scholarships- Requires students to work 4 years in NC.
- Repair and Renovation Allocates \$57.5 million to UNC system.
- Scholarship Student Allows Boards of Trustees to authorize in-state tuition for nonresident students on full scholarships.



### **Provisions**

- Tuition Waivers- Waives tuition for foster children.
- Agricultural Salaries Allocates \$4 million to NCSU and NC A&T to increase salaries of agriculture research and agriculture extension employees.





- The Joint Legislative Education Oversight Committee shall study the following issues:
  - The salary structure for teachers. S.L. 2005-276, Sec. 7.47 (SB 622, Sec. 7.47).
  - The current law regarding the in-State tuition rate given to certain teachers for courses that are relevant to teacher certification or professional development. S.L. 2005-276, Sec. 9.35 (SB 622, Sec. 9.35).



- The State Board of Education has been directed to study the following issues:
  - Ways to Reduce the Dropout Rate. S.L. 2005-271 (SB 408).
  - Best practices for schools to provide five hours per week within instructional days for planning, collaboration, and professional development for teachers. S.L. 2005-276, Sec. 7.30 (SB 622, Sec. 7.30).
- The Department of Public Instruction must hire an independent consultant to study the current allotment formula for school transportation. S.L. 2005-276, Sec. 7.57 (SB 622, Sec. 7.57).



The North Carolina Rural Economic Development Center and the e-NC Authority must perform a feasibility study on developing regional education networks to provide and sustain broadband service access to individual students and teachers in schools, community colleges, and universities. S.L. 2005-276, Sec. 7.42 (SB 622, Sec. 7.42).



- The State Board of Community Colleges, in consultation with the Ferry Division of the Department of Transportation, must study the need for training for ferry boat operators. S.L. 2005-276, Sec. 8.7 (SB 622, Sec. 8.7).
- The Office of State Budget and Management, with The University of North Carolina and the Fiscal Research Division, must conduct a comprehensive review of specified aspects of the enrollment funding model. S.L. 2005-276, Sec. 9.4 (SB 622, Sec. 9.4).



The Office of State Budget and Management must conduct a study to identify and analyze the distance education programs at the constituent institutions of The University of North Carolina. S.L. 2005-276, Sec. 9.7 (SB 622, Sec. 9.7).