

2004

**HOUSE (JOINT)
APPROPRIATIONS
EDUCATION**

**COMMITTEE
MINUTES**

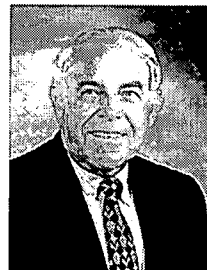
NORTH CAROLINA GENERAL ASSEMBLY
HOUSE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION
2003 – 2004 SESSION



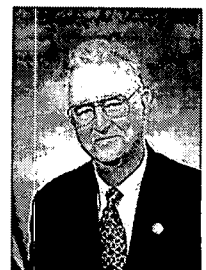
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Rep. Doug Yongue
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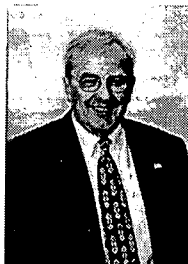
Rep. Charles Johnson
Member



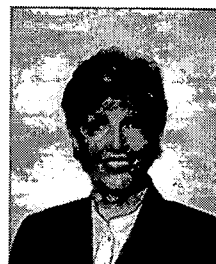
Rep. Tim Moore
Member



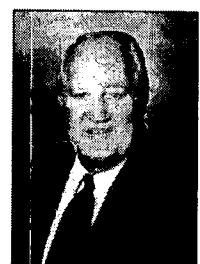
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GOFORTH, Bruce	Ann Jordan	3-5746	1220	115
GORMAN, Michael	Denise Lassiter	5-3019	417A	25
HILTON, Mark	Anne Soles	3-5988	1021	61
JOHNSON, Charles	Sally Gillis	5-3021	416B	116
MOORE, Tim	Nancy Garriss	3-4838	502	53
PATE, Louis	Edna Pearce	3-5755	607	63
RAPP, Ray	Dot Barber	3-5732	2213	118
RAY, Karen	Mary Ann Norwood	3-5741	1315	75
SAULS, John	Shara Graham	5-3012	418A	40
ARNER, Alex	Ann Stancil	3-5853	1206	11

HOUSE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

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JOHNSON, Linda Chair	✓Debbie Pons	3-5861	1006	28
PRESTON, Jean Chair	✓Suzanne Castleberry	3-5706	603	98
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PARMON, Earline Vice-Chair	✓Pat Christmas	3-5829	632	103
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GORMAN, Michael	<u>DENISE LASSITER</u>	5-3019	417A	25
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**Joint Appropriations - Education Subcommittee
Agenda**

Wednesday, May 12, 2004
Room 544, Legislative Office Building
Representative Doug Yongue, Chairing

9:15 Governor's Recommended Budget Adjustments

Anne Bander

Office of State Budget & Management

10:00 Committee Discussion

11:00 Adjournment

House Appropriations Subcommittee on Education

Rep. Johnson (Chair)

Rep. Preston (Chair)

Rep. Tolson (Chair)

Rep. Yongue (Chair)

Rep. Bell, Rep. Bonner, Rep. Dockham, Rep. Goforth, Rep.

Gorman, Rep. Hilton, Rep. C. Johnson, Rep. Justice, Rep.

McLawhorn, Rep. Moore, Rep. Parmon, Rep. Pate, Rep.

Rapp, Rep. Ray, Rep. Sauls, Rep. Warner

Senate Appropriations on Education/Higher Education

Sen. Lucas (Chair)

Sen. A.B. Swindell (Chair)

Sen. Garwood, Sen. Hartsell, Sen. Hoyle, Sen. Malone,

Sen. Stevens, Sen. Nesbitt

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Education

Name of Committee

5-12-04
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

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Katy Rhoads	OES
W. H. Harrison	Capital Group
Tim McQuinn	NCICU
R. Paul Williams	NCHBA
R. Palani	NC JUSTICE CENTER
Agnes Adams	NCCEC
Barbara Cansler	J+W

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Larry P...	Wilson County Schools
Katherine Joye	NCAEA
Bruce Brinkstein	NJ
Greg Hancock	EGHS
Cathy McKinney	NCAE
Bonnie Vause	NCAE
X	Retired

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Appropriations Subcommittee on Education

5/2-04

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Date

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FIRM OR AGENCY AND ADDRESS

Jeff Davis	UNC
Hal Miller	NCAECT
Ken R...	NCCCS
James Smith	UNC
Rob Nelson	UNC
Mark Fleming	UNC System
Elizabeth Grovenstein	OSBM
Kristen Crosson	OSBM
Trey O'Quinn	OSBM
Julie Mitchel	OSBM
Maura Davis	NCAE

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Education

5-12-64

Name of Committee

Date

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Alfred Williams	NCLC
Adam Pridemore	NCAASA
Rebecca Troutman	NCAAC
Joanne Stevens	NCA + NCAHA
Robert Wilson	Sec. of State office
Dave POLICK	EXPLOANET
Ginger Jones	UNC
Claudia Odom	UNC
LARRY KEEN	NCCCS
John Rosta	NLFPC

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Appropriations Subcommittee on Education

5-12-04

Name of Committee

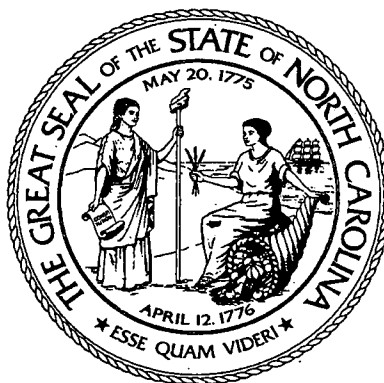
Date

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FIRM OR AGENCY AND ADDRESS

Shannon Blosser	Pope Center for Higher Ed Policy
Liz Ann Coe	CTA
Victoria	CAK
Pyper	SPZ
Paul Fogler	Inform Inc.
Pat Puller	Puller, Watson K&L
John Dorman	Public School Forum
John Noms	Public School Forum
Mrs Charles Williams	WCPSS
Emilie C. Greaves	Professional Educators of NC
Emily MacNaughton	NCPAPA



Joint Appropriations – Education Subcommittee

2003-2004

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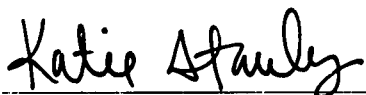
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Wednesday, May 12, 2004

The Joint Appropriations on Education Subcommittee met on Wednesday, May 12, 2004 in Room 421 of the Legislative Office Building, the first meeting of the 2004 North Carolina General Assembly Short Session. The following House members were in attendance: Subcommittee Co-Chairs Linda Johnson, Jean Preston, Joe Tolson, and Douglas Yongue, as well as Representatives Carolyn Justice, Marian McLawhorn, Earline Parmon, Larry Bell, Donald Bonner, Jerry Dockham, Bruce Goforth, Michael Gorman, Mark Hilton, Charles Johnson, Tim Moore, Louis Pate, Ray Rapp, John Sauls, and Alex Warner. Committee staff in attendance included Adam Levinson, Kristine Leggett, and Charlotte Todd. Committee Assistants present included Katie Stanley, Debbie Gorman, and Shirley Phillips. Please see attached attendance record, visitor registration, and meeting agenda (*attachments 1-3*).

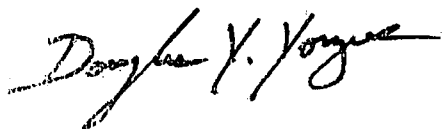
The meeting convened at precisely 9:16 a.m. as presiding Co-Chair, Representative Douglas Yongue called the meeting to order. Initially, Chairman Yongue announced the first agenda item – presentation of Governor Easley's Recommended Budget Adjustments by Anne Bander, Office of State Budget & Management. Chairman Yongue also announced that the Joint Appropriations on Education Subcommittee would meet the following day, Thursday, May 13, 2004 at 9:00 a.m. Chairman Yongue explicitly made members of the subcommittee aware of the need for a fast-track schedule – in order to meet projected deadlines. Chairman Yongue outlined the agenda for this meeting and the one to follow on May 13, 2004, before inviting Ms. Bander to present the Governor's Recommendations to the Budget.

Ms. Bander began by presenting adjustments, item by item, to the "Public Education" section of the Governor's Budget Recommendations (*attachment 4 / pages 18 - 24*). Ms. Bander, first asserted two routine budget adjustments. Adjustments to the Average Daily Membership (ADM) and to the Average Teacher Salary (ATS), according to Ms. Bander, must be made as new information challenges the original projected figures. For example, the original projection for ADM, approved by the NC General Assembly of 2003, cited growth of 17,000 in attendance, whereas new information in 2004 led to an additional increase of 10,000. The result of such growth calls for an additional \$31.4 million to match the total projected ADM currently at 1,369,062 students in attendance. See *attachment 4* for item-by-item detail and explanation.

Respectfully submitted by,



Katie Stanley, Committee Assistant



Representative Douglas Y. Yongue, Co-Chair

UNC
Budget Request
2004-05

**The University of North Carolina
Supplemental Expansion Budget Requests
2004-05**

In preparing the 2003-05 Budget Request of the Board of Governors, the Board was guided by six interrelated strategic priorities: Access; Intellectual Capital Formation; K-16 Initiatives; Creation, Transfer, and Application of Knowledge; Internationalization; and Transformation and Change. The unfunded items in the 2003-05 Budget Request remain before the General Assembly for consideration during the 2004 Session. The Board amends its request in the amount and scope as follows to update amounts as appropriate and present additional priorities not known at the time that the biennial budget request was developed.

Access

The most important of the Board's strategic priorities is ensuring access to higher education for all qualified citizens and embracing a vision of lifelong learning. It is the Board's belief that providing full funding for enrollment growth and adequate need-based student financial aid are imperative in meeting this objective.

Enrollment Changes

\$64,691,225

UNC campuses were over-enrolled by approximately 680 students in the fall of 2003. It is expected that an additional 6,927 students will enroll on UNC campuses in the fall of 2004, bringing the total need for enrollment growth appropriations in 2004-05 to \$63.9 million.

The North Carolina School of Science and Mathematics has also requested \$700,000 for an additional 35 students.

Need-based Student Financial Aid Plan

21,344,000

This funding is required to hold needy students harmless for the 5% tuition increase mandated by the General Assembly in 2003, cover additional students who have been deemed eligible for the program, and hold students harmless for other increases in 2004-05. The requested amount would provide funding of need-based aid for undergraduate North Carolina residents.

Intellectual Capital Formation

Intellectual Capital Formation addresses ways to develop an educated citizenry that will enable North Carolina to flourish through excellent graduate, professional, and undergraduate programs.

Distinguished Professors Endowment Trust Funds – State Matching Funds

6,000,000 R
9,800,000 NR

As of January 20, 2004, an unprecedented number of professorships have been funded by private donations and are awaiting the state matching funds. Of 38 professorships currently ready to be funded, 17 of these are for \$167,000 for \$500,000 endowments, 1 is for \$250,000 for a \$500,000 endowment, and 20 of them are for \$334,000 for \$1,000,000 endowments. Significantly, at least half of these are in critical areas of the biological and medical sciences and engineering. The State match required for these 38 qualifying professorships is \$9,769,000, and a steadily increasing number of additional requests are being submitted by the campuses. A recent survey of all 16 constituent institutions estimates that State matching funds will be requested for an additional 29 distinguished professorships beyond those currently in the queue. The required State match for the anticipated chairs would require \$8,012,000. To address the current backlog, the Board of Governors requests \$9.8 million in non-recurring funds. In recognition of the anticipated new professorships, the Board of Governors requests that the recurring budget be increased by \$6 million.

↓
Now
12,800,000
SINCE THIS
WAS PRINTED

**The University of North Carolina
Supplemental Expansion Budget Requests
2004-05**

K-16 Education

The request for K-16 Education continues the Board of Governors' efforts to propose and support initiatives to serve the needs of the State's public schools.

Meeting Teacher Supply and Demand

The Board of Governors created a Task Force on Meeting Teacher Supply and Demand to study ways in which the University could assist in alleviating the State's teacher shortage. The requests for funding to implement the recommendations of that Task Force will be phased in and based on the implementation timeline of the Task Force's final report. In support of the recommendations presented in this report and based on the timeline for implementation, the following funding is requested.

Statewide Teacher Recruitment and Marketing Plan

25,000NR

Successfully meeting North Carolina's teacher supply and demand needs will require a concerted statewide effort. UNC's initial commitment to this effort is the creation of a focused module on CFNC.org to provide prospective teachers with a single source for information on preparing for careers in teaching. This will include the education and licensing requirements; grants, scholarships and loan programs for future teachers in North Carolina; and online applications for both admission and financial support.

Teacher Incentive Financial Retention Program

1,000,000

North Carolina shares the nation's current challenges in attracting and retaining highly qualified teachers. In collaboration with the North Carolina State Education Assistance Authority, this funding will support the creation of a teacher incentive financial retention program to attract and retain 1,000 new teachers a year. This initiative will be phased in over several years.

Teacher Education Summer School Funding Pilot

500,000

This three year summer school funding pilot will focus on specific program areas to address the severe shortage of teachers across the state and will accelerate the production of teachers for North Carolina's public schools. A special focus will be placed on identified critical shortage licensure areas.

Clinical Teacher Education Courses

2,700,000

Improved preparation and support of prospective teachers leads to improved teacher quality for all of North Carolina. This request seeks to appropriately fund clinical-based teacher education courses requiring faculty-student ratios smaller than regular courses.

**The University of North Carolina
Supplemental Expansion Budget Requests
2004-05**

Creation, Transfer and Application of Knowledge

Components of the request for Creation, Transfer and Application of Knowledge are intended to expand the frontiers of knowledge through scholarship and research and stimulate economic development in North Carolina through basic and applied research, technology transfer, and outreach and engagement activities.

Economic Development

North Carolina A & T State University & UNC Greensboro - Joint Request for

Funding Operating Needs of the Millennium Campus

354,863

These campuses jointly request funding for ongoing university costs due to telephone and networking needs at the former Central NC School for the Deaf to enable the buildings to be used by the Universities for outreach and economic development. Also see related capital request on page 8.

North Carolina Central University - Funds for the Bioprocessing Research Institute and Technology Enterprise

1,250,000

NCCU received a grant of \$17.8 million from the Golden LEAF Foundation and \$1.3 million of in-kind support from the biomanufacturing and pharmaceutical industries towards its Bioprocessing Research Institute and Technology Enterprise. Although completion of the BRITE facility is one and one-half to two years away, it is critical that NCCU begin immediately to search for and hire faculty and other essential personnel with expertise in biotechnological areas to complement the current faculty. These personnel will collaborate with the existing research faculty to augment the development of the BRITE Center for Excellence. This request includes five new faculty positions, four other positions, equipment and supplies, and other start-up costs.

North Carolina State University - Funds for Biomanufacturing Training and Education Center

1,080,050 R
1,350,000 NR

The Golden LEAF Foundation has approved a grant of \$33.5 million for the construction of a Biomanufacturing Training and Education Center (BTEC) to be located on NCSU's Centennial Campus. In addition, \$2.5 million in additional funds for equipment has been promised as matching from the biomanufacturing industry. While the facility will require more than two years to design and build, it is essential that NCSU begin to complement the existing faculty & educational staff in biotechnology with key interdisciplinary faculty and staff positions that can be integrated into the existing biotechnology community. These positions will contribute to the teaching and educational mission of BTEC and also facilitate the creation and dissemination of knowledge in emerging areas of commercialized biotechnology to capitalize on the extraordinary physical resource represented in and by BTEC. This request includes three new faculty positions, sixteen other positions and other equipment and startup funds.

**The University of North Carolina
Supplemental Expansion Budget Requests
2004-05**

North Carolina State University - Funds for Technology Incubator Program

189,835

NCSU's Industrial Extension Service (IES) has operated NCSU's Technology Incubator since mid-2003 when the NCTDA ceased its operation of the Incubator. NCSU's Technology Incubator specifically facilitates university/industry collaborations and the commercialization of promising technologies from within and outside the University. To date, the Technology Incubator has been home to 55 companies and its graduates include notable high-growth companies such as Nitronex and Silicon Semiconductor. Additionally, the National Business Incubator Association reports that each dollar of state incubator investment generates approximately \$45 in tax revenues from the 84% of incubator graduates that remain in their home states. From 1998 through most of 2002, the State provided the subsidy required to operate the incubator at NCSU via annual appropriations to NCTDA. IES and NCSU are currently seeking this support to ensure the continued operation of the Incubator as a critical link between the University and North Carolina entrepreneurs and industry.

Leveraging the State's SBTDC

900,000

The University proposes an increased investment in the North Carolina Small Business and Technology Development Center (SBTDC) to significantly increase its capabilities and service outreach of the state's leading existing business assistance resource. Critical service capabilities will be retained and expanded levels of outreach and service to small and medium-sized businesses will be achieved, with a particular emphasis placed on expanding services in less urban regions of the state.

With this level of increased support, the SBTDC would be able to create and retain significant numbers of jobs in North Carolina over the near term. It has a 19-year track record of successfully providing business counseling and management education services to well over 100,000 businesses. Its broad range of general business services and special resource programs - international trade finance, government procurement, marine trades and technology development - are provided through a network of 17 campus-hosted centers with ready access to businesses across the state.

While SBTDC services are available to clients across the spectrum, from start-ups to larger manufacturers, its focus is on meeting the needs of small to mid-sized firms, typically employing between 10 and 200 people. This focus results from on-going research which confirms that it is small to medium-sized companies which have the best potential for adding large numbers of new jobs needed to grow North Carolina's economy.

Specific uses of additional funds will include:

- * A recommitment of resources to help firms access export credit insurance and financing to support increased exporting*
- * Implementation of an "Innovation and Competitiveness" program for rural manufacturers and other rural businesses*
- * Expanded leverage of University resources to support economic and business development projects through the engagement of graduate and professional students and faculty fellows*
- * Expanded support for capital formation and access*
- * Increased size and capacity of the highly successful Procurement Technical Assistance Center Program, which also supports the state's goals of increased business with the military.*

**The University of North Carolina
Supplemental Expansion Budget Requests
2004-05**

Accelerate Innovation in North Carolina's Economy

1,600,000

As the transition to a knowledge-based economy continues, there are two challenges that must be met. First, manufacturing job losses are occurring principally in North Carolina's less urban counties while new knowledge-based jobs are being created, principally in urban counties. North Carolina must find a way to assure that the new economy jobs are broadly distributed across the state. Second, North Carolina needs large numbers of new, high quality jobs if it is to offset past and continuing job losses and provide work for a growing population. Without focused stimulation and support, the current pace and quality of new job creation in North Carolina will not be sufficient to assure a prosperous economic future. A strategy and action to meet the state's new job creation needs should be based upon existing strengths and realities, focusing on: (1) existing small to medium-sized businesses; (2) stimulating technology and knowledge transfer and entrepreneurship; and (3) best practices.

By taking a systematic, best practices-based approach, which builds on and enhances core strengths to stimulate new enterprise formation and existing business competitiveness, North Carolina can help create the jobs needed for its future economic prosperity. The main components of this proposal to accelerate innovation are:

Innovation Support: *Efforts currently underway, supported by the National Science Foundation, confirm that potential exists at all campuses, and the University has developed a set of recommendations and a model approach to realize this potential. This proposed initiative would support the establishment of technology development and transfer support offices needed to implement this model in the eastern and western areas of the state.*

Through these support offices, professional resources would be available to support expanded research and development, technology transfer and the changes in the cultural environment on the campuses necessary to create and support entrepreneurial behavior. Specific technology support services to be provided would include: grant prospecting and proposal writing support, technology and market assessments, market research, commercialization strategies/negotiations, capital formation/access, partnership and alliance development, licensing and other legal support, and portfolio management. Specific activities to address campus culture would include strategic advising, faculty workshops, new metrics for faculty performance, and incentives/rewards for entrepreneurial behavior.

Business Acceleration: *A new, cost effective approach to business acceleration is needed to link new and existing incubation facilities to regional University campuses, develop and implement a systematic approach to business formation and growth and assure that there is extensive support for new entrepreneurial companies in the facilities. A formal entrepreneurial minor curriculum would be developed for use, both on-campus with students and off-campus with entrepreneurs. The on-campus offering would provide the platform for creating student teams to support entrepreneurial companies. An increasing level of investment over three years would support the following program components: develop the program and services criteria for "certified" business accelerators and create "certified"*

**The University of North Carolina
Supplemental Expansion Budget Requests
2004-05**

Accelerate Innovation in North Carolina's Economy (continued)

accelerators; provide a full-time university "entrepreneurial agent" at each certified site to link the accelerators and tenant companies to regional campuses; and oversee the engagement of students and faculty support resources. In addition, the proposal would support development of an entrepreneurial minor curriculum, leverage student and faculty support for tenant companies at each accelerator site, develop a portal to support and track tenant company performance, closely monitor and evaluate the growth of tenant companies, measure and report on tenant company performance and outcomes, and provide a support network for the managers of existing incubators and "certified" business accelerators.

***Enterprise:** There is ample knowledge as to the challenges to existing business and industry competitiveness. To effectively meet these challenges requires that businesses have a sharp strategic focus, commitment to innovation and change, adoption of state-of-the-art operational and performance enhancement efforts, and a commitment to workforce development. This initiative would support engagement of the University and other resource partners to determine regional business needs and opportunities and develop University outreach teams to serve existing small to medium-sized businesses. Specific enterprise growth services to be provided would include regional needs and opportunity analyses for University outreach teams, together with the establishment of five University outreach teams to work with businesses.*

UNC-Chapel Hill School of Government

Economic Development Community Outreach

In FY03-04, the School of Government ("SOG") launched a program in community economic development led by two faculty to address this critical need. This is a key component of the University's economic development strategy. SOG faculty are working with North Carolina leaders to offer training, research and technical assistance targeted to meet the needs of distressed communities. They are offering a number of training programs for public officials: a community development academy, regional seminars in economic development planning, leadership programs, and the primary economic development certification course in the region targeted at economic development professionals, coordinated with the state Department of Commerce. In addition, SOG faculty are developing critical research to address the needs of communities including a best-practice series, a web-based clearinghouse, and targeted research to meet the needs identified by local communities.

Funding is sought to hire a professional EPA non-faculty coordinator to manage requests for training and assistance for economically distressed communities, and extend the resources and capabilities of SOG faculty. The faculty work would be significantly leveraged by the addition of two field professionals who would provide training and assistance to communities and increase the capacity of the School to meet this pressing need. Finally, this community outreach initiative would provide modest stipends for others to broaden the capabilities of the SOG team, including faculty throughout the University system.

387,600

GR. \$0

**The University of North Carolina
Supplemental Expansion Budget Requests
2004-05**

Other Expansion Initiatives

AGRICULTURAL PROGRAMS

North Carolina A & T State University

State Matching Funds for the Agricultural Research & Cooperative Extension

With the recent passage of the new Farm Bill (Farm Security and Rural Investment Act of 2002), the state-matching requirement will increase by 10 percent per year until the total match reaches 100 percent (FY 2004-2008). Furthermore, funds provided from the state for this need in 2004 were nonrecurring. As a result, NCA&TSU needs an additional \$2,239,199 to fulfill its matching requirement in 2005.

2,239,199

**MATCHING
FUNDS**

GR. \$0
(NO MATCH)

Academic Salary Increases

The Board of Governors is directed by the General Assembly to make recommendations for salary increases for faculty members and other academic personnel who are exempt from the State Personnel Act. In its 2003-05 biennial budget request, the Board requested academic salary increases of 6 percent each year of the biennium. Studies continue to indicate that UNC campuses are losing competitive ground with peer institutions in the marketplace for recruiting and retaining high quality faculty. These studies show that the Board's request of 6 percent is minimal, and that it would not bring UNC faculty to the average salaries of their peer institutions. The Board of Governors recognizes the simultaneous need for faculty salary increases as well as the continued difficulties of the state's fiscal situation. In response, the Board reaffirms its request for an increase of 6 percent, to be awarded on a merit basis.

Request – 6% – University-wide

76,959,193

Although not statutorily required by the General Assembly, the Board reiterates its support for a meaningful salary increase for employees subject to the State Personnel act (SPA). The Board also supports funding for career-banding initiatives and funding for in-range pay adjustments in order to maintain the competitiveness of the University's support staff.

**The University of North Carolina
Supplemental Expansion Budget Requests
2004-05**

UNC Capital Improvements Request

North Carolina A & T State University

Millennium Campus Improvements

UNCG & NCA&TSU jointly request funds to convert three buildings on the former Central NC School for the Deaf for use as classrooms and offices for outreach and economic development.

3,656,000 NR

GR. \$0

North Carolina Central University

Reimbursement of Bond Funds

An appropriation is requested to restore funds transferred from the UNC Bond Program for costs associated with mold remediation. NCCU requests reimbursement of funds diverted from three projects (Hoey Administration-\$2.7M, Electrical Infrastructure-\$3M, and Land Acquisition-\$1.4M) and \$1.45M for housing and for transporting students during renovations to campus residence halls.

8,583,189 NR

GR. \$0

Funds for Repairs - Steam Lines

→ Full replacement.

As part of the investigation into the causes and sources of mold growth on the NCCU campus, the deteriorated condition of the steam lines was cited as a major contributing factor. The campus currently has funding to repair 40% of the steam lines, but these repairs will create substantial pressure on the remaining aged steam lines. NCCU requests \$6.4M to replace the remaining 60%.

6,400,000 NR

GR. \$0

Funds for Mold Remediation

→ 11 Academic Bldgs. + 2 Residence Halls

The consultant's assessment of needs for mold remediation on the NCCU campus exceeded the amount of reprogrammed funds authorized by the Board for that purpose. NCCU requests an additional \$2M to address Priority 1 & 2 needs from the Clark Nexsen assessment, not covered by the reprogrammed funds.

2,020,679 NR

GR. \$0

***East Carolina University**

2 Res. Halls to be Ready June 1st.
Academic Bldgs. rated High to Low Priority

Eastern Carolina Cardiovascular Institute

Funds are requested to fund a new capital project, the Eastern Carolina Cardiovascular Institute, at East Carolina University. The project will total about 220,000 square feet. A cardiovascular clinical research, education, and outpatient facility will use about 180,000 square feet, and the Warren Life Sciences Building will be expanded for a cardiovascular basic science research center. The project is a significant element of a joint project between ECU and Pitt County Memorial Hospital (PCMH), the primary teaching hospital for the Brody School of Medicine. PCMH is planning to construct, using non-state funds, a 150-bed heart hospital, which will form the in-patient portion of the Institute.

60,000,000 NR

GR. \$0

***UNC Health Care**

North Carolina Clinical Cancer Center

UNC Health Care requests that the project amount for the proposed Clinical Cancer Center be increased to \$180M from \$130M as requested in the 2003-05 Budget Request to recognize the actual space requirements to meet present and expected growth, site and utility issues, and a linkage to physicians' offices component of the project resulting from advanced planning efforts. Population growth in the state, the aging of "baby boomers," and the expected cancer diagnoses of approximately 38,000 North Carolinians this year alone, contribute to the demand for the services provided by the new North Carolina Clinical Cancer Center.

180,000,000 NR

GR. \$0

Average Teacher Compensation

FY2003-04

Category

Base Salary	\$ 37,096	\$ 37,185	\$ (89)	-0.24%
New Teacher Orientation	15	13	2	15.38%
Extended Contract	11	12	(1)	-8.33%
Tutor	241	229	12	5.24%
Longevity Pay	793	798	(5)	-0.63%
Supplementary Pay	2,707	2,631	76	2.89%
ABC and Retention Bonus	1,309	931	378	40.60%
Workshop Participant	15	16	(1)	-6.25%
Annual Leave Pay	276	259	17	6.56%
Mentor Pay	117	104	13	12.50%
Other Assignments	170	158	12	7.59%
Total	\$ 42,750	\$ 42,336	\$ 414	0.98%
State Agency Teachers (4)	75	75	-	0.00%

Grand Total

FY2003-04 Estimated	FY2002-03 Final	2002-04 vs 2002-03	
		Inc	% Inc.
\$ 37,096	\$ 37,185	\$ (89)	-0.24%
15	13	2	15.38%
11	12	(1)	-8.33%
241	229	12	5.24%
793	798	(5)	-0.63%
2,707	2,631	76	2.89%
1,309	931	378	40.60%
15	16	(1)	-6.25%
276	259	17	6.56%
117	104	13	12.50%
170	158	12	7.59%
\$ 42,750	\$ 42,336	\$ 414	0.98%
75	75	-	0.00%
\$ 42,825	\$ 42,411	\$ 145	34.00%

NOTES:

1) Base salary percentage increase calculated based on 6th pay period payroll data.

2) Supplementary pay is based on the Statistical Research Section's FY03-04 survey data.

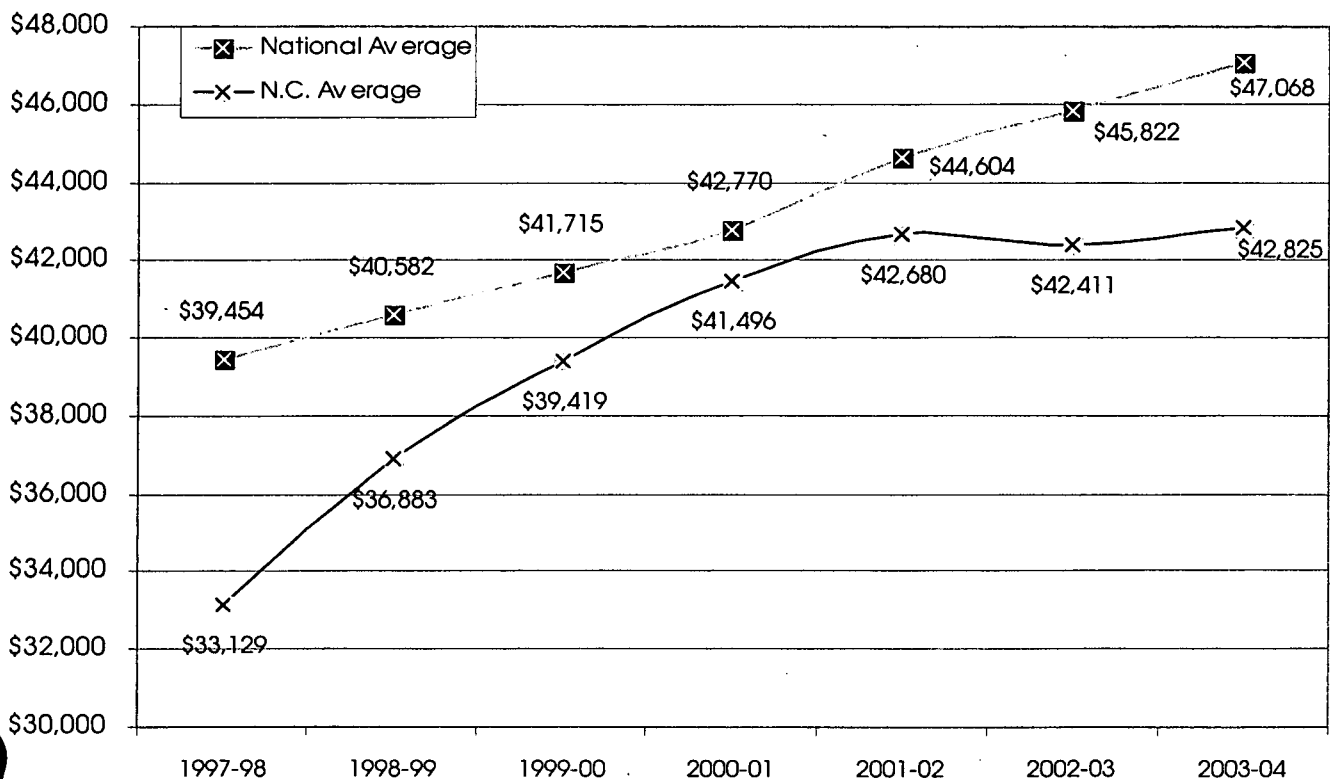
3) ABC bonuses are based on YTD expenditure data, FY 02-03 and 03-04.

4) Additional pay per Office of State Budget, and Management for state agency teachers such as those provided by Office of Juvenile Justice and DHHS.

91%

North Carolina vs National Average

Comparison of Average Teacher Compensation



Minimum and Maximum Salaries by Years of Experience
Fiscal Year 2004

Description	1st year		15th year		more than 29 years	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Minimum Salary	\$ 2,525	\$ 2,525	\$ 3,667	\$ 3,667	\$ 4,538	\$ 4,538
Supplements						
Masters 10%		253		367		454
Advanced		126		126		126
Advanced and Doctorate		253		253		253
NBPTS at 12%		-		484		599
Monthly Salary	2,525	3,031	3,667	4,771	4,538	5,844
Annual	25,250	30,305	36,670	47,707	45,380	58,438
Local Supplement	-	2,631	-	2,631	-	2,631
New Teacher Orientation	344	379	-		-	
Mentor pay	-	-	-	1,100	-	1,100
Longevity	-	-	917	1,193	2,042	2,630
ABC Bonus	-	1,500	-	1,500	-	1,500
Recruitment Bonus	-	1,800	-	1,800	-	1,800
Total	25,594	36,615	37,587	55,931	47,422	68,099

FY 2003-04 State Public School Fund Budget

Category	FY 2003-04 State Appropriation Continuation Budget		Reduction and Expansion Items		FY 2003-04 State Appropriation Revised Budget	
	Amount	% of Budget	General Assembly Adjustments	LEA Flexibility (2003/04)	Revised Budget	% of Budget

Administrative Support

Central Office	\$97,457,724	1.61%	(\$1,949,154)	(\$1,161,360)	\$94,347,210	1.56%
DPI	28,905,512	0.48%	(311,331)	-	28,594,181	0.47%
Other Insurance	48,944	0.00%	(48,944)	-	-	0.00%
School Building Admin.	276,462,109	4.58%	(11,330,817)	(977,936)	264,153,356	4.38%
Sub-Total Admin. Support	\$402,874,289	6.67%	(\$13,640,246)	(\$2,139,296)	\$387,094,747	6.41%

Outside of Classroom

Character Education	199,617	0.00%	-	-	\$199,617	0.00%
Financial Literacy Pilot			73,000		73,000	0.00%
Instructional Support	338,132,875	5.60%	(303,243)	(3,465,578)	334,364,054	5.54%
Information Highway Lines	1,200,000	0.02%	-	-	1,200,000	0.02%
NBPTS	3,274,500	0.05%	-	-	3,274,500	0.05%
NCWISE OWL	628,000	0.01%	-	-	628,000	0.01%
Noninstructional Support	291,716,686	4.83%	(13,000,000)	(2,778,620)	275,938,066	4.57%
Non-Profits	2,024,068	0.03%	200,000	-	2,224,068	0.04%
Prospective Teacher	2,252,535	0.04%	-	-	2,252,535	0.04%
School Breakfast	2,700,000	0.04%	(800,000)	-	1,900,000	0.03%
School Bus Replacement	36,298,935	0.60%	(11,000,000)	-	25,298,935	0.42%
School Report Cards	200,000	0.00%	-	-	200,000	0.00%
Teaching Fellows	10,160,000	0.17%	-	-	10,160,000	0.17%
Textbook Freight	217,837	0.00%	-	-	217,837	0.00%
Transportation	249,947,686	4.14%	(5,560,000)	(544,144)	243,843,542	4.04%
UERS	19,800,874	0.33%	-	-	19,800,874	0.33%
Sub-Total Outside of Classroom	\$958,753,613	15.86%	(\$30,390,243)	(\$6,788,342)	\$921,575,028	15.27%

Not per pop. decided acc to census fluctuations yr. to yr.

Category

FY 2003-04 State Appropriation Continuation Budget	
Amount	% of Budget

Reduction and Expansion Items		FY 2003-04 State Appropriation Revised Budget	
General Assembly Adjustments	LEA Flexibility (2003/04)	% of Red.	% of Budget

Academically Gifted	\$47,510,950	0.79%	\$0	(\$226,670)	0.51%	\$47,284,280	0.78%
*At-Risk (Revised Priority K-12)	177,761,454	2.94%	(1,356,894)	(2,089,618)	4.72%	174,314,942	2.89%
*Children with Disabilities	512,028,915	8.48%	(2,934,637)	(93,697)	0.21%	509,000,581	8.43%
Classroom Materials/Supplies	67,119,254	1.11%	(4,055,529)	(3,463,228)	7.82%	59,600,497	0.99%
Classroom Teachers: Class Size	2,746,330,819	45.49%	24,860,153	(12,088,952)	27.29%	2,759,102,020	45.72%
Improving Student Accountability	44,830,623	0.74%	-	(440,573)	0.99%	44,390,050	0.74%
Incentive Awards (ABCs)	-	0.00%	96,000,000	-	0.00%	96,000,000	1.59%
*Limited English	33,132,022	0.55%	-	(332,867)	0.75%	32,799,155	0.54%
*Low Wealth	92,991,084	1.54%	5,000,000	(1,641,158)	3.71%	96,349,926	1.60%
*Mentor Pay	8,100,140	0.13%	-	-	0.00%	8,100,140	0.13%
School Technology	10,000,000	0.17%	(2,500,000)	(728,192)	1.64%	6,771,808	0.11%
Small County	31,310,535	0.52%	1,000,000	(45,713)	0.10%	32,264,822	0.53%
Staff Development	11,929,619	0.20%	-	(617,617)	1.39%	11,312,002	0.19%
Targeted Teacher Bonus	2,890,000	0.05%	-	-	0.00%	2,890,000	0.05%
Teacher Assistants	347,708,536	5.76%	(10,349,271)	(8,155,244)	18.41%	329,204,021	5.45%
Testing	8,769,829	0.15%	(1,000,000)	-	0.00%	7,769,829	0.13%
*Textbooks	81,013,956	1.34%	(3,990,911)	(2,902,821)	6.55%	74,120,224	1.23%
*Vocational Ed.	300,882,720	4.98%	(8,448,038)	(1,824,705)	4.12%	290,609,977	4.82%
Sub-Total Classroom	\$4,524,310,456	74.94%	\$92,224,873	(\$34,651,055)	78.21%	\$4,581,884,274	75.92%

Restore all but 16%

ADM Reserve	\$6,000,000	0.10%	\$1,000,000	\$0	0.00%	\$7,000,000	0.12%
Annual Leave	25,852,075	0.43%	-	-	0.00%	25,852,075	0.43%
Assistance Teams	2,726,140	0.05%	-	-	0.00%	2,726,140	0.05%
LEA Assistance Program	-	-	500,000	-	0.00%	500,000	0.01%
Charter School Reserve	2,405,501	0.04%	(2,405,501)	(712,555)	1.61%	(712,555)	-0.01%
Children's Trust Fund	250,000	0.00%	-	-	0.00%	250,000	0.00%
Literary Loan Fund	-	-	(1,000,000)	-	0.00%	(1,000,000)	-0.02%
Personnel Services	109,822,487	1.82%	(3,715,895)	-	0.00%	106,106,592	1.76%
Tort Claims	3,774,000	0.06%	-	-	0.00%	3,774,000	0.06%
Sub-Total Other	\$150,830,203	2.50%	(\$5,621,396)	(\$712,555)	1.61%	\$144,496,252	2.39%

LEA Discretionary Reduction	(44,291,248)	100%	\$ (44,291,248)	
Total Adjustments	\$ (1,718,260)			
TOTAL BUDGET	\$ 6,036,768,562	100.0%	\$ 6,035,050,302	100.0%

Table 4

Summary of Governor's Recommended Changes to FY 2004-05 General Fund Budget

Budget Code	Function	FY 2004-05				Reductions				Agency Expansion				FY 2004-05		Net Position Change
		Authorized Appropriation	Recurring	Nonrecurring	Appropriation Supported Positions	Recurring	Nonrecurring	Appropriation Supported Positions	Net Change	Recommended Appropriation	Net Change	Recommended Appropriation	Net Change	Recommended Appropriation	Net Change	
13510	Education:	\$ 8,034,995,183	\$ (39,300,559)	\$ (31,825,500)	-	\$ 76,148,418	\$ 108,482,500	2.50	\$ 113,684,758	\$ 6,148,679,942	\$ 113,684,758	\$ 6,148,679,942	2.50			
16800	Community Colleges	680,199,222	(13,131,457)	-	-	28,686,137	7,500,000	-	20,034,880	680,233,902	20,034,880	680,233,902	-			
160xx	University System	1,822,426,657	(28,476,229)	(5,734,555)	-	76,906,258	4,450,000	-	47,145,472	1,889,572,129	47,145,472	1,889,572,129	-			
	Total Education	5,517,621,062	(80,903,345)	(37,360,055)	-	178,720,811	120,412,500	2.50	180,864,911	5,698,485,973	180,864,911	5,698,485,973	2.50			
14100	General Government:	52,583,907	(537,770)	-	-	1,496,100	785,000	7.00	1,713,330	54,297,237	1,713,330	54,297,237	7.00			
18210	Administration	2,411,797	(24,874)	-	-	-	-	-	(24,874)	2,386,923	(24,874)	2,386,923	-			
13300	State Auditor	10,293,801	(228,057)	-	(4.00)	-	-	-	(228,057)	10,065,744	(228,057)	10,065,744	(4.00)			
18025	State Board of Elections	4,915,939	(48,506)	-	-	-	-	-	(48,506)	4,866,433	(48,506)	4,866,433	-			
14160	Office of State Controller	9,719,451	(99,429)	-	-	-	-	-	(99,429)	9,620,022	(99,429)	9,620,022	-			
14800	Cultural Resources	64,086,598	(421,973)	-	(2.00)	2,312,096	500,000	15.00	2,390,123	66,478,721	2,390,123	66,478,721	13.00			
14802	Cultural Resources - Roanoke Island	1,636,559	(32,731)	-	-	-	-	-	(32,731)	1,603,828	(32,731)	1,603,828	-			
11000	General Assembly	44,971,305	-	(821,319)	-	141,739	-	-	(779,579)	44,191,726	(779,579)	44,191,726	-			
13000	Governor's Office	4,826,503	(99,037)	-	-	88,088	-	-	(30,951)	4,795,552	(30,951)	4,795,552	-			
13005	State Budget and Management (OSBM)	4,216,110	(84,322)	-	(1.00)	234,138	13,520	2.00	163,336	4,379,446	163,336	4,379,446	1.00			
13085	OSBM - Special Appropriations	3,130,000	-	-	-	-	-	-	-	3,130,000	-	3,130,000	-			
13910	NC Housing Finance	4,758,945	-	-	-	-	-	-	-	4,758,945	-	4,758,945	-			
13900	Insurance	23,187,587	-	-	-	-	-	-	(238,302)	22,949,285	(238,302)	22,949,285	-			
13901	Insurance - Worker's Comp. Fund	2,600,000	-	-	-	-	-	-	-	2,600,000	-	2,600,000	-			
13100	Lieutenant Governor	601,722	-	-	-	29,681	-	1.00	29,681	631,383	29,681	631,383	1.00			
14700	Revenue	75,174,094	-	(1,503,088)	-	500,000	-	-	(1,003,088)	74,171,006	(1,003,088)	74,171,006	-			
18300	Rules Review Commission	310,454	(3,185)	-	-	-	-	-	(3,185)	307,269	(3,185)	307,269	-			
13200	Secretary of State	7,756,188	(110,389)	-	(1.00)	-	-	-	(110,389)	7,645,809	(110,389)	7,645,809	(1.00)			
13410	State Treasurer	7,577,784	(155,196)	-	-	483,940	-	5.00	328,744	7,906,528	328,744	7,906,528	5.00			
13412	State Treasurer - Retirement / Benefits	7,481,179	-	-	-	-	-	-	-	7,481,179	-	7,481,179	-			
	Total General Government	322,233,933	(2,084,771)	(2,424,400)	(5.00)	5,265,760	1,268,520	30.00	2,025,103	324,259,036	2,025,103	324,259,036	22.00			
14410	Health and Human Services:	80,985,433	(225,000)	-	-	8,041,037	6,016,165	3.00	13,832,202	94,800,635	13,832,202	94,800,635	3.00			
14411	Central Administration	27,685,838	-	-	-	-	-	-	-	27,685,838	-	27,685,838	-			
14420	Child Development	259,210,693	-	-	-	12,000,000	-	-	12,000,000	271,210,693	12,000,000	271,210,693	-			
14424	Education Services	31,070,076	(257,136)	-	(5.00)	-	-	-	(257,136)	31,412,936	(257,136)	31,412,936	(5.00)			
14430	Public Health	123,448,695	(1,200,000)	-	-	9,671,361	150,000	7.50	8,621,361	132,070,256	8,621,361	132,070,256	7.50			
14440	Social Services	189,025,268	(7,667,106)	-	-	5,205,158	1,500,000	1.00	(961,948)	188,067,320	(961,948)	188,067,320	1.00			
14445	Medical Assistance	2,449,169,963	(88,609,970)	-	-	9,052,824	-	-	(88,609,970)	2,360,559,993	(88,609,970)	2,360,559,993	-			
14448	Child Health	55,432,822	-	-	-	-	-	-	9,052,824	64,485,646	9,052,824	64,485,646	-			
14450	Services for the Blind	9,387,008	-	-	-	-	-	-	-	9,387,008	-	9,387,008	-			
14460	Mental Health/DD/SAS	580,423,098	(199,273)	-	-	-	-	-	(199,273)	580,223,825	(199,273)	580,223,825	-			
14470	Facility Services	12,256,792	-	-	-	-	-	-	-	12,256,792	-	12,256,792	-			
14480	Vocational Rehabilitation	40,534,858	(479,294)	-	(12.00)	-	-	-	(479,294)	40,355,564	(479,294)	40,355,564	(12.00)			
	Total Health and Human Services	3,659,517,745	(98,537,761)	-	(17.00)	43,970,360	7,668,165	11.50	(47,001,256)	3,612,516,508	(47,001,256)	3,612,516,508	(5.50)			
14500	Justice and Public Safety:	959,847,282	(3,749,236)	(13,239,260)	-	2,239,002	1,359,481	163.00	(13,360,033)	946,587,249	(13,360,033)	946,587,249	163.00			
14900	Crime Control & Public Safety	25,139,010	(212,076)	-	-	1,796,022	250,000	12.00	1,863,946	30,002,956	1,863,946	30,002,956	12.00			
12000	Judicial	311,499,694	-	-	-	2,474,491	3,300,000	52.00	6,774,491	317,274,185	6,774,491	317,274,185	52.00			
12001	Judicial - Indigent Defense	71,019,451	-	-	-	5,000,000	6,000,000	-	13,000,000	84,019,451	13,000,000	84,019,451	-			
13600	Justice	71,459,312	(743,649)	-	-	806,484	-	21.00	62,835	71,522,147	806,484	71,522,147	21.00			
14080	Juvenile Justice	130,585,488	-	-	-	3,600,000	112,011	64.00	3,712,011	134,297,509	3,712,011	134,297,509	64.00			
	Total Justice and Public Safety	1,572,650,247	(4,704,961)	(13,239,260)	-	15,915,999	13,081,472	312.00	11,053,250	1,583,703,497	11,053,250	1,583,703,497	312.00			

Public Education (13510)

Summary of Recommended Changes: Public education receives the largest state appropriation. Governor Easley's recommended public education budget for 2004-05 provides full funding for the anticipated 2.0% growth in average daily membership (ADM) while addressing the need to increase educational opportunity for all students. Budgeted ADM in 2004-05 is 1,369,062 compared to budgeted ADM of 1,342,806 in 2003-04.

Recognizing the importance of a good foundation for learning, this budget continues the Governor's initiative to reduce class size in the early elementary grades, by reducing class size in the third grade from 1:22 to 1:18. Full funding of the \$152.6 million debt payment for the \$1.8 billion Public School Building Bond Act of 1996 is also a part of this overall budget. In an effort to continue to recognize the impact of teachers on student academic progress, salary step increases, a 0.5% increase in the salary schedule, and full funding of ABC incentive awards are recommended.

To address the important need of the state's emerging and existing industries for high quality employees and the need to reduce the state's dropout rate, this budget funds a state match to the Gates Foundation monies to improve career-oriented high schools. Addressing needs of particularly challenged school systems, the Governor's budget provides funds to high priority LEAs for targeted professional development and other assistance and a locally developed program to improve their ability to provide sound educational opportunities.

Total Appropriations and Positions

	2004-05 Certified	2004-05 Recommended	Percentage Change
Requirements	\$6,997,354,633	\$7,142,845,244	2.1 %
Receipts	<u>962,359,450</u>	<u>994,165,302</u>	3.3 %
Appropriation	<u>\$6,034,995,183</u>	<u>\$6,148,679,942</u>	1.9 %
Positions	440.700	443.200	0.6 %

Appropriation Items – Recommended Adjustments**Technical Adjustments**2004-05**1. Average Daily Membership Adjustment**

Positions, textbooks, instructional equipment, and supplies allocated to the public schools are budgeted on the basis of average daily membership (ADM) of students in the classroom. Budgeted ADM was 1,342,806 for 2003-04 and 1,358,932 for 2004-05. The revised budgeted ADM for 2004-05 is 1,369,062, which is a 10,130 net increase. Budgeted ADM for 2004-05 is based on the higher of the 2003-04 actual ADM or 2004-05 projected ADM by local school system. Receipts from the Highway Fund to be transferred to the Department of Public Instruction for the Driver Education

program are adjusted by \$180,352 due to a projected increase in ADM in the ninth grade.

Requirements	\$31,585,297
Receipts	\$180,352
<hr/>	
Appropriation	\$31,404,945

2. Average Annual Salary Adjustment

An adjustment is recommended to revise budgeted average annual salaries including principals and assistant principals using actual 2003-04 sixth pay period salaries as the base. This adjustment is made annually after reviewing budgeted salary projections for all certified personnel. Typically, because of turnover in these positions, the actual salaries are lower than what is budgeted, and a reduction is made accordingly. This adjustment does not reduce any salary paid to certified personnel.

Appropriation	(\$11,969,091)
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Total Recommended Technical Adjustments

Recurring

Requirements	\$19,616,206
Receipts	180,352
<hr/>	
Appropriation	\$19,435,854
Number of Positions	-

Nonrecurring

Requirements	-
Receipts	-
<hr/>	
Appropriation	-
Number of Positions	-

Reductions

2004-05

State Public School Fund

1. School Bus Replacement Schedule

A revision to the school bus replacement schedule is recommended for 2004-05. Funding for school bus replacement has been adjusted to purchase 600 buses in the 2004-05 fiscal year and to reduce \$6.3 million of unutilized funds. This recommendation also provides funds to make payments for school bus lease purchases made during 2002-03 and 2003-04. The 2004-05 budget for school bus purchases will be \$37,239,912 after this adjustment.

Appropriation	(\$10,512,901)
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2. Inflationary Increase for Textbooks

It is recommended that the budgeted inflationary rate for the cost of textbooks be set at three percent (3%). Based upon a Department of Public Instruction cost assessment, exceptional children textbooks are not included in this adjustment. The 2004-05 budget for textbooks will be \$81,126,220 after this adjustment and the ADM adjustment.

Appropriation (\$1,547,040)

3. Inflationary Increase for Instructional Supplies and Equipment

It is recommended that the 2004-05 inflation rate for the cost of classroom supplies, materials, and equipment be set at two percent (2%). The budget for instructional supplies, materials, and equipment for 2004-05 will be \$65,569,689 after this adjustment and the ADM adjustment.

Appropriation (\$1,273,228)

4. Transportation Adjustment

The transportation allotment provides funding to Local Education Agencies (LEAs) for mechanics, garage operations, fuel costs, parts, bus drivers' salaries and benefits and other costs for school bus operations. The 2003 legislative session reduced transportation \$5 million on a nonrecurring basis. This recommendation continues that reduction on a recurring basis. The 2004-05 transportation budget will be \$261,490,070 after this adjustment.

Appropriation (\$5,000,000)

5. One-Time Capital Fund Adjustment

The 1987 Session of the General Assembly established the Public School Building Capital Fund (PSBCF) to assist county governments in meeting their public school building capital needs. As of March 31, 2004, counties and LEAs had existing PSBCF balances totaling \$80.4 million. It is recommended that for the 2004-05 fiscal year, one-half of the corporate tax revenues normally deposited into this fund be deposited as a receipt in the State Public School Fund to offset the cost of public school operations. The six staff members in the Department of Public Instruction shall continue to be supported by these funds.

Requirements - Nonrecurring -

Receipts - Nonrecurring \$31,625,500

Appropriation - Nonrecurring (\$31,625,500)

6. Unutilized Discretionary Teacher Positions

Included in the budget are 95 discretionary teacher positions, which are used for small schools (hospital schools, geographically isolated schools, and schools with less than 100 ADM), and teachers on-loan. Currently, there are 10.7 unutilized discretionary teacher positions that are available for requests from small schools. This recommendation would eliminate 5 of those unutilized positions.

Appropriation (\$228,775)

7. Instructional On-Loan Positions

This recommendation would reduce 4 instructional support on-loan

positions that are provided to the North Carolina School of Science and Mathematics (NCSSM). NCSSM has enrollment growth funding available to provide these positions if NCSSM chooses.

Appropriation **(\$203,844)**

8. CLP Budget Adjustment

Only one school is currently identified as continually low-performing (CLP) and it would be funded on the basis of the legislated provision. The funding for continually low performing schools would be reduced to the actual amount generated by the formula in the authorizing special provision (class size of 1:17 for grades 4-8, class size of 1:20 for grades 9-12 plus 10 days of extended teacher contracts) for a total 2004-05 budget of \$602,975.

Appropriation **(\$1,413,819)**

9. Textbook Freight

It is recommended that the cost of textbook freight be funded by the textbook warehouse receipts rather than appropriation.

Appropriation **(\$217,837)**

10. Assistant Principal Intern Stipend

The 2003 legislature directed that beginning in the 2004-05 fiscal year, the assistant principal intern stipend shall not exceed the difference between the beginning salary of an assistant principal and any fellowship funds received by the intern as a full-time student, including awards of the Principal Fellows Program. Unallotted principal positions are used to pay for these intern stipends. Of the 144 interns in 2003-04, 90 are Principal Fellows receiving a \$20,000 fellowship. Therefore, \$1.8 million can be reduced from the 2004-05 budget.

Appropriation **(\$1,800,000)**

11. Update Census Poverty Statistics for Use in Allotment

Due to a 16,636 decrease in the estimated number of school-aged children in poverty as reported by the 2000 Census, the at-risk student services allotment is recommended for reduction to reflect the most recent poverty statistics.

Appropriation **(\$5,638,273)**

12. Adjust Student Accountability Allotment

Funds in the Improving Student Accountability categorical allotment are based on anticipated needs to ensure that additional resources are allotted to students scoring at Level I and Level II on End-of-Grade (EOG) tests. Due to the reduction in the number of grade 3 through 8 students that scored at Level I and II on the EOG tests, the full amount of the funds that were budgeted were not allocated to LEAs in 2003-04 and therefore can be permanently reduced in the 2004-05 budget.

Appropriation **(\$11,294,221)**

Department of Public Instruction

1. Department of Public Instruction Reduction

A reduction is recommended for the Department of Public Instruction's budget in the amount of \$170,721. This includes reductions in the Education Management, Financial and Business Services, Curriculum and School Reform Services, Leadership Development and Special

Services, and Accountability and Technology Services budget purposes. The department shall have the flexibility to identify the source of the reduction.

	Appropriation	(\$170,721)
Total Recommended Reductions		
Recurring		
Requirements		
Receipts		(\$39,300,659)
		-
Appropriation		(\$39,300,659)
Number of Positions		-
Nonrecurring		
Requirements		-
Receipts		31,625,500
		-
Appropriation		(\$31,625,500)
Number of Positions		-

Expansion2004-05**State Public School Fund****1. School-Based Incentive Awards Under the ABCs Program**

The ABCs initiative directs that each year a school must assure that students receive a year's worth of education for a year of instruction. According to G.S. 115C-105.36, incentive awards will be given when a school either meets or exceeds the projected levels of improvement in student performance. Incentive awards in schools that achieve higher than expected improvement may be up to \$1,500 for each teacher and certified personnel and \$500 for each teacher assistant. Incentive awards in schools that meet the expected improvements may be up to \$750 for each teacher and certified personnel and \$375 for each teacher assistant. Based on the 6-year average expenditures since 1998-99, nonrecurring funds in the amount of \$108 million are recommended for awards earned in the 2003-04 school year and awarded in fall 2004.

Appropriation - Nonrecurring \$108,000,000

2. Third Grade Class Size Reduction

In an effort to improve student performance, funds in the amount of \$50.5 million for 1,103 teachers are recommended to achieve an average class size of 18 students in every third grade classroom in 2004-05.

Appropriation \$50,467,765

3. High Priority LEAs

Funds are recommended for high priority LEAs, which have high numbers of students not achieving grade level proficiency and which

may also have high numbers of children in poverty, high teacher turnover rates, and/or be located in a low wealth county. These funds shall be used to implement a plan jointly developed by each high priority LEA and the LEA Assistance Program team based upon the needs of the students not achieving grade level proficiency.

Professional development programs for teachers and principals in these LEAs are included in the University of North Carolina's budget recommendation.

Appropriation **\$4,500,000**

4. Teacher and Administrator Compensation

Funds are recommended in the compensation reserve for employees paid on the teacher salary schedule or the principal and assistant principal salary schedule in schools operated by a local board of education, the Department of Health and Human Services, the Department of Correction, the Department of Juvenile Justice and Delinquency Prevention, and the North Carolina School of Science and Mathematics. These funds will provide for movement on the salary schedule based on years of experience plus increase the salary schedule base by 0.5%. Employees at the top of their respective salary schedules, who do not receive a step increase, shall be paid a one-time bonus.

Department of Public Instruction

1. Learn and Earn - Gates Foundation Match for High Schools and Workforce Development

An appropriation is recommended to match a \$10 million commitment from the Gates Foundation, an initiative to reform high schools and better prepare students for the workforce and college. Funds would be available for 5 pilot projects in which an LEA, a community college or university, and engaged employers work together to ensure that the high school and college curricula are operating seamlessly and are meeting the needs of the participating employer(s). The program will be housed in the Department of Public Instruction and managed by an administrator with support from an educational consultant and a part-time clerical position. Each participating LEA will receive 2 positions to organize the local program and to work with students, area employers, and the colleges. Each participating college will receive 1 position to coordinate the college portion of the program. In addition, planning grant funds are provided for 10 additional sites to prepare for participation in this program in the 2005-06 school year.

Appropriation **\$1,744,799**

Appropriation - Nonrecurring **\$462,500**

Number of Positions **2,500**

Total Recommended Expansion**Recurring**

Requirements	\$56,712,564
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Receipts	-
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Appropriation	\$56,712,564
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Number of Positions	2.500
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Nonrecurring

Requirements	\$108,462,500
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Receipts	-
----------	---

Appropriation	\$108,462,500
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Number of Positions	-
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**Total Recommended Adjustments for
Public Education
2004-05**

Recurring

Requirements	\$37,028,111
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Receipts	180,352
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Appropriation	\$36,847,759
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Number of Positions	2.500
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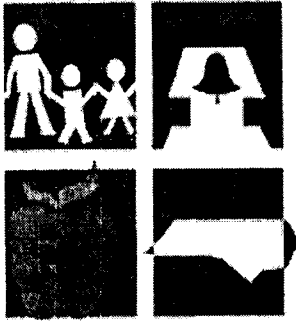
Nonrecurring

Requirements	\$108,462,500
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Receipts	31,625,500
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Appropriation	\$76,837,000
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Number of Positions	-
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Highlights of the North Carolina Public School Budget

February 2004

**Information Analysis
Division of School Business
North Carolina Department of Public Instruction**

Q FOR REP. YONGUE:
* ~~IF~~ WE INCL. SCHOOL NURSES IN DTHHS -
HOW MANY CAN WE NOT INCLUDE
SCHOOL BUSSES (FUEL) IN DOT BUDGET?

Highlights of the N.C. Public School Budget

Funding public education in North Carolina is a complex and integrated process. This booklet presents charts and tables which describe how state and federal funds are distributed to North Carolina's Public Schools. It also reviews the growth in average daily membership (ADM), school personnel, and the effect of Charter Schools.

The State funds schools with three basic types of allotments.

Position Allotments:

The State allots positions to a local school system for a specific purpose. The local school system pays whatever is required to hire certified teachers and other educators, based on the State Salary Schedule, without being limited to a specific dollar amount. Each local school system will have a different average salary based on the certified personnel's experience and education. Examples of position allotments are:

- Teachers
- School Building Administration.
- Instructional Support Personnel

Dollar Allotments:

Local school systems can hire employees or purchase goods for a specific purpose, but the local school system must operate within the allotted dollar amount. Examples of dollar allotments are:

- Teacher Assistants
- Textbooks
- Central Office Administration
- Classroom Materials/Supplies/Equip.

Categorical Allotments:

Local school systems may use this funding to purchase all services necessary to address the needs of a specific population or service. The local school system must operate within the allotted funds. These funds may be used to hire personnel such as teachers, teacher assistants, and instructional support personnel or to provide a service such as transportation, staff development, or to purchase supplies and materials. Examples of categorical funding are:

- At Risk Student Services
- Children with Disabilities
- Noninstructional Support Pers.
- Transportation

For additional information, please contact:
Information & Analysis Section
Division of School Business
Public Schools of North Carolina
Education Building, 301 N. Wilmington Street
Raleigh, North Carolina 27601-2825
Telephone : (919) 807-3700

SCHOOL NURSES
INCL. IN DHS BUDGET

Quick Facts

Students:

Allotted '03-04	1,342,806
Projected '04-05	1,367,423

Number of Schools:

Regular	2,164
Charter	93
LEAs:	117

State Funding:

2003-04	\$6.1 billion
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Federal Funding

excl child nutrition:
\$670 million

Education Percent of

General Fund:
40.60%

Estimated Average Teacher
Compensation: \$43,355

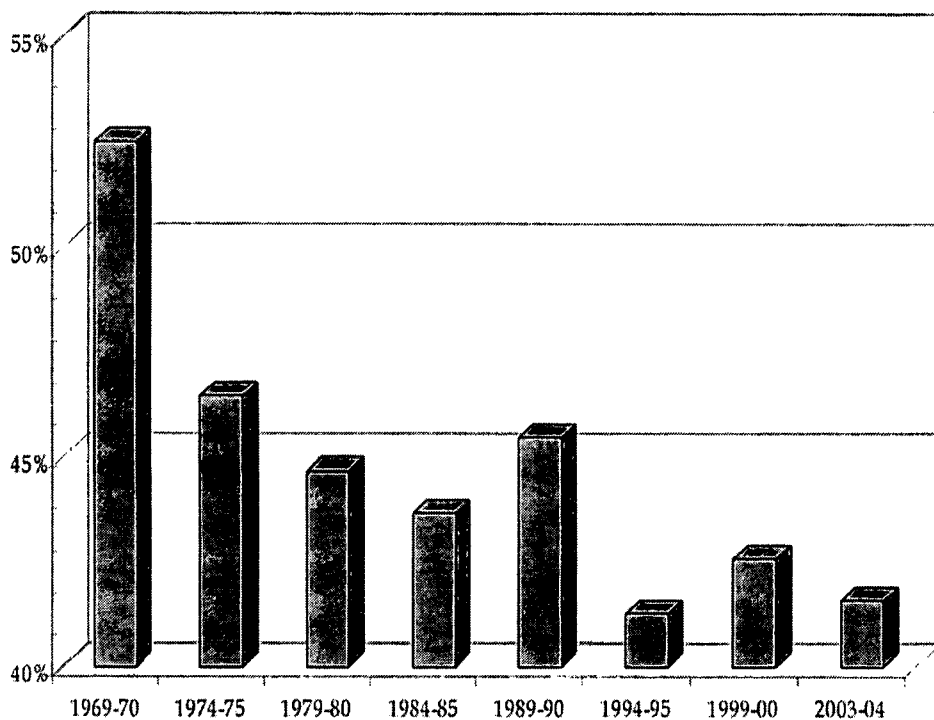
Number of Teachers
87,947

Percent of the General Fund Public Schools Appropriations

Although the total appropriations for Public Schools continue to increase, Public Schools are receiving less of the General Fund appropriations.

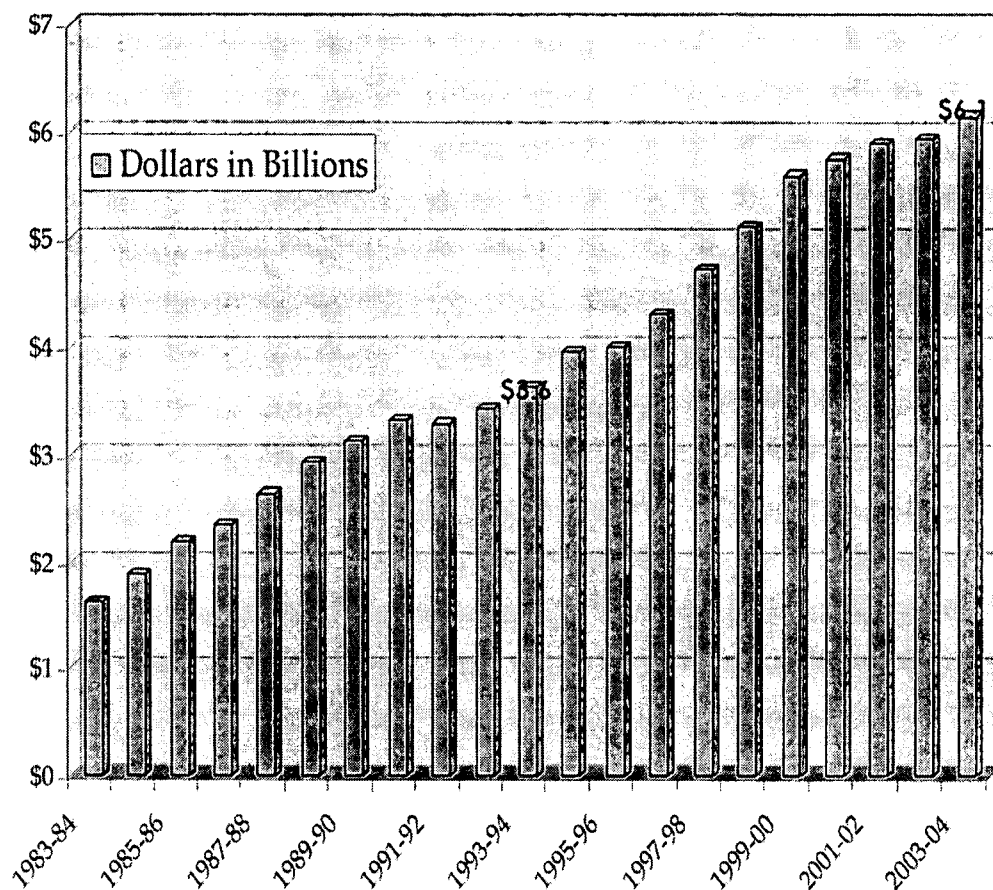
Since 1970, the Public School's share of the General Fund has decreased by 11.6%. If our Public Schools were still funded at the same percentage as in FY 1969-70, we would have an additional \$1.71 billion for our students.

Not only has the percentage for Public Schools declined, the percentage of all forms of education (Public Schools, Community Colleges, and Higher Education) has declined by 13%.



Total State Public Schools Funding 1983-84 to 2003-04

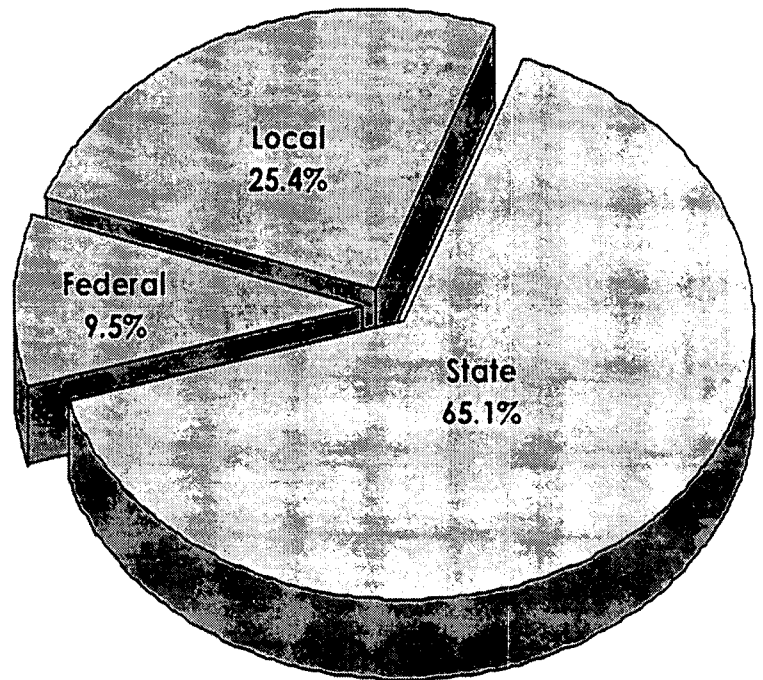
Funding has continually increased since 1983-84, from \$1.62 billion in 1983-84 to \$6.13 billion in 2003-04, a 279% increase.



Source of Expenditures Child Nutrition Included FY 2002-03

NC ranks 5th in the Nation and 1st in the South for the highest percentage of funds from State revenue. The national average is 50%.

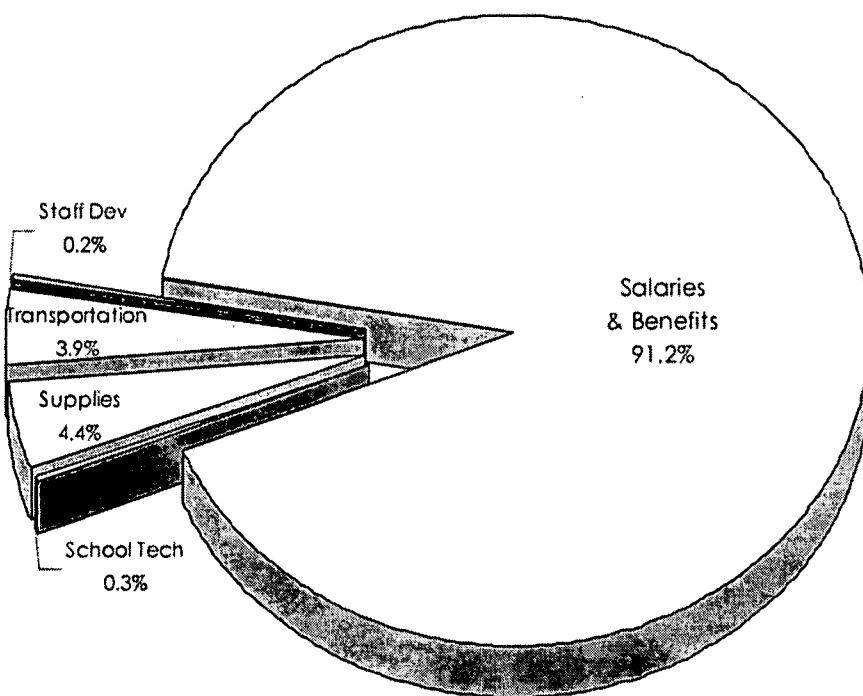
Most other state school systems are primarily funded by locally driven initiatives such as property taxes and local bond issues.



Child Nutrition Excluded

State:	69%
Federal:	7%
Local:	24%

How State Funds Were Expended FY 2002-03

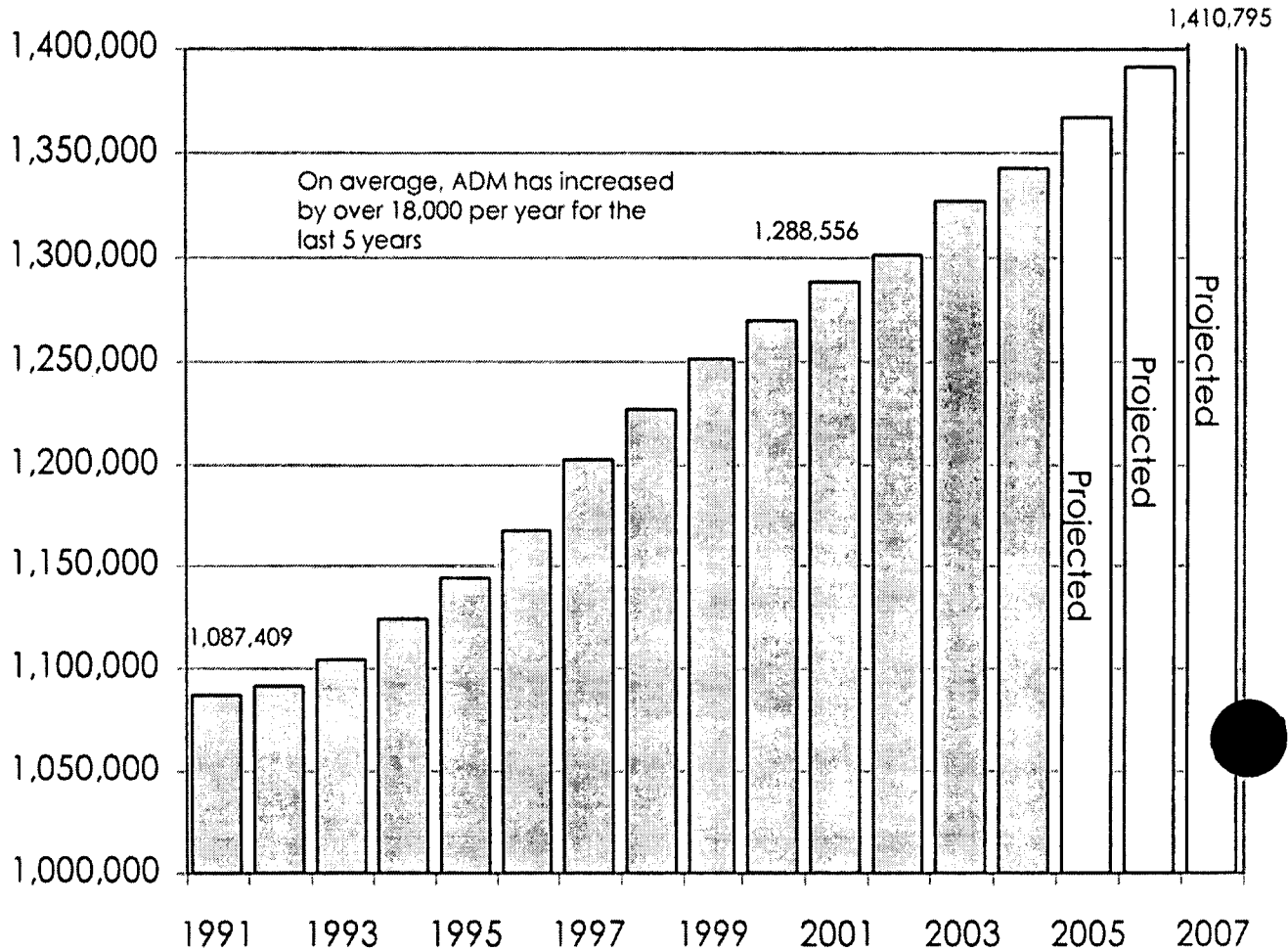


Of the \$5.9 billion State Public School Fund for FY2002-03, all but 8.8% was used for salaries and benefits.

Funds for Transportation and Staff Development may also be used for salaries and benefits if an ABC financial transfer is enacted. Only 4.7% of the entire budget, therefore, could **NOT** be used for salaries and benefits.

Average Daily Membership

1991-2007



Average Daily Membership for each school month is based on the sum of the days in membership for all students in individual LEAs, divided by the number of days in the school month

To be included in ADM, a student must have a class schedule that is at least 1/2 of the school's instructional day.

Allotted Average Daily Membership (ADM) is based on the higher of:

- (a) Actual ADM from the prior year, or
- (b) Projected ADM of the current year.

Allotted ADM

FY 2003-04

LEA Name	ADM	LEA Name	ADM	LEA Name	ADM
Alamance County	21,551	Durham County	30,639	Chapel Hill-Carrboro	10,649
Alexander County	5,535	Edgecombe County	7,630	Pamlico County	1,743
Alleghany County	1,483	Forsyth County	47,346	Pasquotank County	5,928
Anson County	4,460	Franklin County	7,961	Pender County	6,897
Ashe County	3,207	Gaston County	30,671	Perquimans County	1,714
Avery County	2,399	Gates County	2,004	Person County	5,841
Beaufort County	7,276	Graham County	1,174	Pitt County	21,003
Bertie County	3,488	Granville County	8,742	Polk County	2,377
Bladen County	5,682	Greene County	3,325	Randolph County	18,431
Brunswick County	10,691	Guilford County	65,407	Asheboro City	4,418
Buncombe County	24,624	Halifax County	5,642	Richmond County	8,398
Asheville City	3,928	Roanoke Rapids City	3,091	Robeson County	24,012
Burke County	14,681	Weldon City	1,074	Rockingham County	14,697
Cabarrus County	21,765	Harnett County	16,696	Rowan-Salisbury	20,884
Kannapolis City	4,448	Haywood County	7,845	Rutherford County	9,967
Caldwell County	12,795	Henderson County	12,047	Sampson County	8,105
Camden County	1,459	Hertford County	3,799	Clinton City	2,739
Carteret County	8,144	Hoke County	6,433	Scotland County	6,854
Caswell County	3,483	Hyde County	681	Stanly County	9,961
Catawba County	16,734	Iredell-Statesville	19,131	Stokes County	7,500
Hickory City	4,401	Mooreville City	4,285	Surry County	8,545
Newton-Conover	2,849	Jackson County	3,673	Elkin City	1,157
Chatham County	7,405	Johnston County	24,766	Mount Airy City	1,900
Cherokee County	3,678	Jones County	1,437	Swain County	1,752
Edenton/Chowan	2,512	Lee County	9,024	Transylvania County	3,792
Clay County	1,248	Lenoir County	10,138	Tyrrell County	691
Cleveland County	9,667	Lincoln County	11,146	Union County	26,794
Kings Mountain	4,738	Macon County	4,153	Vance County	8,260
Shelby City	3,199	Madison County	2,594	Wake County	107,302
Columbus County	7,059	Martin County	4,544	Warren County	3,202
Whiteville City	2,712	Mcdowell County	6,582	Washington County	2,221
Craven County	14,480	Mecklenburg County	112,656	Watauga County	4,727
Cumberland County	52,329	Mitchell County	2,359	Wayne County	19,049
Currituck County	3,514	Montgomery County	4,451	Wilkes County	10,147
Dare County	4,725	Moore County	11,650	Wilson County	12,283
Davidson County	19,292	Nash-Rocky Mount	18,061	Yadkin County	5,957
Lexington City	3,235	New Hanover County	21,922	Yancey County	2,513
Thomasville City	2,545	Northampton County	3,380	Charter Schools - Public	21,603
Davie County	6,073	Onslow County	21,806		
Duplin County	8,836	Orange County	6,498		
				Total	1,342,806

N.C. Elementary and Secondary Education

FY 2003-04 Appropriated Funds (Note 1)

I. State Aid - Local Education Agencies		Positions	Funds	% of Total
General Administration				
Central Office Administration			\$ 96,423,997	1.57%
Instructional Personnel and Related Services				
Classroom Teachers	62,477.40		\$ 2,359,397,501	
Teacher Assistants			343,848,793	
Instructional Support	6,850.35		289,949,320	
School Building Administration	4,006.10		233,661,265	
Classroom Materials/Instructional Supplies/Equipment			63,063,725	
Textbooks			77,023,045	
Annual Leave			25,852,075	
Mentor Pay			8,100,140	
High Priority - extended contract days	54.76		2,067,841	
Continually Low-performing - extended contract days	7.22		272,640	
ABC Incentive Awards			96,000,000	
Estimated Matching Benefits (Note 2)			558,103,898	
Subtotal			\$ 4,057,340,243	66.19%
Support				
Noninstructional Support Personnel			\$ 283,840,402	4.63%
Categorical Programs				
Academically & Intellectually Gifted			\$ 48,308,139	
At Risk Student Services/Alternative Schools			178,667,743	
Children with Special Needs			518,138,891	
Driver Education			31,716,808	
Improving Student Accountability			45,176,915	
Intervention/Assistance Teams			2,776,838	
Limited English Proficiency			33,657,932	
Low Wealth Supplemental Funding			99,506,955	
Recruitment Retention Bonus			2,890,000	
School Technology			7,500,000	
Small County Supplemental Funding			32,806,465	
Staff Development			11,868,946	
Transportation			250,485,266	
Vocational Education	5,889.70		295,845,496	
Subtotal			\$ 1,559,346,394	25.45%
LEA Discretionary Reduction			(44,291,248)	
Subtotal State Aid - Local Education Agencies			\$ 5,952,659,788	97.10%
II. Miscellaneous				
ADM Contingency Reserve			\$ 7,000,000	
Contracts-Finance Officer Staff Development			64,560	
Financial Literacy Pilot			73,000	
NBPTS			3,274,500	
Personnel Services			108,402,928	
(Longevity (\$76.6m), Short Term Disability (\$5m), Worker's Comp. (\$24m), & Unemployment Comp. (\$2.4) Etc.)			7,000	
Sale of Equipment-Surplus			1,900,000	
School Breakfast			25,298,935	
School Bus Replacement			7,769,829	
Testing			217,837	
Textbooks - Freight			3,774,000	
Tort Claims (Department of Justice)			19,800,874	
UERS				
Subtotal - Miscellaneous			\$ 177,583,463	2.9%
Grand Total			\$ 6,130,243,251	

DPI Budget State appropriation for FY2003-04 totaled \$31,459,678.

DPI number of Positions is 472.75 (State - 300.43, Federal - 113.14, Receipts - 59.18).

Note 1: Based on the State Public School Fund Certified Budget per the 307 Report plus budget adjustments for legislated salary increases and benefit adjustments per BD 606s.

Note 2: Includes funds for Social Security, Retirement, and Hospitalization for position/month of employment allotments for Classroom Teachers, Instructional Support and School Building Administration. Benefits for other LEA staff are included in the dollar allotments, such as Central Office Administration and Vocational Education.

Initial Allotment Formulas

FY 2003-04

Statewide Average Salaries for FY 2003-04 (Benefits are not included)

Category	Basis of Allotment
Teachers	\$38,065
Principals (MOE)	\$5,568
Assistant Principals (MOE)	\$4,753
Vocational Education (MOE)	\$3,979
Instructional Support	\$42,666

Employee Benefits

Category	Basis of Allotment
Hospitalization	\$3,307 per position per year.
Retirement	3.42% of total salaries.
Social Security	7.65% of total salaries.

Administration

Category	Basis of Allotment
Central Office Administration	FY 2003-04 Initial Allotment is .76% (rounded) less than FY 2002-03.

Instructional Personnel and Support Services

Category	Basis of Allotment	Allotted Salary
Classroom Teachers		
Grades Kindergarten - 2	1 per 18 in ADM. (LEA Class Size Avg. is 21)	
Grade 3	1 per 22.23 in ADM. (LEA Class Size Avg. is 26)	
Grades 4 - 6	1 per 22 in ADM. (LEA Class Size Avg. is 26)	
Grades 7 - 8	1 per 21 in ADM. (LEA Class Size Avg. is 26)	
Grade 9	1 per 24.5 in ADM. (LEA Class Size Avg. is 26)	
Grades 10 - 12	1 per 26.64 in ADM. (LEA Class Size Avg. is 29)	LEA Avg.
Math/Science/Computer Teachers	1 per county or based on subagreements.	
Teacher Assistants	\$ 824.83 (rounded) per K-3 ADM.	N/A
Instructional Support	1 per 200.10 in ADM.	LEA Avg.
School Building Administration		
Principals	1 per school with at least 100 ADM or at least 7 state paid	LEA Avg.
Assistant Principals	1 month per 76.12 in ADM.	LEA Avg.
Vocational Education - MOE (LIMITED FLEXIBILITY- Salary In	Base of 50 Months of Employment per LEA with remainder based on ADM in grades 7-12.	LEA Avg.
ABC Incentive Award	Not included in initial.	
Classroom Materials/Instructional Supplies/Equipment	\$46.51 per ADM plus \$2.69 per ADM in grades 8 and 9 for PSAT Testing.	
Textbooks	\$56.50 per ADM in grades K-12.	

Support

Category	Basis of Allotment
Noninstructional Support Person	\$211.08 per ADM. \$6,000 per Textbook Commission member for Clerical Assistants.

Initial Allotment Formulas

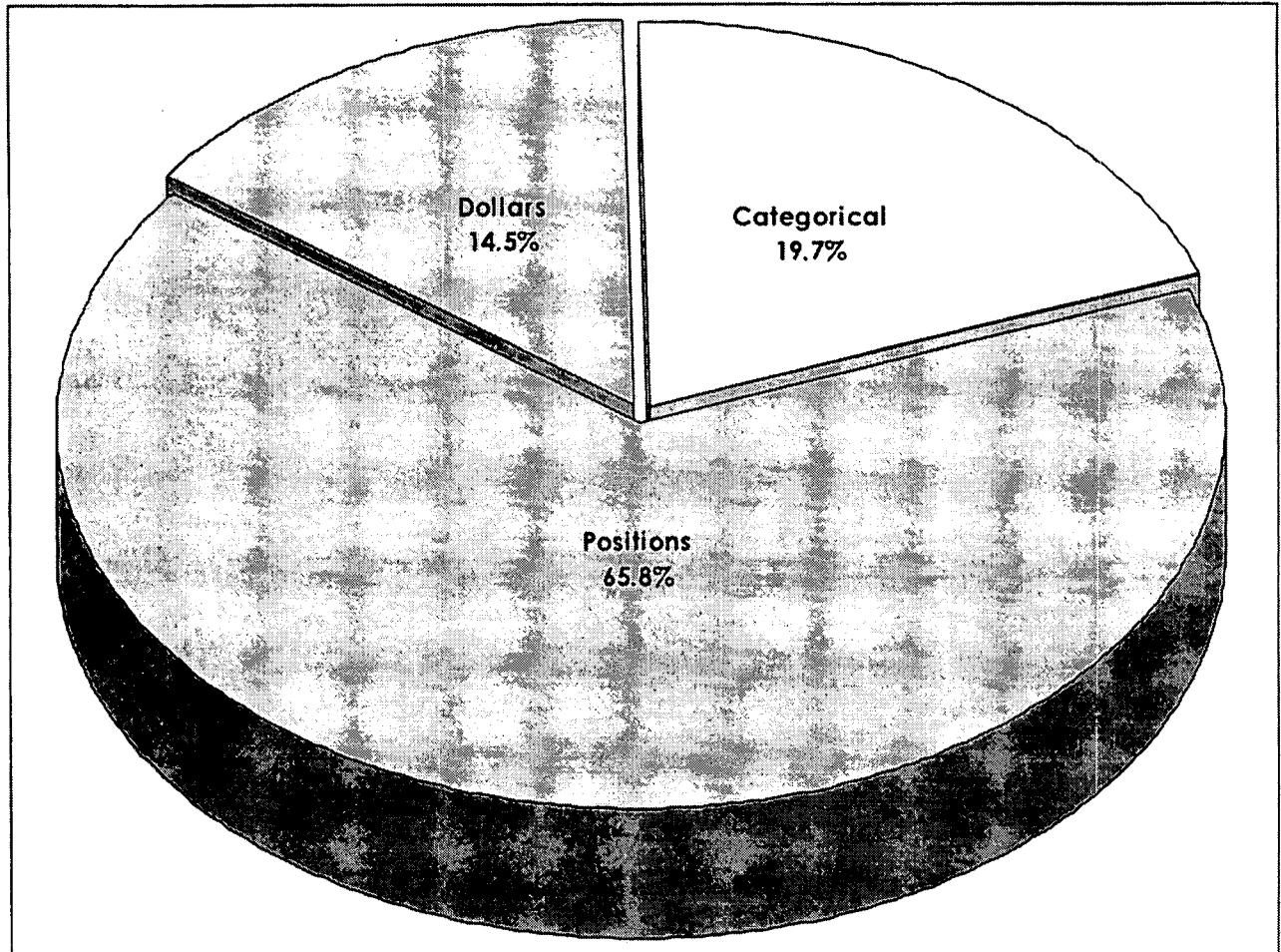
FY 2003-04

Categorical Programs	
Category	Basis of Allotment
Academically or Intellectually Gifted Students	\$899.43 per child for 4% of ADM.
At-Risk Student Services	Each LEA receives the dollar equivalent of one resource officer (\$37,838) per high school. Of the remaining funds, 50% is distributed based on ADM (\$60.04 per ADM) and 50% is distributed based on number of poor children, per the federal Title 1 Low Income poverty data (\$347.88 per poor child). Each LEA receives a minimum of the dollar equivalent of two teachers and two instructional support personnel (\$192,564). The new formula is fully implemented and the hold harmless no longer applies.
Children with Disabilities	
<i>School Aged</i>	\$2,720.72 per headcount. Headcount is comprised of the lesser of the April 1 handicapped headcount or 12.5% of the allotted ADM.
<i>Preschool</i>	Base of \$45,586 per LEA; remainder distributed based on April 1 headcount of ages 3, 4, and PreK- 5, (\$2,004.64) per child.
<i>Group Homes</i>	Approved applications.
<i>Developmental Day Care (3-20)</i>	To be allotted in Revision
<i>Community Residential Centers</i>	To be allotted in Revision
Driver Education	\$250.67 (rounded) per 9th grade ADM. Includes private, charter, and federal schools.
Improving Student Accountability	Allotted 50% of last year's allotment based on the contingency plan in the Allotment Policy Manual. Revisions will be made to the allotment when the end-of-grade test scores in grades 3-8 are finalized.
Limited English Proficiency	Base of a teacher asst. (\$21,603); remainder based 50% on number of LEP students (\$284.68) and 50% on an LEA's concentration of LEP students (\$4,576.73).
Low Wealth Supplemental Funding	See the Allotment Policy Manual for formula.
School Technology	\$5.59 per ADM.
Small County Supplemental Funding	See the Allotment Policy Manual for formula.
Staff Development	\$750 per LEA, then 25% of total is allotted equally (base) and 75% allotted based on ADM.
Transportation	Based on an efficiency rated formula and local operating plans. Initial Allotment is 80% of Planning.
Voc Ed-Program Support	\$10,000 per LEA with remainder distributed based on ADM in grades 7-12 (\$25.34).

Categories which cannot be adjusted in FY 2003-04 through an ABC transfer.	
Category	Reason for Restriction
ABC Incentive Award	Legislation
At Risk Student Services/Alternative Schools	Legislation
Children with Disabilities	Legislation; Funds may be transferred into Children with Disabilities
Driver Education	Highway Funds
Improving Student Accountability	Legislation
Intervention/Assistance Teams	Legislation
Limited English Proficiency	Legislation
Low Wealth Supplemental Funding	Legislation
School Technology	Special Interest-Bearing Account
Small County Supplemental Funding	Legislation
Behavioral Support	Legislation

Types of State Funding

What State Money Is Available To Local Education Agencies?



65.8% of the State funds are allocated as guaranteed certified positions.

Therefore, a LEA receives a position (or month of employment) and the state pays for the salary and benefits for the position, regardless of where the individual falls on a salary schedule.

So... a state paid teacher with 5 yrs experience costs the same to an LEA as a state paid teacher with 25 yrs experience, they both = 1 position.

Example of Funding NC Public School Students

Based on FY 2003-2004 State Funding Levels

Students in Kindergarten through 3rd Grade

		Student Example 1	Student Example 2	Student Example 3	Student Example 4
Funding for Different Students		\$5,482.27	\$9,242.68	\$8,651.43	\$4,902.90
Every Student (note)	\$4,543.14	X	X	X	X
Student from a Low Income Family	\$347.88	X	X	X	
Special Learning Issues (IEP's)	\$2,720.72		X	X	
Small County	\$517.15	X	X		
Not performing at grade level	\$426.66		X	X	
Low Wealth County	\$74.10	X	X		
Limited English Proficiency	\$613.03		X	X	
Intellectually and Academically Gifted	\$359.76				X
Vocational Education	\$0.00				

Students in Grade 4 through 8

		Student Example 1	Student Example 2	Student Example 3	Student Example 4
Funding for Different Students		\$4,657.44	\$8,417.85	\$7,826.60	\$4,078.07
Every Student (note)	\$3,718.31	X	X	X	X
Student from a Low Income Family	\$347.88	X	X	X	
Special Learning Issues (IEP's)	\$2,720.72		X	X	
Small County	\$517.15	X	X		
Not performing at grade level	\$426.66		X	X	
Low Wealth County	\$74.10	X	X		
Limited English Proficiency	\$613.03		X	X	
Intellectually and Academically Gifted	\$359.76				X
Vocational Education	\$0.00				

Students in Grade 9 through 12

		Student Example 1	Student Example 2	Student Example 3	Student Example 4
Funding for Different Students		\$4,660.13	\$8,489.99	\$7,402.63	\$4,080.76
Every Student (note)	\$3,721.00	X	X	X	X
Student from a Low Income Family	\$347.88	X	X	X	
Special Learning Issues (IEP's)	\$2,720.72		X	X	
Small County	\$517.15	X	X		
Not performing at grade level	\$0.00		X	X	
Low Wealth County	\$74.10	X	X		
Limited English Proficiency	\$613.03		X	X	
Intellectually and Academically Gifted	\$359.76				X
Vocational Education	\$496.11		X		

Every Student includes: Teachers (total divided by ADM; not by grade span allotment), instructional support, some at-risk (ADM portion), textbooks, classroom materials/supplies (PSAT test in 9-12), school technology, transportation, and administrative & support categories (\$994.49) which includes central office administration, school building administration, incentive awards, \$1,800 bonus, noninstructional support personnel,

driver education, assistance teams, staff development, school safety officer, annual leave, longevity, mentor pay, and school bus purchases.

Example of Student Funding Grades K-3

\$4,700 Additional

Limited English Proficient Student with Special Learning Issues performing below grade level from Low-Income Family living in a Small, Low-Wealth County

\$4,100 Additional

Limited English Proficient Student with Special Learning Issues performing below grade level from Low-Income Family.

\$1,300 Additional

Academically Gifted Student from Low-Income Family living in a Small, Low-Wealth County.

\$4,543

Student in grade K-3 with no additional needs.

Difficulties in Comparing Dollars per ADM

- Huge variance in the size of LEAs. ADM ranges from systems with an ADM of 681 to an ADM of 112,656.
- Certain fixed costs in LEAs such as central office operations
- Younger Teachers versus Older Teachers (experience levels)
- Fixed Salary Schedules

Teacher Comparison

- Ex: Teacher in Wake with 5 years experience, versus Hyde with 20 years experience.
 - Cost per ADM for Hyde is greater.
 - Both schools have a teacher.

Teacher Allotment Ratios and Allotted Positions

FY 2003-04

2003-04 Grade Spans	Teacher Allotment Ratio	Class-Size Average Ratio for the LEA	Individual Class-Size Maximum	Positions Allotted in 2003-04
K-2	1:18	1:21	1:24	17,449.5
3	1:22.23	1:26	1:29	4,619.5
4-6	1:22	1:26	1:29	14,240.0
7-8	1:21	1:26	1:29	10,189.0
9	1:24.5	1:26	1:29	4,894.5
10-12	1:26.64	1:29	1:32	9,675.5

The total number of positions allotted by grade span is 61,068. An additional 100 positions were allotted for Math/Science/Computer teachers, and an additional 126.5 were allotted for High Priority schools, bringing the total allotted positions to 61,294.5.

Positions and Salaries

FY 2003-04

Fiscal Year 2003-04			
Personnel Type	Salary Range	Allotted Salary	Allotted Positions
Superintendent (12 months)	\$53,280 - \$117,024	N/A	N/A
Assoc/Asst Supt/Dir Supervisors/Coord (12 months)	\$38,220 - \$87,900	N/A	N/A
Principals (12 months)	\$44,172 - \$98,340	\$66,816	2,170.0
Assistant Principals (10 months)	\$32,260 - \$58,140	\$47,530	1,735.5
Teachers (10 months)	\$25,250 - \$58,440	\$38,065	61,294.5
Instructional Support (10 months)	\$25,250 - \$58,440	\$42,666	6,672.0
Vocational Education (10 months)	\$25,250 - \$58,440	\$39,790	5,836.4
Non Certified Employees - Monthly Salary			
Teacher Asistants	\$1,427.25 - \$2,463.80	\$16,473	N/A
Clerical	\$1,451.00 - \$3,289.85	\$24,708	N/A
Custodian	\$1,329.78 - \$2,905.48	\$16,085	N/A

The average salary amounts do **not** include matching benefits (social security – 7.65%, retirement – 3.42%, and hospitalization - \$3,307).

Public School Full-Time Personnel FY2003-04

Certified Personnel:	State	Federal	Local	Total
Central Office Admin.	987	117	420	1,524
Principals	2,093	1	76	2,170
Assistant Principals	1,735	5	774	2,514
Teachers	76,314	5,660	5,973	87,947
Instructional Support	8,878	799	2,052	11,729
Total Certified Personnel	90,007	6,582	9,295	105,884

Noncertified Personnel:

Teacher Assistants	21,053	3,622	2,879	27,554
Technicians	306	69	801	1,176
Clerical, Secretarial	5,641	298	3,641	9,580
Other Noncertified	11,389	3,460	10,066	24,915
Total Noncertified Personnel	38,389	7,449	17,387	63,225

Total Personnel:	128,396	14,031	26,682	169,109
Percent of Total:	75.9%	8.3%	15.8%	100.0%

Teachers, Teacher Assistants, and Instructional Support Personnel make up 75.2% of all personnel.

School Building Administrators (Principals & Assistant Principals) make up 2.8% of all personnel.

Central office Administrators make up 0.9% of all personnel.

Other Nonprofessionals (Clerical, Technicians, Service Workers, etc...) make up the remaining 21.1% of personnel.

Instructional Support FY2002-03

Instructional Support Area	FULL TIME EQUIVALENT			Average State Salary
	STATE	FEDERAL	LOCAL	
Media Services	2,159.05	1.00	91.50	\$ 4,200
Social Work	521.70	31.40	98.63	\$ 3,901
Guidance	3,035.53	34.14	168.73	\$ 4,090
Health Certified	204.89	7.65	81.69	\$ 4,166
Health Non Certified	39.74	5.99	41.66	\$ -
Psychologists	544.34	70.35	30.24	\$ 4,523
Speech Language	957.21	290.13	70.72	\$ 4,243
Career Development	220.61	3.70	2.50	\$ 4,387
Special Population	100.75	9.93	1.66	\$ 4,366
Pupil Support	240.48	80.47	84.73	\$ 4,218
VoCats	81.44	0.52	1.50	\$ 4,332
Technology Services	5.00	-	11.00	\$ 4,187
Community Services	0.50	-	81.26	\$ -
Total FTEs	8,111.24	535.27	765.8	

Compensation Increases

Teachers and State Employees

Since 1991-92

The yearly percentage increase in salary accumulates to:

- Teachers - 57.0%
- State employees - 26.7% *
- Consumer Price Index - 32.5%

Fiscal Year	State Employees	Teachers	Consumer Price Index
1991-92	0.0%	0.0%	3.2%
1992-93	0.0% a.	2.0%	3.1%
1993-94	2.0%	5.0%	2.6%
1994-95	4.0% b.	7.0% c.	2.9%
1995-96	2.0%	2.0%	2.7%
1996-97	4.5%	5.5%	2.8%
1997-98	4.0%	7.5% d.	1.8%
1998-99	3.0% b.	7.5% d.	1.7%
1999-00	3.0% b.	7.5% d.	2.9%
2000-01	4.2% e.	6.5% d.	3.4%
2001-02	0.0% f.	2.86%	1.8%
2002-03	0.0% g.	1.84%	2.2%
2003-04	0.0% h.	1.81%	1.4% i.

Notes:

- * Flat rate amounts are not included in the percentage accumulation total.
- a. An across-the-board flat rate of \$43.5 per month was provided for all employees.
- b. Plus a one-time bonus of 1% to each permanent employee (0.5% bonus in 1999-2000).
- c. Salary increases for teachers ranged from 5% for teachers with 3 years or less experience or at the 30 year maximum, to 7% for teachers with over 3 years experience. Principals and Assistant Principals received a 9% increase. School bus drivers received an 8% increase.
- d. Teachers received varying increases depending on their years of experience.
- e. Plus a one-time bonus of \$500 to each permanent employee.
- f. An across-the-board flat rate of \$52.08 per month was provided for all employees.
- g. Full-time State Employees received an additional 10 days vacation.
- h. Full-time State Employees received an additional 10 days vacation plus a one-time bonus of \$550.
- i. Through November 2003.

Average Teacher Compensation

FY2002-03

Category

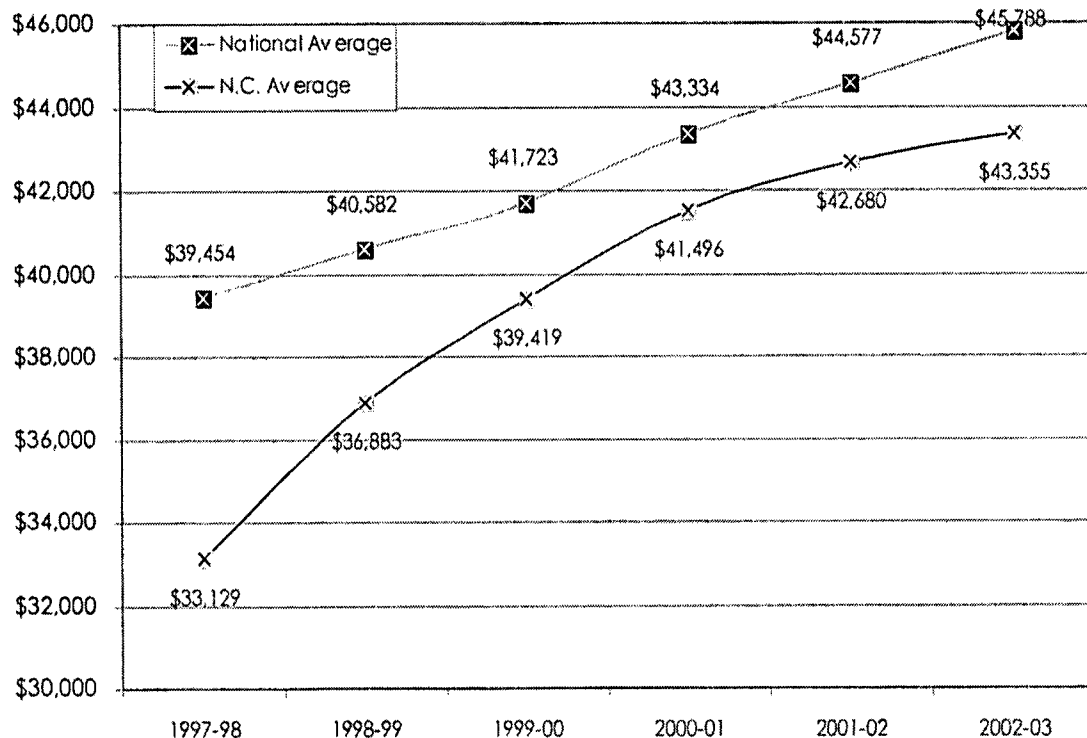
	FY2002-03 Estimated	FY2001-02 Final	2002-03 vs 2001-02	
			Inc	% Inc.
Base Salary	\$ 37,848	\$ 37,776	\$ 72	0.19%
New Teacher Orientation	21	21	-	0.00%
Extended Contract	2	2	-	
Tutor	143	143	-	0.00%
Longevity Pay	724	632	92	14.47%
Supplementary Pay	2,631	2,545	86	3.38%
ABC and Retention Bonus	1,254	829	426	51.39%
Workshop Participant	43	43	-	0.00%
Annual Leave Pay	199	199	-	0.00%
Mentor Pay	128	128	-	0.00%
Teacher Workday Pay	77	77	-	0.00%
Other Assignments	210	210	-	0.00%
Total	\$ 43,280	\$ 42,605	\$ 675	1.58%
State Agency Teachers (5)	75	75	-	0.00%
Grand Total	\$ 43,355	\$ 42,680	\$ 675	1.58%

NOTES:

- 1) Base salary percentage increase calculated based on 6th pay period payroll data.
- 2) All FY03 pay except, longevity ABC bonuses, retention bonus, and supplementary pay are stated at FY02 amounts.
- 3) Supplementary pay is based on the Statistical Research Section's FY02-03 survey data.
- 4) ABC bonuses are based on YTD expenditure data, FY 01-02 and 02-03.
- 5) Additional pay per Office of State Budget, and Management for state agency teachers such as those provided by Office of Juvenile Justice and DHHS.

North Carolina vs National Average

Comparison of Average Teacher Compensation



National Board (NBPTS) History

Fiscal Year	NBPTS Teachers	Years Experience	NBPTS Pay	Avg Certified Salary
2001	2,259	16.01	\$468.56	\$4,373.42
2002	3,352	16.03	\$472.76	\$4,413.34
2003	4,775	16.30	\$474.71	\$4,429.35
2004	6,002	16.40	\$475.76	\$4,437.48
New In 2004	1,493			

Note: NBPTS pay differential originated on July 1, 1999. Teachers who receive a National Boards for Professional Teaching Standards certification may be eligible for a 12% pay differential.

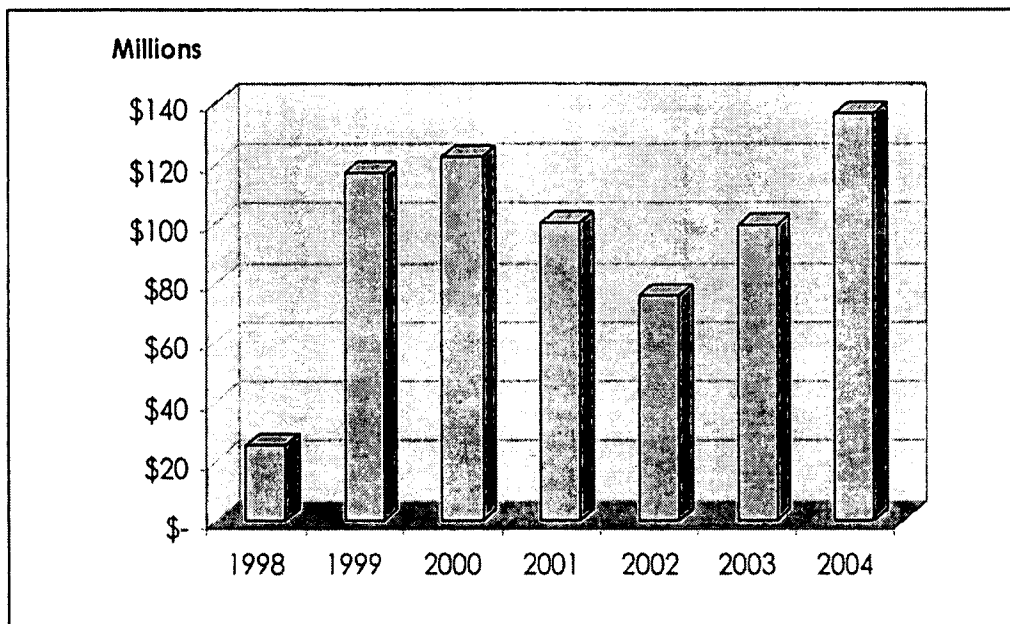
Retired Teachers Exempt from the Cap

Fiscal Year	Retired Teachers	Avg Years Experience	Avg Certified Salary *
2001	390	31.51	\$4,677.39
2002	490	31.44	\$4,675.94
2003	616	31.79	\$4,691.90
2004	915	32.16	\$4,694.49

- Certified salary does not include ABC bonus, longevity, or supplements.

- Legislation to allow for teachers to return to teaching exempt from an income cap effective July 1, 1999 and expires June 30, 2004.

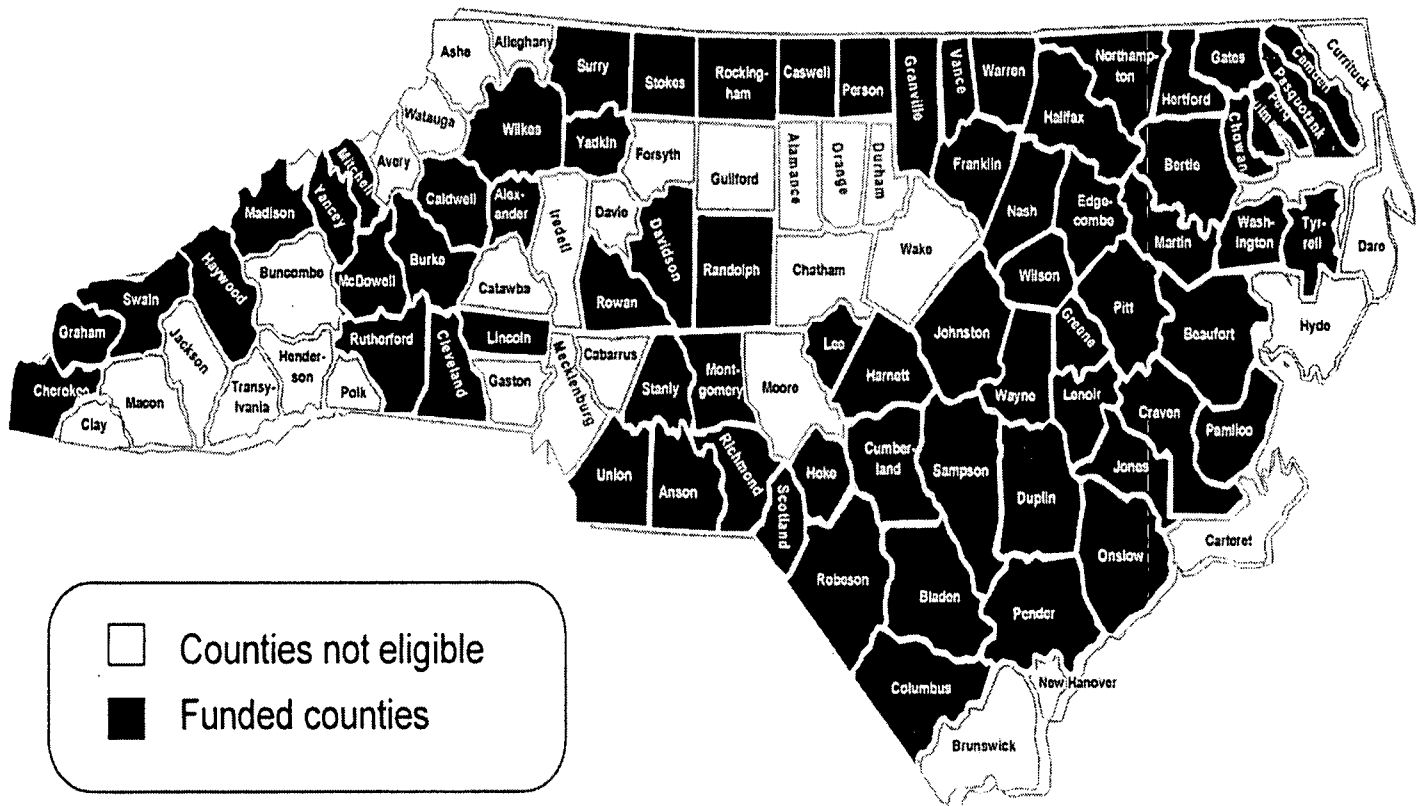
ABC Incentive Award History FY 1998 to FY 2004



Awards of up to \$1,500 plus benefits for certified personnel and up to \$500 plus benefits for teacher assistants are allocated to schools that attain high growth. Awards of up to \$750 plus benefits for certified personnel and up to \$375 plus benefits for teacher assistants are allocated to schools that attain expected growth. Allocation is based on the number of state and local personnel in grades Pre-K through 12 assigned to eligible schools.

Low Wealth Supplemental Funding

FY 2003-04 Counties

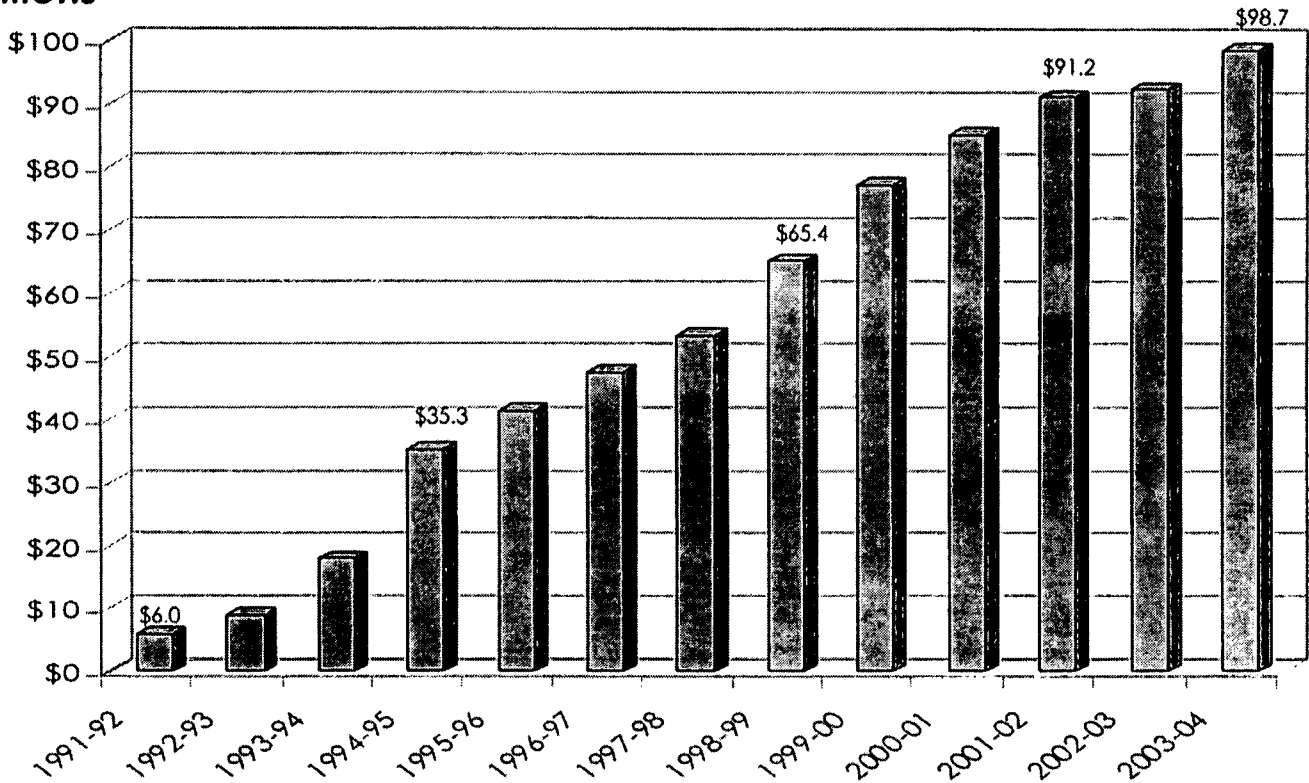


North Carolina provides supplemental funding to systems whose ability to generate local revenue per student is below the state average. Some of the factors used to determine eligibility are county adjusted property tax base, square miles in the county, and per capita income. There are 69 "Low Wealth" counties (81 LEAs) in 2003-04. Since the formula is not fully funded, LEAs eligible have funding pro-rated based on funds available. In 2003-04, the amount needed to fully fund the formula was \$173,277,650. This is \$73,770,695 more than the appropriated amount of \$99,506,955.

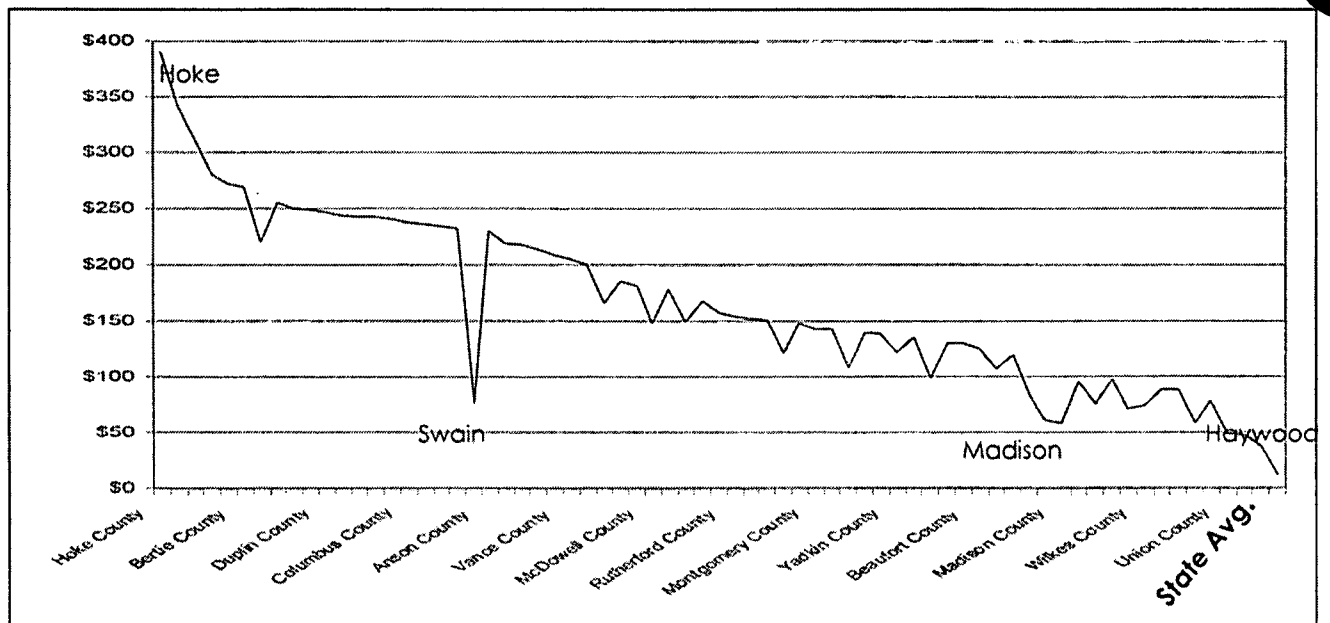
Low Wealth Supplemental Funding

Total State Funding

Millions



Dollars per ADM by County



Note: The low dollars per ADM for Swain County is a result of the county's low "effort". Swain County's effective tax rate was below the State average effective tax rate and Swain County's local appropriation per student was 33.6% of what the county could contribute based on the county's wealth and an average state effort, therefore; Swain County was eligible 33.6% of the appropriation (based on funds available).

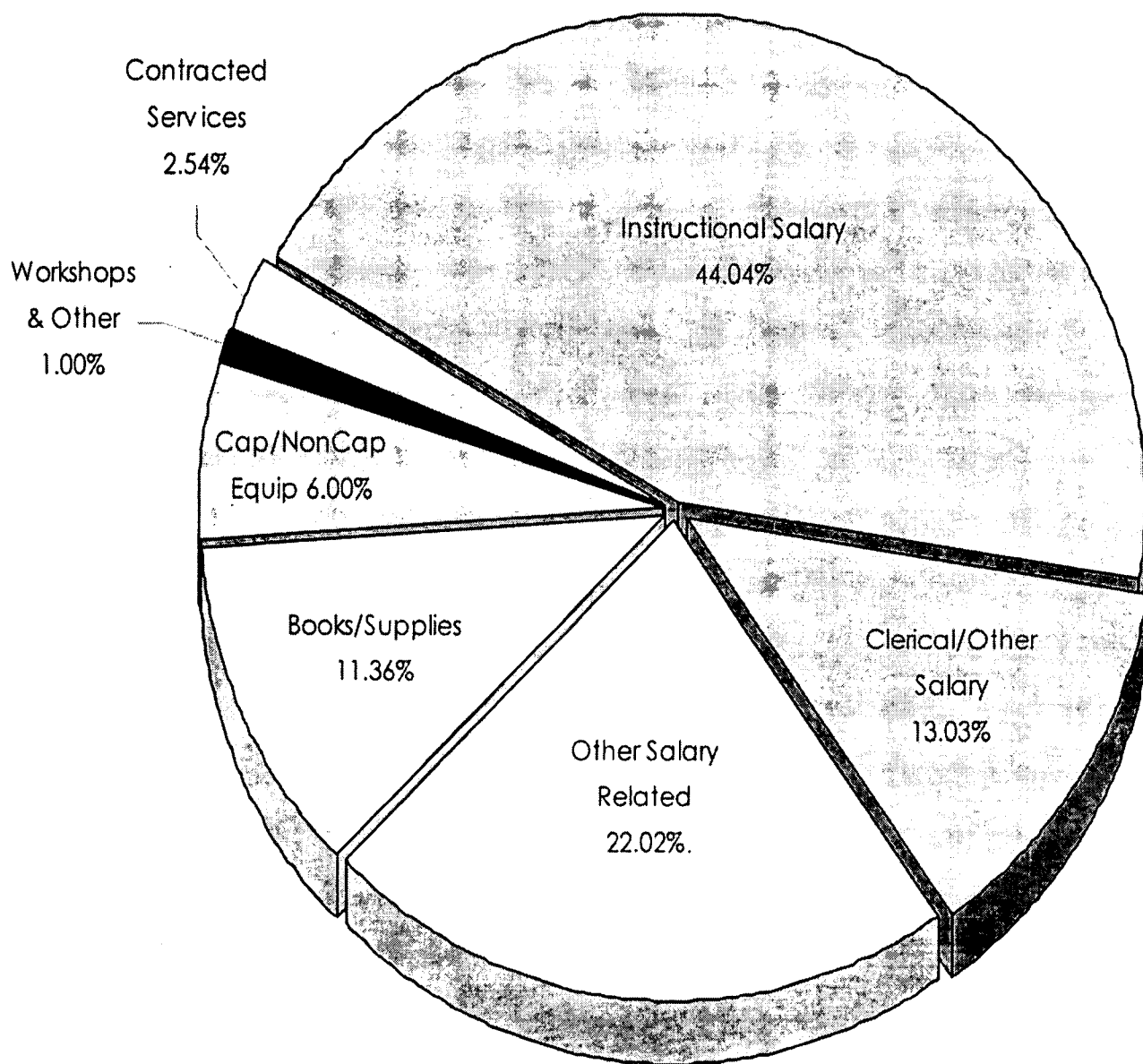
Low Wealth Eligible Counties

FY 2003-04

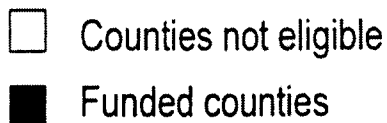
Eligible County	% of State Avg	Dollars Per Child
Hoke County	47.40%	\$ 391.12
Robeson County	54.02%	\$ 341.89
Gates County	58.17%	\$ 311.04
Greene County	62.33%	\$ 280.10
Washington County	63.40%	\$ 272.15
Bertie County	63.69%	\$ 269.99
Sampson County	64.65%	\$ 219.74
Harnett County	65.64%	\$ 255.49
Northampton County	66.35%	\$ 250.21
Halifax County	66.45%	\$ 249.47
Duplin County	66.78%	\$ 247.01
Richmond County	67.21%	\$ 243.81
Hertford County	67.35%	\$ 242.78
Warren County	67.41%	\$ 242.33
Caswell County	67.61%	\$ 240.85
Columbus County	68.07%	\$ 237.42
Scotland County	68.20%	\$ 236.46
Jones County	68.54%	\$ 233.93
Tyrrell County	68.70%	\$ 232.74
Swain County	68.99%	\$ 77.48
Anson County	69.03%	\$ 230.29
Bladen County	70.64%	\$ 218.31
Camden County	70.76%	\$ 217.42
Martin County	71.35%	\$ 213.03
Edgecombe County	71.98%	\$ 208.35
Vance County	72.40%	\$ 205.22
Granville County	73.16%	\$ 199.57
Wayne County	73.28%	\$ 165.11
Onslow County	75.09%	\$ 185.22
Pasquotank County	75.63%	\$ 181.21
McDowell County	75.89%	\$ 147.54
Stokes County	75.98%	\$ 178.61
Perquimans County	76.65%	\$ 149.32
Lenoir County	77.47%	\$ 167.53
Chowan County	78.78%	\$ 157.78

Eligible County	% of State Avg	Dollars Per Child
Rutherford County	79.33%	\$ 153.70
Cleveland County	79.43%	\$ 152.19
Franklin County	79.73%	\$ 150.72
Burke County	80.08%	\$ 120.72
Pender County	80.12%	\$ 147.82
Montgomery County	80.22%	\$ 142.67
Johnston County	80.85%	\$ 142.39
Alexander County	81.14%	\$ 108.12
Stanly County	81.22%	\$ 139.64
Rockingham County	81.37%	\$ 138.53
Yadkin County	81.79%	\$ 121.73
Graham County	81.81%	\$ 135.26
Cherokee County	82.42%	\$ 99.09
Nash County	82.43%	\$ 130.64
Pamlico County	82.45%	\$ 130.50
Beaufort County	83.17%	\$ 125.14
Caldwell County	83.44%	\$ 107.50
Surry County	83.92%	\$ 119.57
Randolph County	84.51%	\$ 83.74
Mitchell County	86.09%	\$ 61.23
Madison County	86.50%	\$ 58.32
Pitt County	86.53%	\$ 95.75
Craven County	86.76%	\$ 75.61
Cumberland County	86.82%	\$ 98.00
Lincoln County	87.05%	\$ 72.22
Wilkes County	87.66%	\$ 75.06
Wilson County	88.03%	\$ 89.01
Person County	88.10%	\$ 88.48
Yancey County	88.87%	\$ 58.10
Rowan County	89.32%	\$ 78.94
Union County	91.39%	\$ 48.59
Lee County	93.62%	\$ 47.44
Davidson County	93.73%	\$ 37.02
Haywood County	98.44%	\$ 11.60

How Low Wealth Funds Were Expended FY 2002-03



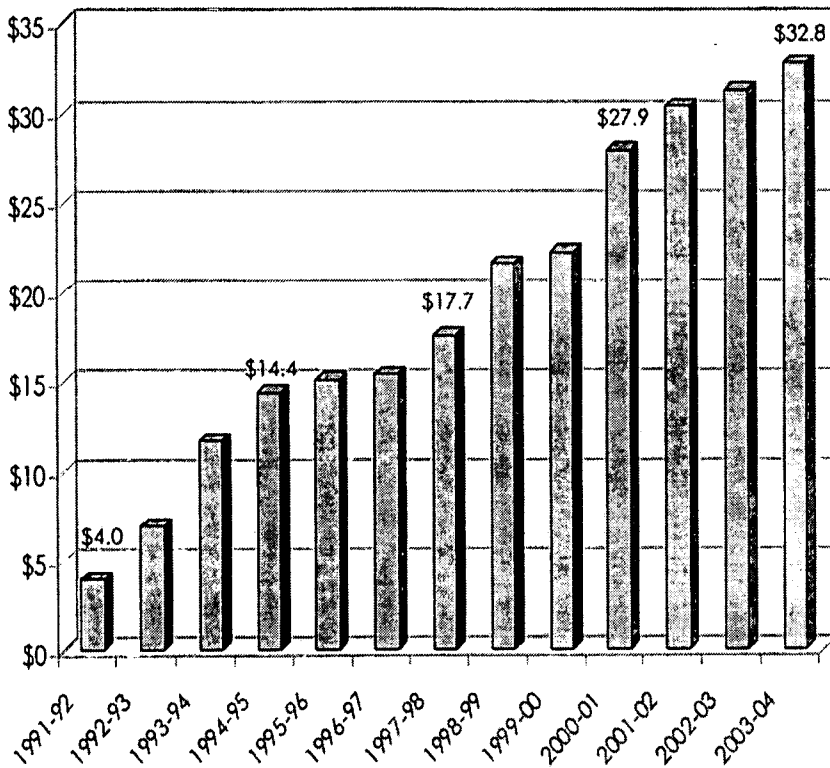
FY 2003-04 Counties



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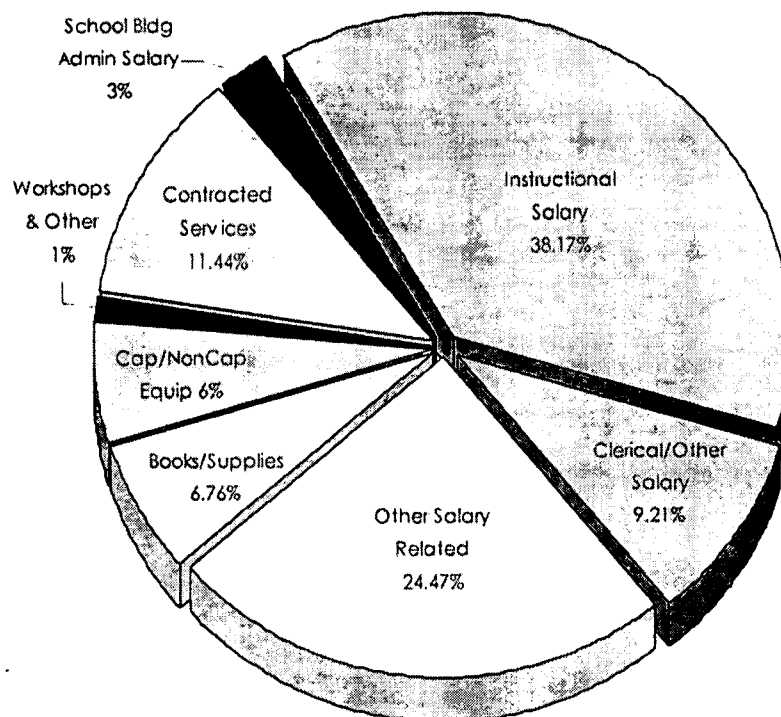
Small County Supplemental Funding

Millions



In FY2003-04, eligible counties received between \$1.1 and 1.5million in Small County Supplemental funding. The per ADM dollars were between \$321 (Cherokee) and \$1,882 (Hyde).

How Small County Funds Were Expended FY 2002-03



Capital Outlay for School Facilities

Fiscal Year	State Funds	Federal Funds	Local Funds	Totals
1995-96	\$ 13,446,202	\$ 92,012	\$ 518,058,988	\$ 531,597,202
1996-97	43,853,339	383,545	565,670,606	609,907,490
1997-98	240,704,605	215,489	526,754,170	767,674,264
1998-99	554,588,979	1,291,004	561,394,095	1,117,274,078
1999-00	518,506,820	8,272,720	627,673,264	1,154,452,804
2000-01	371,109,242	-	789,866,134	1,160,975,376
2001-02	170,257,261	517,911	842,184,297	1,012,959,469
2002-03*	41,949,342	9,697,903	783,877,426	835,524,671
Total	\$ 1,954,415,790	\$ 20,470,584	\$ 5,215,478,980	\$ 7,190,365,354
	27.18%	0.28%	72.53%	

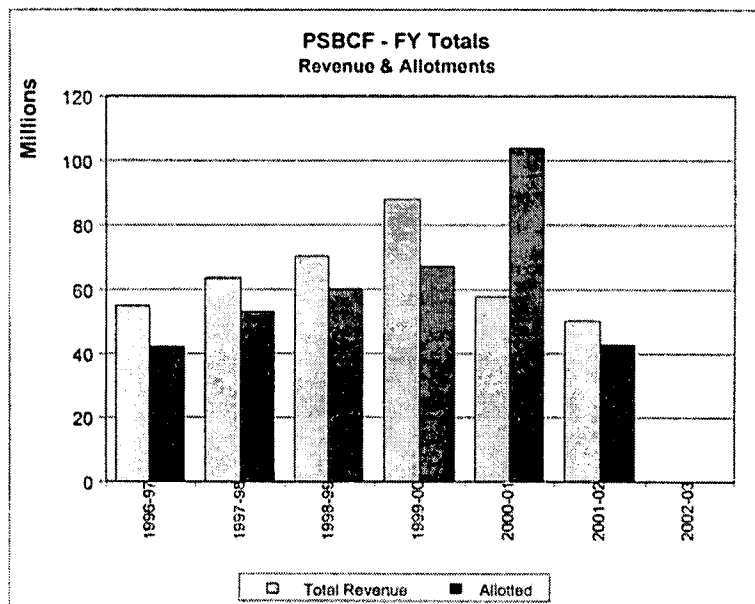
*2002-03 preliminary data

State Funding

Historically, the state of North Carolina has provided funding for salaries and operations to the local school systems and the local units have been responsible for providing facilities. The state had a School Facilities Appropriation in 1949 and has passed state school bonds in 1949, 1953, 1963, 1973, and 1996. Currently, North Carolina provides school construction aid to LEAs through the following programs:

1. Public School Building Capital Fund(PSBCF) (ADM Fund)

1987-present - Uses part of the corporate income tax revenues to provide counties with an allotment based on average daily membership. LEAs may accrue their allotments until they are ready to use them for a specific project, at which time they must match (1/3) the amount from the state. The fund is currently about \$60 million per year and is projected to increase to \$90 million per year by 2011-12. The fund was frozen by the Legislature for 2002-03 because of state budget shortfalls. A total of \$796,641,455 has been allotted since 1987; the current fund balance to be allotted is \$70,819,951.



Capital Outlay for School Facilities Cont.

2. Critical School Facility Needs Fund

1987 - 2004 - \$95.5 million the first year (1988), then \$10 million per year from the corporate income tax awarded as grants to LEAs with the most limited ability to pay to address critical building needs. Expires in 2004 after which the funds will be included in the ADM Fund. Sixty school systems received a total of \$259 million in grants from this fund.

3. The \$1.8 Billion N. C. Public School Building Bond Act of 1996

1997-present - Allotments to each school system were set based on four criteria: average daily membership, high growth, low wealth, and small counties. At this time, \$1.77 billion has been drawn by LEAs; the balance of \$37.6 million will be expended by the end of 2004-05.

Fiscal Year	Funds Disbursed	Average/ Month	
1996-97	\$ 16,495,706	\$ 5,498,569	3 months
1997-98	193,612,309	16,134,359	
1998-99	496,558,433	41,379,869	
1999-00	509,541,818	42,461,818	
2000-01	328,473,892	27,372,824	
2001-02	163,519,543	13,626,629	
2002-03	42,245,492	3,520,458	
2003-04	17,579,542	2,511,363	7 months
Total Disbursed	\$1,768,026,735	\$21,301,527	
Bond Fund	\$1,805,663,642		
Balance	\$37,636,907		

In addition to direct state aid, the state earmarks sales tax revenues for facilities improvements. State law allows counties to levy two one-half cent additions to the state sales tax (1983, 1986), 30 percent and 60 percent respectively goes to schools. The revenues are distributed to counties on a per capita basis and may be used for public school capital outlay or to retire indebtedness incurred by the county for these purposes. In many cases, this has allowed counties to fund local bond issues without raising property taxes.

There is no state capital funding for charter school facilities.

Federal Funding

There is no recurring federal funding for public school facilities. Federal funds have included FEMA emergency relief (hurricane) funds. Two federal programs have provided school renovation funds.

1. School Renovation, IDEA, and Technology Grants

A one-time program that provided competitive grants to schools for emergency renovations - \$16.4 million, IDEA (program accessibility) - \$2.72 million, and Technology - \$2.72 million. Grants were awarded in 2002 and required to be completed by September 30, 2003. These grants were available to charter schools and seven charter schools received grants.

2. Qualified Zone Academy Bonds (QZABs)

A zero-interest bond program (IRS code) that requires a 10% match from a local business partner. QZABs authority issued to North Carolina - 1998 - \$9,115,000, 1999 - \$8,851,000, 2000 - \$11,281,000, 2001 - \$11,961,000, 2002 - \$10,903,000, 2003 - \$11,607,000. Legislation is pending in Congress to extend the program through 2004.

Charter Schools

1998-2004

The General Assembly passed legislation in 1996 which created Charter Schools in North Carolina. A Charter School in North Carolina is a public school operated by a group of parents, teachers, and/or community members as a semi-autonomous school of choice within a school district, operating under a "charter" with the State Board of Education. The final approval on all charters will be granted by the State Board of Education. Charter Schools are designed to give significant autonomy to individual schools and in turn to hold these schools accountable for results.

In 2003-04, North Carolina has 93 operating Charter Schools. In accordance with the Charter School legislation, a maximum of 100 Charter Schools can be approved. Charter Schools receive funding based on the average per pupil allocation in the local education agency from which the student came.

Year	Approved	Opened	Closed	Relinq w/o Opening	Total in Operation	Allotted ADM	% of Total ADM	Total State Funds Allotted
1997-98	34	34	1		33	4,106	0.3%	\$ 16,559,947
1998-99	31	26	3		56	5,572	0.4%	\$ 32,143,691
1999-00	28	23	4	4	75	10,257	0.8%	\$ 50,104,210
2000-01	17	15	4	3	86	14,230	1.1%	\$ 64,213,491
2001-02	9	8	3	2	91	19,492	1.5%	\$ 77,177,902
2002-03	3	5	3	1	93	19,832	1.5%	\$ 87,233,744
2003-04	2	2	2		93	21,578	1.6%	\$ 94,286,726
	124	113	20	10				

Flexibility of Charter Schools

Charter schools are provided both financial and educational flexibility

Financial

- Funds allotted in one dollar allotment.
- Not required to:
 - ⇒ pay personnel using the state salary schedules or salary ranges,
 - ⇒ participate in the State Employees Retirement System or State Major Medical Plan,
 - ⇒ purchase on state contract or participate in e-procurement,
 - ⇒ provide transportation to students.

Educational

- Not held to:
 - ⇒ class size maximums,
 - ⇒ 1,000 instructional hours requirement (only required to have 180 instructional days),
 - ⇒ Licensing standards of teachers (required to have 75% of the teachers licensed in grades K-5 and 50% in 6-12).

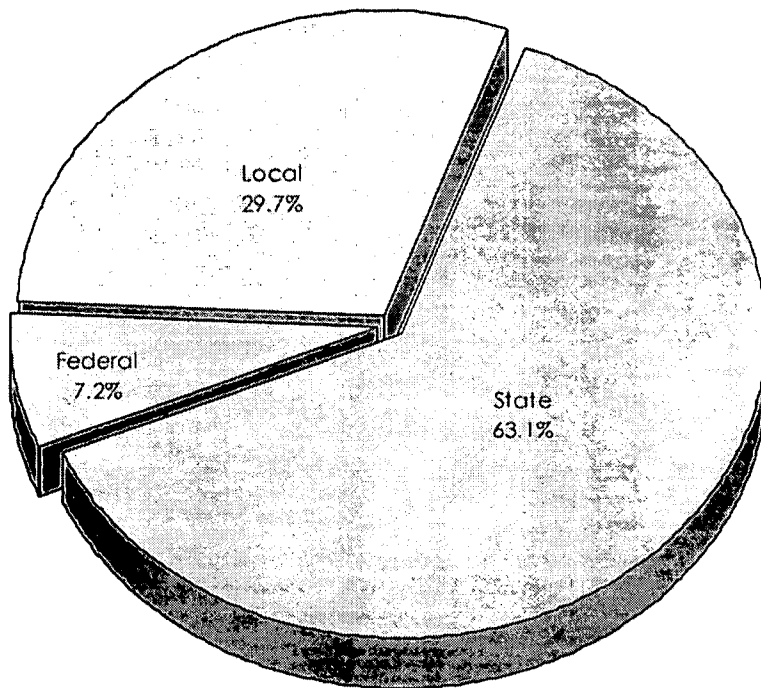
Charter School Expenditures

FY 2002-03

State funds are allotted based on the number of students in ADM at the Charter School. State funds may be used for any purpose other than purchasing a building.

Most federal funds are targeted towards a specific population such as Low Income Children or Handicapped Children.

Local funds are given to Charter Schools based on the local current expense appropriation in the county in which the student resides. Local funds may be used for any purpose.

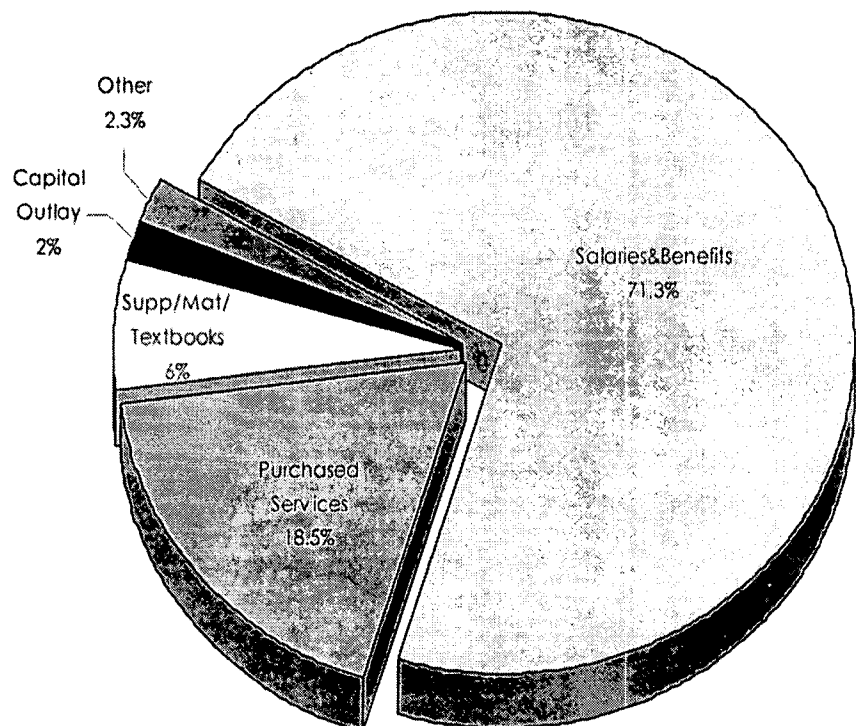


Other includes:

Insurance,
Membership Dues,
And Debt Services.

Purchased Services include:

Contracted Services, Utilities,
Transportation, Printing,
Telephone, and Mailing.



Funded ADM and Total State Funding

FY2003-04

CS #	Name	Funded ADM	FY 03/04 Total State Funding	Funding Per ADM
01A	Lakeside Charter School	26	\$ 152,418	\$ 5,862
01B	River Mill	312	1,246,215	3,994
01C	Clover Garden School	342	1,382,517	4,042
06A	Grandfather Academy	42	272,079	6,478
06B	Crossnore Academy	68	446,284	6,563
07A	Washington Montessori	188	864,910	4,601
10A	Charter Day School	373	1,545,103	4,142
11A	Evergreen Community Charter	338	1,530,116	4,527
11B	ArtSpace Charter School	208	919,911	4,423
11K	Francine Delany School	144	697,008	4,840
12A	New Dimensions	79	415,952	5,265
16A	Cape Lookout Marine HS	103	498,127	4,836
16B	The Tiller School	113	519,621	4,598
18B	Engelmann School of the Arts and Sciences	67	324,401	4,842
19A	Chatham Charter	241	1,020,676	4,235
19B	The Woods Charter Sch.	171	739,385	4,324
20A	Learning Center	77	504,762	6,555
26B	Alpha Academy	42	190,200	4,529
32A	Maureen Joy	198	880,913	4,449
32B	Healthy Start Academy	232	992,363	4,277
32C	Carter Community	106	500,453	4,721
32D	Kestrel Heights School	163	728,190	4,467
32G	Omuteko Gwamaziima	66	339,231	5,140
32H	Research Triangle Charter Academy	669	2,822,707	4,219
32J	Ann Atwater	107	467,291	4,367
32K	Central Park School for Children	110	442,039	4,019
34B	Quality Education Academy	165	724,892	4,393
34C	Downtown Middle School	289	1,303,936	4,512
34D	Carter G. Woodson	300	1,298,791	4,329
34E	East Winston Primary- Closed 12/31/03	121	557,495	4,607
34F	Forsyth Academy	611	2,606,760	4,266

Note: Funding as of January 9th, 2004.

Funded ADM and Total State Funding

FY 2003-04

CS #	Name	Funded ADM	FY 03/04 Total State Funding	Funding Per ADM
34G	Arts-Based Elementary	169	\$ 683,592	\$ 4,045
35A	A Child's Garden	154	708,194	4,599
36A	Highland Kindergarten	121	538,386	4,449
36B	Piedmont Community	480	1,961,935	4,087
41A	Imani Institute	122	550,718	4,514
41B	Greensboro Charter Academy	710	2,978,257	4,195
41C	Guilford Charter School	240	1,047,784	4,366
41D	Phoenix Academy	229	973,751	4,252
45A	The Mountain Community School	148	699,440	4,726
49A	American Renaissance	283	1,154,165	4,078
49B	American Renaissance Middle School	175	773,106	4,418
49D	Success Institute	83	388,737	4,684
50A	Summit Charter	174	796,513	4,578
53A	Provisions Academy	69	354,411	5,136
54A	Children's Village Academy	122	631,108	5,173
55A	Lincoln Charter School	456	1,832,021	4,018
60A	Community Charter School	78	351,206	4,503
60B	Sugar Creek Charter School	483	2,120,747	4,391
60C	Kennedy Charter Public	62	317,132	5,115
60D	Lake Norman Charter Sch.	628	2,506,296	3,991
60F	Metrolina Regional Scholars' Academy	153	592,537	3,873
60G	Queen's Grant	480	1,952,445	4,068
60H	Crossroads Charter High	234	975,862	4,170
63A	MAST	70	341,161	4,874
63B	STARS	117	493,965	4,222
64A	Rocky Mount/Charter Public School	882	3,847,466	4,362
65A	Cape Fear Center for Inquiry	328	1,465,845	4,469
66A	Gaston College Preparatory	184	954,240	5,186
68A	Orange Charter School	176	805,954	4,579
68B	New Century School	101	481,344	4,766
69A	Arapahoe Charter School	356	2,019,986	5,674

Note: Funding as of January 9th, 2004.

Funded ADM and Total State Funding

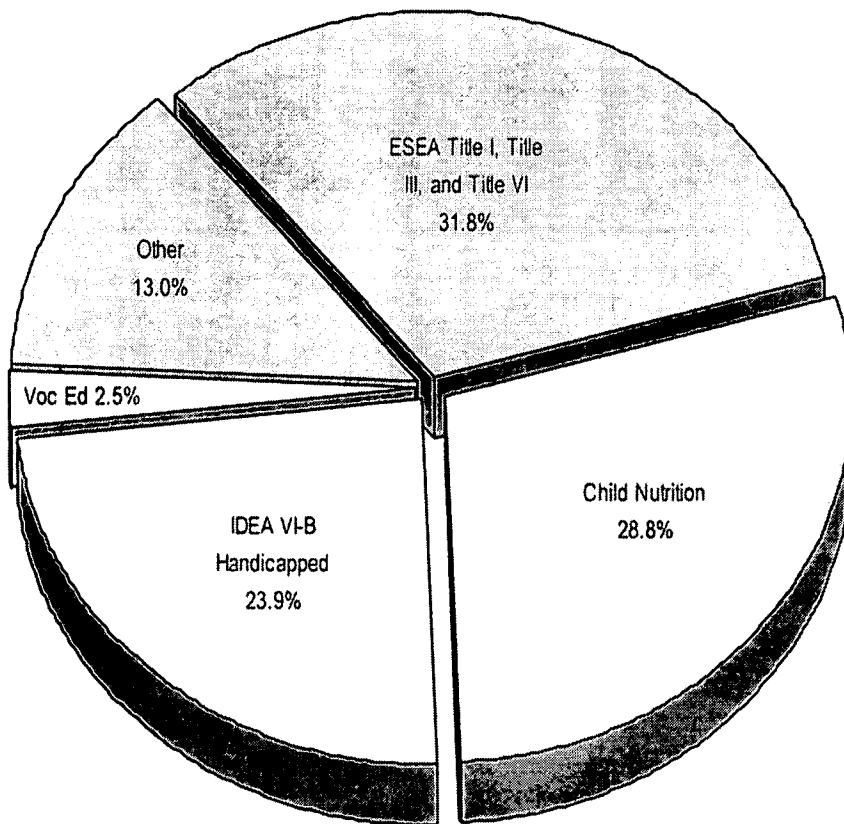
FY 2003-04

CS #	Name	Funded ADM	FY 03/04 Total State Funding	Funding Per ADM
73A	Bethel Hill	308	\$ 1,280,765	\$ 4,158
78A	CIS Academy	107	510,443	4,770
79A	Bethany Community Middle School	88	446,034	5,069
80A	Rowan Academy Charter School	69	268,568	3,892
81A	Thomas Jefferson Classical Academy	320	1,400,118	4,375
83A	Laurinburg Charter School	73	318,981	4,370
83B	The Laurinburg Homework Center	92	403,838	4,390
84B	Gray Stone Day School	128	534,014	4,172
86A	Millennium Charter Academy	198	888,631	4,488
87A	Mountain Discovery	81	453,887	5,604
88A	Brevard Academy	204	969,743	4,754
90A	Union Academy	522	2,189,712	4,195
91A	Vance Charter School	308	1,372,868	4,457
92B	Exploris Middle School	181	754,328	4,168
92C	John Baker HS	42	277,175	6,599
92D	Magellan Charter	330	1,346,182	4,079
92E	Sterling Montessori	458	1,893,318	4,134
92F	Franklin Academy	785	3,150,568	4,013
92G	East Wake Academy	491	2,042,324	4,160
92I	SPARC Academy	161	679,607	4,221
92K	Raleigh Charter High School	475	1,908,886	4,019
92L	Torchlight Academy	125	573,170	4,585
92M	PreEminent Charter School	503	2,040,750	4,057
92N	Quest Academy	130	526,457	4,050
92P	Community Partners Charter High	120	600,935	5,008
92Q	Hope Elementary School	95	424,000	4,463
92R	Casa Esperanza	78	298,292	3,824
93A	Haliwa-Saponi Tribal	130	642,187	4,940
96C	Dillard Academy	72	355,077	4,932
97D	Bridges	153	833,836	5,450
98A	Sallie B. Howard School	613	2,668,982	4,354
	TOTALS	21,578	\$ 94,286,726	\$ 4,437

Note: Funding as of January 9th, 2004.

Federal Funds Funding Our Public Schools

Federal Funds Received FY 2002-03



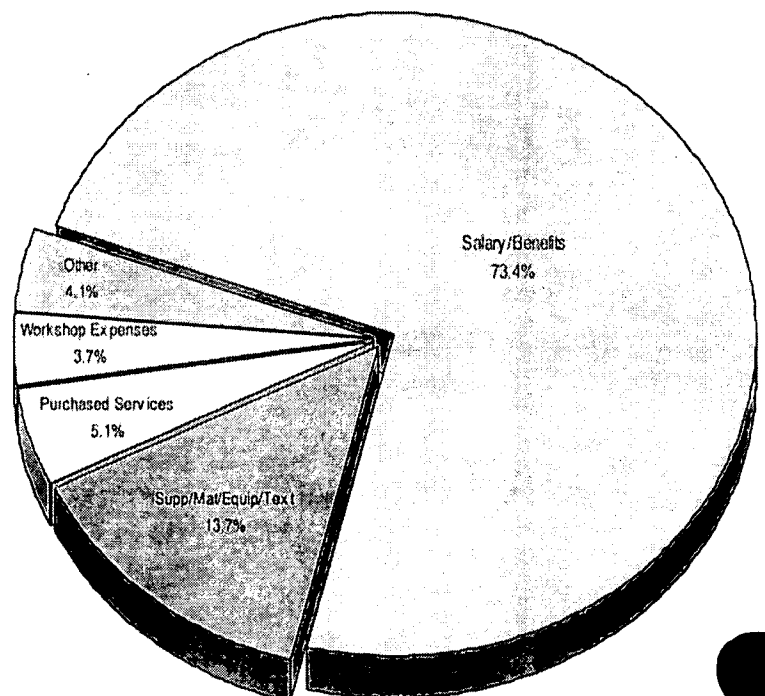
Most federal funds are targeted towards a specific population such as Low Income Children or Handicapped Children.

These funds must be used for the purposes allotted and cannot be transferred.

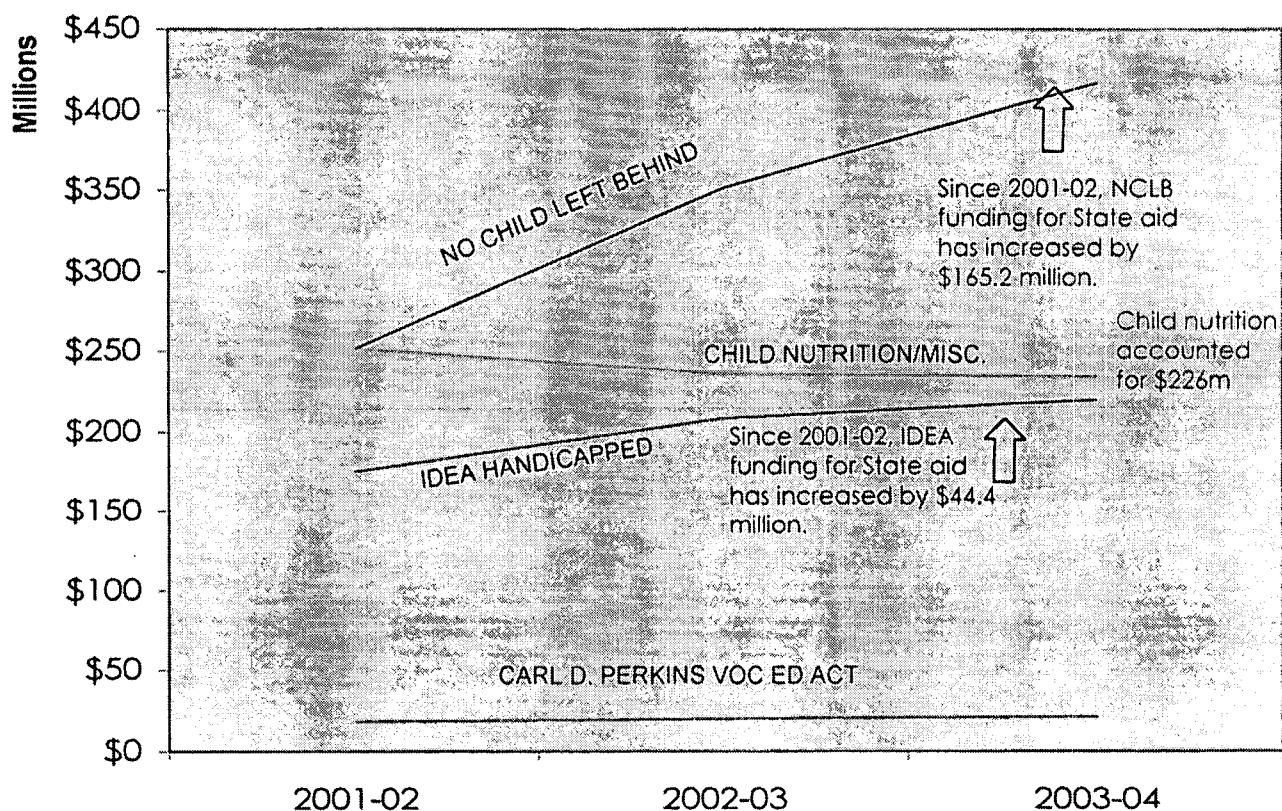
Federal Fund Expenditures FY 2002-03

In 2002-03, 7.9% of total personnel were paid from federal funds. This equates to 5,916 teachers and instructional support, 105 central office administrators, 2 principals and 2 assistant principals, 3,277 teacher assistants, and 3,883 other non-certified personnel.

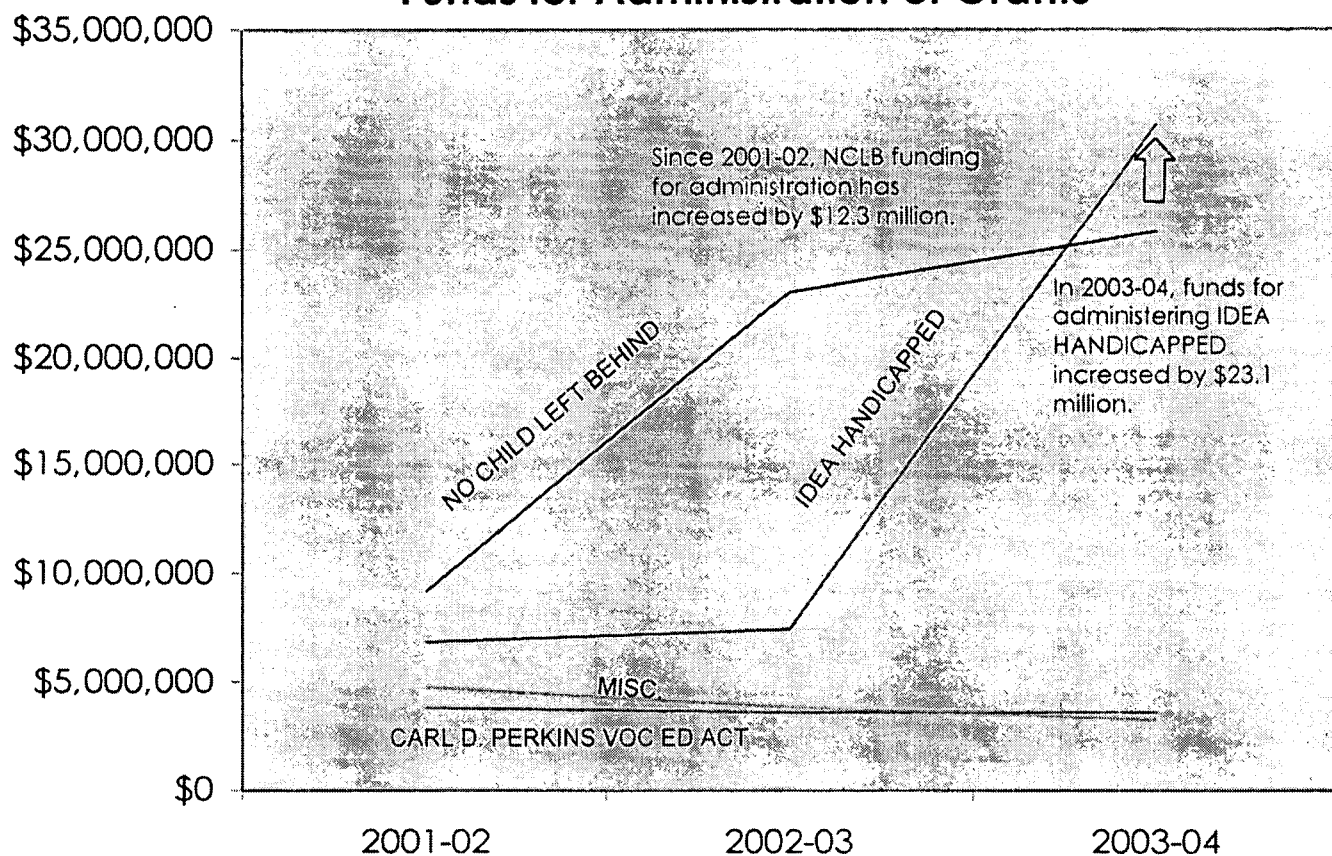
Other includes Utilities, Insurance, Transportation Costs, and Indirect Costs.



Funds for State Aid



Funds for Administration of Grants



N.C. ELEMENTARY AND SECONDARY EDUCATION FEDERAL GRANT AWARDS 2003-04

Abstinence Education	\$ 637,836
* Advanced Placement Fee	151,900
Byrd Honors Scholarship	1,068,000
Child Nutrition Program	251,759,400
* Community Learning Centers	10,800,027
* Comprehensive School Reform	1,832,930
* Education Technology State Grants	13,985,302
* Homeless Children and Youth	951,943
IDEA VI-B Handicapped	213,377,432
IDEA VI-B Preschool Handicapped	10,670,802
* Improving Teacher Quality	60,973,542
* Language Acquisition	7,545,260
Learn and Serve America	373,120
* Math and Science Partnerships	2,373,907
* Public Chartered Schools	3,300,000
Refugee Children	200,000
* Rural Low Income	4,434,515
* Safe and Drug Free Schools	8,000,844
* Title I - Basic Grant	254,120,875
* Title I - School Improvement	4,977,625
* Title I - Even Start	4,821,237
* Title I - Reading First	23,428,781
* Title I - Migrant Education	6,837,800
* Title I - Neglected and Delinquent Children	979,617
* Title I - Comprehensive School Reform	4,531,433
* Title V - Innovative Programs	8,309,594
Vocational Education Basic Grant	19,361,334
Vocational Education Tech Prep	1,900,385
Total	\$ <u>921,705,441</u>

* No Child Left Behind funds are comprised of these individual grants.

Note: The 2003-04 Federal grant awards received as of January 30, 2004.
Does not include administrative amounts.

**N.C. ELEMENTARY AND SECONDARY EDUCATION
FEDERAL GRANTS 2002-03**

	<u>Grant Term</u>	<u>Project Period</u>	<u>Grant Type See Note</u>	<u>Brief Description</u>
21st Century Community Learning Centers	27 months	12 months	State App./Comp	Funds to provide quality, accessible, after-school, weekend, or summer programs for children, youth, and their families.
Abstinence Education Program	12 months	Varies	Direct	Funds to provide abstinence education, mentoring, counseling, and adult supervision to promote abstinence from sexual activity out-of-wedlock.
Advanced Placement Fee	12 months	N/A	State Application	Funds to reimburse part or all of the cost of AP test fees for low income students.
Child Nutrition Programs	12 months	12 months	State Plan	Funding for School Lunch, Special Milk, and School Breakfast.
Common Core Data	27 months	N/A	Direct	Funds to support travel and other activities of the Statistical Research Section.
Community Services	27 months	N/A	State Application	Funds to carry out programs under which students expelled or suspended from school are required to perform community service.
Comprehensive School Reform Demonstration	27 months	27 months	State App./Comp	Provide tools and strategies to schools to become successful in helping all students reach high academic standards
Education Technology State Grants	27 months	27 months	State App./Direct/ Comp	Funds to support the integration of educational technology into classrooms to improve teaching and learning.
Foreign Language Assistance	12 months	N/A	State Application	Funding at the State level to help LEAs develop foreign language assessments.
HIV/Healthful Living	12 months	N/A	State Application	Funds to train teachers on integrating HIV education into school health education.
Homeless Children and Youth	27 months	27 months	State App./Comp	Funds to help LEAs meet the special educational needs of homeless children.
IDEA Title VI-B Handicapped	27 months	27 months	State Plan/Direct	Special education programs for handicapped children ages 3 to 21.
IDEA Title VI-B Preschool Handicapped	27 months	27 months	State Plan/Direct	Special education programs for handicapped children ages 3 to 5.
IDEA Title VI-C Deaf/Blind	12 months	N/A	State Plan	State Admin. - To coordinate programs for children to age 22 that are both deaf and blind. Some funds are contracted.
Language Acquisition	27 months	27 months	State App./Direct	Funds to assist school districts in teaching English to limited English proficient students and in helping these students meet the same state standards required of all other students.
Learn and Serve America	12 months	12 months	State App./Comp	Funds for personnel training and service-learning programs to increase youth involvement in community issues and activities.
NAEP State Coordinator	12 months	N/A	Direct	Funds to support a position which will serve as a liaison between the state education agency and the National Center for Education Statistics.
Public Chartered Schools	12 months	N/A	State App./Comp	Funds for startup of Charter Schools.
Refugee Children	12 months	12 months	State Application	Funds to assist LEAs directly impacted by the sudden influx of refugee children who often have special needs.

**N.C.ELEMENTARY AND SECONDARY EDUCATION
FEDERAL GRANTS 2002-03**

Special Education - State Improvement Grant	27 months	N/A	State Application	Helps states address such critical issues as teacher shortages and need for highly qualified personnel.
Standards, Assessment, and Accountability	27 months	N/A	State Application	Funds to assist with establishing a state system of standards and assessment.
Star Schools	12 months	N/A	State Application	Fund production and telecast of satellite programming for schools across the country.
Teacher Quality Grants	27 months	27 months	State App./Direct	Funds to prepare, train, and recruit high quality teachers. Also allows LEAs to reduce class size.
Title I - Basic Grant	27 months	27 months	State App./Direct	Supplemental funds to provide special help to educationally deprived children, ages 5 to 17, from low income families.
Title I - Comp School Reform	27 months	27 months	State App./Comp	Funds to provide schools with additional tools and effective strategies to become successful in helping all students reach high academic standards.
Title I - Concentration	27 months	27 months	State App./Direct	Supplemental funds for LEAs with high concentrations of low income children.
Title I - Even Start	27 months	12 months	State App./Comp	Supplemental funds to improve educational opportunities for children and adults through a unified, family-centered education and parenting programs.
Title I - Migrant Education	27 months	27 months	State App./Direct	Funds to meet the educational needs of migratory children.
Title I - Neglected and Delinquent	27 months	27 months	State App./Direct	Funds for neglected and delinquent children under 21 in state institutions or attending community day programs.
Title I - Reading First	27 months	27 months	State App./Comp	Funds to help States & LEAs utilize scientifically-based reading research to implement comprehensive reading instruction for children in grades K - 3.
Title I - School Improvement	27 months	27 months	State App./Direct	Additional assistance to schools identified for school improvement, corrective action, and restructuring.
Title V - Innovative Education	27 months	27 months	State App./Direct	Funds for targeted assistance programs to enhance student performance.
Troops To Teachers	27 months	N/A	State Application	Funds to attract retired military personnel to a second career as public school teachers.
Virtual Teaching & Learning	12 months	N/A	State Application	Telecommunications partnership that will design programming that can be developed to enhance instruction and training in consultation with professionals who are experts in the subject matter.
Vocational Education	27 months	12 months	State Plan/Direct	Funds to expand, improve, and develop quality programs to enhance future workforce skills.
Vocational Education - Tech Prep	27 months	12 months	State Plan/Comp	To guide students in a course of study leading from high school preparation to the associate degree from local community colleges.

Note: The State Board's flexibility with federal grants is directly related to the Grant Type:

Minimum flexibility. Funds are appropriated by the Federal Government and allocations are based on federal formula.
Based on applications for funding filed directly from the Department and/or Governor.
Based on specific federal grant criteria. The State Board approves the State Plan.
The State Board approves the application and selection processes.

MINUTES
HOUSE APPROPRIATIONS
SUBCOMMITTEE ON EDUCATION

May 13, 2004
9:00 AM

The House Appropriations Subcommittee on Education met on Thursday, May 13, 2004, in Room 544 of the Legislative Office Building at 9:00 AM. The following members were present: Chairs Jean Preston, Linda Johnson, Joe Tolson and Doug Yongue; Vice-Chairs Carolyn Justice, Marian McLawhorn, Earline Parmon; Representatives Bell, Dockham, Goforth, Gorman, Hilton, Moore, Pate and Rapp. The Senate Appropriations on Education/Higher Education members attended this joint meeting. The following Senate members were present: Senators Lucas, Swindell, Malone, Garwood, Stevens and Nesbitt. The Education Fiscal Research Staff was in attendance. A Visitor Registration list is attached and made part of these minutes.

The Chair, Jean Preston, called the meeting to order.

Jeff Davies, UNC Office of the President, was recognized and provided the UNC Budget Request for 2004-2005. This document is included and made part of these minutes.


Kennon Briggs, NC Community College System, reviewed the State Board of Community College's 2004-2005 Consensus Budget Request. This document is included and made part of these minutes.


Philip Price, Associate Superintendent for the Department of Public Instruction, was recognized and provided the NC Department of Public Instruction's Supplemental Budget Request for 2004-2005.

Mr. Price was asked to return to the next Appropriations Subcommittee on Education meeting by Chair, Jean Preston, to continue his overview of the Public School's Budget.

There being no further business, the Chair adjourned the meeting.

Respectfully submitted,


Representative Jean Preston
Chair


Suzanne Castleberry
Committee Assistant

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Education

5-13-04

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Elizabeth Haverstick	CSBM
Carolyn McKenney	NCAE
Michael Hansen	NCAE
Sam C. Graves	PERC
Dick Carlton	Carlton + Alexander PLLC
Kerwin FitzGerald	UNC CH
Tamara Davis	DPI
John Bowditch	ADA
Barbara Connelley	FEW
Michael Drexler	SM
Peggy Myers	SM

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Education

5-13-04

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

DAVID DUNN	UNC CHARLOTTE ^{CHANCELLOR'S} OFFICE
Patricia Mullen	The Mullen Co
Joanne Stevens	ncna
Karen Galt	Nor'e Bond for Prof. Teaching Standards
Ann McArthur	Governor's Ofc.
Linda Ayn	SBE / DPI
Philip Paine	DPI
Hope Williams	NCICU
Lue-Ann Coe	CTA
Paul Pullen	Pullen, Watson King & L
J Beverly	LBA

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Education

5-13-04

Name of Committee

Date

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FIRM OR AGENCY AND ADDRESS

Shannon Bossor	John W. Pope Center for Higher Ed Policy
Andy Willis	NC State Univ
John Metzger	COO OFFICE
Katherine Goyce	NCASA
John Norris	Public School Forum of NC
Rebecca Troutner	NCACC
Mark Figg	Work for Tim Mc Donnell
Tim Mc Donnell	UNC-Meredith
Gene Caggsby	NC SESA
Jason Harrison	WCB
Don Wildman	NC Community College Faculty Assoc.

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Education

5-13-04

Name of Committee

Date

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NAME

FIRM OR AGENCY AND ADDRESS

Anne Bander	OSBM
Mark Lanier	UNCW
James D. Smith	UNC
Ken B.	NCCCS
Just William	NCCCS
Alice L. Smith	NCCCS
Carl Price	WTCC
Steve Scott	Wake Tech
Kathy Johnson	Nash C.C.
Larry Keen	NCCCS
Claudia Odom	UNC

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Education

5-13-04

Name of Committee

Date

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NAME

FIRM OR AGENCY AND ADDRESS

CARL A. BYRD, JR.

North Carolina Community College Assoc.

Hal Miller

NCACCT

Helen Dowdy

NCACCT

NANCY REED

SELF

Robert A. Miller

Vance Granville
Community College

Fred Wilson

Vance Granville Community College

Angela Wilson

"NCCC"

Ginger Jones

UNC

Trey O'Quinn

OSBM

Julie Mitchel

"

Kirk Cooper

OSBM

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Education

5-13-04

Name of Committee

Date

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NAME _____

FIRM OR AGENCY AND ADDRESS

Jon Hill

Senator Smith's Office

VLM-Beide

420

UNC
Budget Request
2004-05

**The University of North Carolina
Supplemental Expansion Budget Requests
2004-05**

In preparing the 2003-05 Budget Request of the Board of Governors, the Board was guided by six interrelated strategic priorities: Access; Intellectual Capital Formation; K-16 Initiatives; Creation, Transfer, and Application of Knowledge; Internationalization; and Transformation and Change. The unfunded items in the 2003-05 Budget Request remain before the General Assembly for consideration during the 2004 Session. The Board amends its request in the amount and scope as follows to update amounts as appropriate and present additional priorities not known at the time that the biennial budget request was developed.

Access

The most important of the Board's strategic priorities is ensuring access to higher education for all qualified citizens and embracing a vision of lifelong learning. It is the Board's belief that providing full funding for enrollment growth and adequate need-based student financial aid are imperative in meeting this objective.

Enrollment Changes

\$64,691,225

UNC campuses were over-enrolled by approximately 680 students in the fall of 2003. It is expected that an additional 6,927 students will enroll on UNC campuses in the fall of 2004, bringing the total need for enrollment growth appropriations in 2004-05 to \$63.9 million.

The North Carolina School of Science and Mathematics has also requested \$700,000 for an additional 35 students.

Need-based Student Financial Aid Plan

21,344,000

This funding is required to hold needy students harmless for the 5% tuition increase mandated by the General Assembly in 2003, cover additional students who have been deemed eligible for the program, and hold students harmless for other increases in 2004-05. The requested amount would provide funding of need-based aid for undergraduate North Carolina residents.

Intellectual Capital Formation

Intellectual Capital Formation addresses ways to develop an educated citizenry that will enable North Carolina to flourish through excellent graduate, professional, and undergraduate programs.

Distinguished Professors Endowment Trust Funds – State Matching Funds

6,000,000^R
9,800,000^{NR}

As of January 20, 2004, an unprecedented number of professorships have been funded by private donations and are awaiting the state matching funds. Of 38 professorships currently ready to be funded, 17 of these are for \$167,000 for \$500,000 endowments, 1 is for \$250,000 for a \$500,000 endowment, and 20 of them are for \$334,000 for \$1,000,000 endowments. Significantly, at least half of these are in critical areas of the biological and medical sciences and engineering. The State match required for these 38 qualifying professorships is \$9,769,000, and a steadily increasing number of additional requests are being submitted by the campuses. A recent survey of all 16 constituent institutions estimates that State matching funds will be requested for an additional 29 distinguished professorships beyond those currently in the queue. The required State match for the anticipated chairs would require \$8,012,000. To address the current backlog, the Board of Governors requests \$9.8 million in non-recurring funds. In recognition of the anticipated new professorships, the Board of Governors requests that the recurring budget be increased by \$6 million.

**The University of North Carolina
Supplemental Expansion Budget Requests
2004-05**

K-16 Education

The request for K-16 Education continues the Board of Governors' efforts to propose and support initiatives to serve the needs of the State's public schools.

Meeting Teacher Supply and Demand

The Board of Governors created a Task Force on Meeting Teacher Supply and Demand to study ways in which the University could assist in alleviating the State's teacher shortage. The requests for funding to implement the recommendations of that Task Force will be phased in and based on the implementation timeline of the Task Force's final report. In support of the recommendations presented in this report and based on the timeline for implementation, the following funding is requested.

Statewide Teacher Recruitment and Marketing Plan

25,000^{NR}

Successfully meeting North Carolina's teacher supply and demand needs will require a concerted statewide effort. UNC's initial commitment to this effort is the creation of a focused module on CFNC.org to provide prospective teachers with a single source for information on preparing for careers in teaching. This will include the education and licensing requirements; grants, scholarships and loan programs for future teachers in North Carolina; and online applications for both admission and financial support.

Teacher Incentive Financial Retention Program

1,000,000

North Carolina shares the nation's current challenges in attracting and retaining highly qualified teachers. In collaboration with the North Carolina State Education Assistance Authority, this funding will support the creation of a teacher incentive financial retention program to attract and retain 1,000 new teachers a year. This initiative will be phased in over several years.

Teacher Education Summer School Funding Pilot

500,000

This three year summer school funding pilot will focus on specific program areas to address the severe shortage of teachers across the state and will accelerate the production of teachers for North Carolina's public schools. A special focus will be placed on identified critical shortage licensure areas.

Clinical Teacher Education Courses

2,700,000

Improved preparation and support of prospective teachers leads to improved teacher quality for all of North Carolina. This request seeks to appropriately fund clinical-based teacher education courses requiring faculty-student ratios smaller than regular courses.

**The University of North Carolina
Supplemental Expansion Budget Requests
2004-05**

Creation, Transfer and Application of Knowledge

Components of the request for Creation, Transfer and Application of Knowledge are intended to expand the frontiers of knowledge through scholarship and research and stimulate economic development in North Carolina through basic and applied research, technology transfer, and outreach and engagement activities.

Economic Development

North Carolina A & T State University & UNC Greensboro - Joint Request for

Funding Operating Needs of the Millennium Campus

354,863

These campuses jointly request funding for ongoing university costs due to telephone and networking needs at the former Central NC School for the Deaf to enable the buildings to be used by the Universities for outreach and economic development. Also see related capital request on page 8.

North Carolina Central University - Funds for the Bioprocessing Research Institute and Technology Enterprise

1,250,000

NCCU received a grant of \$17.8 million from the Golden LEAF Foundation and \$1.3 million of in-kind support from the biomanufacturing and pharmaceutical industries towards its Bioprocessing Research Institute and Technology Enterprise. Although completion of the BRITE facility is one and one-half to two years away, it is critical that NCCU begin immediately to search for and hire faculty and other essential personnel with expertise in biotechnological areas to complement the current faculty. These personnel will collaborate with the existing research faculty to augment the development of the BRITE Center for Excellence. This request includes five new faculty positions, four other positions, equipment and supplies, and other start-up costs.

North Carolina State University - Funds for Biomanufacturing Training and Education Center

1,080,050 R
1,350,000 NR

The Golden LEAF Foundation has approved a grant of \$33.5 million for the construction of a Biomanufacturing Training and Education Center (BTEC) to be located on NCSU's Centennial Campus. In addition, \$2.5 million in additional funds for equipment has been promised as matching from the biomanufacturing industry. While the facility will require more than two years to design and build, it is essential that NCSU begin to complement the existing faculty & educational staff in biotechnology with key interdisciplinary faculty and staff positions that can be integrated into the existing biotechnology community. These positions will contribute to the teaching and educational mission of BTEC and also facilitate the creation and dissemination of knowledge in emerging areas of commercialized biotechnology to capitalize on the extraordinary physical resource represented in and by BTEC. This request includes three new faculty positions, sixteen other positions and other equipment and startup funds.

**The University of North Carolina
Supplemental Expansion Budget Requests
2004-05.**

North Carolina State University - Funds for Technology Incubator Program

189,835

NCSU's Industrial Extension Service (IES) has operated NCSU's Technology Incubator since mid-2003 when the NCTDA ceased its operation of the Incubator. NCSU's Technology Incubator specifically facilitates university/industry collaborations and the commercialization of promising technologies from within and outside the University. To date, the Technology Incubator has been home to 55 companies and its graduates include notable high-growth companies such as Nitronex and Silicon Semiconductor. Additionally, the National Business Incubator Association reports that each dollar of state incubator investment generates approximately \$45 in tax revenues from the 84% of incubator graduates that remain in their home states. From 1998 through most of 2002, the State provided the subsidy required to operate the incubator at NCSU via annual appropriations to NCTDA. IES and NCSU are currently seeking this support to ensure the continued operation of the Incubator as a critical link between the University and North Carolina entrepreneurs and industry.

Leveraging the State's SBTDC

900,000

The University proposes an increased investment in the North Carolina Small Business and Technology Development Center (SBTDC) to significantly increase its capabilities and service outreach of the state's leading existing business assistance resource. Critical service capabilities will be retained and expanded levels of outreach and service to small and medium-sized businesses will be achieved, with a particular emphasis placed on expanding services in less urban regions of the state.

With this level of increased support, the SBTDC would be able to create and retain significant numbers of jobs in North Carolina over the near term. It has a 19-year track record of successfully providing business counseling and management education services to well over 100,000 businesses. Its broad range of general business services and special resource programs - international trade finance, government procurement, marine trades and technology development - are provided through a network of 17 campus-hosted centers with ready access to businesses across the state.

While SBTDC services are available to clients across the spectrum, from start-ups to larger manufacturers, its focus is on meeting the needs of small to mid-sized firms, typically employing between 10 and 200 people. This focus results from on-going research which confirms that it is small to medium-sized companies which have the best potential for adding large numbers of new jobs needed to grow North Carolina's economy.

Specific uses of additional funds will include:

- * A recommitment of resources to help firms access export credit insurance and financing to support increased exporting*
- * Implementation of an "Innovation and Competitiveness" program for rural manufacturers and other rural businesses*
- * Expanded leverage of University resources to support economic and business development projects through the engagement of graduate and professional students and faculty fellows*
- * Expanded support for capital formation and access*
- * Increased size and capacity of the highly successful Procurement Technical Assistance Center Program, which also supports the state's goals of increased business with the military.*

**The University of North Carolina
Supplemental Expansion Budget Requests
2004-05**

Accelerate Innovation in North Carolina's Economy

1,600,000

As the transition to a knowledge-based economy continues, there are two challenges that must be met. First, manufacturing job losses are occurring principally in North Carolina's less urban counties while new knowledge-based jobs are being created, principally in urban counties. North Carolina must find a way to assure that the new economy jobs are broadly distributed across the state. Second, North Carolina needs large numbers of new, high quality jobs if it is to offset past and continuing job losses and provide work for a growing population. Without focused stimulation and support, the current pace and quality of new job creation in North Carolina will not be sufficient to assure a prosperous economic future. A strategy and action to meet the state's new job creation needs should be based upon existing strengths and realities, focusing on: (1) existing small to medium-sized businesses; (2) stimulating technology and knowledge transfer and entrepreneurship; and (3) best practices.

By taking a systematic, best practices-based approach, which builds on and enhances core strengths to stimulate new enterprise formation and existing business competitiveness, North Carolina can help create the jobs needed for its future economic prosperity. The main components of this proposal to accelerate innovation are:

Innovation Support: *Efforts currently underway, supported by the National Science Foundation, confirm that potential exists at all campuses, and the University has developed a set of recommendations and a model approach to realize this potential. This proposed initiative would support the establishment of technology development and transfer support offices needed to implement this model in the eastern and western areas of the state.*

Through these support offices, professional resources would be available to support expanded research and development, technology transfer and the changes in the cultural environment on the campuses necessary to create and support entrepreneurial behavior. Specific technology support services to be provided would include: grant prospecting and proposal writing support, technology and market assessments, market research, commercialization strategies/negotiations, capital formation/access, partnership and alliance development, licensing and other legal support, and portfolio management. Specific activities to address campus culture would include strategic advising, faculty workshops, new metrics for faculty performance, and incentives/rewards for entrepreneurial behavior.

Business Acceleration: *A new, cost effective approach to business acceleration is needed to link new and existing incubation facilities to regional University campuses, develop and implement a systematic approach to business formation and growth and assure that there is extensive support for new entrepreneurial companies in the facilities. A formal entrepreneurial minor curriculum would be developed for use, both on-campus with students and off-campus with entrepreneurs. The on-campus offering would provide the platform for creating student teams to support entrepreneurial companies. An increasing level of investment over three years would support the following program components: develop the program and services criteria for "certified" business accelerators and create "certified"*

**The University of North Carolina
Supplemental Expansion Budget Requests
2004-05**

Accelerate Innovation in North Carolina's Economy (continued)

accelerators; provide a full-time university "entrepreneurial agent" at each certified site to link the accelerators and tenant companies to regional campuses; and oversee the engagement of students and faculty support resources. In addition, the proposal would support development of an entrepreneurial minor curriculum, leverage student and faculty support for tenant companies at each accelerator site, develop a portal to support and track tenant company performance, closely monitor and evaluate the growth of tenant companies, measure and report on tenant company performance and outcomes, and provide a support network for the managers of existing incubators and "certified" business accelerators.

Enterprise: *There is ample knowledge as to the challenges to existing business and industry competitiveness. To effectively meet these challenges requires that businesses have a sharp strategic focus, commitment to innovation and change, adoption of state-of-the-art operational and performance enhancement efforts, and a commitment to workforce development. This initiative would support engagement of the University and other resource partners to determine regional business needs and opportunities and develop University outreach teams to serve existing small to medium-sized businesses. Specific enterprise growth services to be provided would include regional needs and opportunity analyses for University outreach teams, together with the establishment of five University outreach teams to work with businesses.*

UNC-Chapel Hill School of Government

Economic Development Community Outreach

387,600

In FY03-04, the School of Government ("SOG") launched a program in community economic development led by two faculty to address this critical need. This is a key component of the University's economic development strategy. SOG faculty are working with North Carolina leaders to offer training, research and technical assistance targeted to meet the needs of distressed communities. They are offering a number of training programs for public officials: a community development academy, regional seminars in economic development planning, leadership programs, and the primary economic development certification course in the region targeted at economic development professionals, coordinated with the state Department of Commerce. In addition, SOG faculty are developing critical research to address the needs of communities including a best-practice series, a web-based clearinghouse, and targeted research to meet the needs identified by local communities.

Funding is sought to hire a professional EPA non-faculty coordinator to manage requests for training and assistance for economically distressed communities, and extend the resources and capabilities of SOG faculty. The faculty work would be significantly leveraged by the addition of two field professionals who would provide training and assistance to communities and increase the capacity of the School to meet this pressing need. Finally, this community outreach initiative would provide modest stipends for others to broaden the capabilities of the SOG team, including faculty throughout the University system.

**The University of North Carolina
Supplemental Expansion Budget Requests
2004-05**

Other Expansion Initiatives

AGRICULTURAL PROGRAMS

North Carolina A & T State University

State Matching Funds for the Agricultural Research & Cooperative Extension

2,239,199

With the recent passage of the new Farm Bill (Farm Security and Rural Investment Act of 2002), the state-matching requirement will increase by 10 percent per year until the total match reaches 100 percent (FY 2004-2008). Furthermore, funds provided from the state for this need in 2004 were nonrecurring. As a result, NCA&TSU needs an additional \$2,239,199 to fulfill its matching requirement in 2005.

Academic Salary Increases

The Board of Governors is directed by the General Assembly to make recommendations for salary increases for faculty members and other academic personnel who are exempt from the State Personnel Act. In its 2003-05 biennial budget request, the Board requested academic salary increases of 6 percent each year of the biennium. Studies continue to indicate that UNC campuses are losing competitive ground with peer institutions in the marketplace for recruiting and retaining high quality faculty. These studies show that the Board's request of 6 percent is minimal, and that it would not bring UNC faculty to the average salaries of their peer institutions. The Board of Governors recognizes the simultaneous need for faculty salary increases as well as the continued difficulties of the state's fiscal situation. In response, the Board reaffirms its request for an increase of 6 percent, to be awarded on a merit basis.

Request – 6% – University-wide

76,959,193

Although not statutorily required by the General Assembly, the Board reiterates its support for a meaningful salary increase for employees subject to the State Personnel act (SPA). The Board also supports funding for career-banding initiatives and funding for in-range pay adjustments in order to maintain the competitiveness of the University's support staff.

**The University of North Carolina
Supplemental Expansion Budget Requests
2004-05**

UNC Capital Improvements Request

North Carolina A & T State University

Millennium Campus Improvements

3,656,000 NR

UNCG & NCA&TSU jointly request funds to convert three buildings on the former Central NC School for the Deaf for use as classrooms and offices for outreach and economic development.

North Carolina Central University

Reimbursement of Bond Funds

8,583,189 NR

An appropriation is requested to restore funds transferred from the UNC Bond Program for costs associated with mold remediation. NCCU requests reimbursement of funds diverted from three projects (Hoey Administration-\$2.7M, Electrical Infrastructure-\$3M, and Land Acquisition-\$1.4M) and \$1.45M for housing and for transporting students during renovations to campus residence halls.

Funds for Repairs - Steam Lines

6,400,000 NR

As part of the investigation into the causes and sources of mold growth on the NCCU campus, the deteriorated condition of the steam lines was cited as a major contributing factor. The campus currently has funding to repair 40% of the steam lines, but these repairs will create substantial pressure on the remaining aged steam lines. NCCU requests \$6.4M to replace the remaining 60%.

Funds for Mold Remediation

2,020,679 NR

The consultant's assessment of needs for mold remediation on the NCCU campus exceeded the amount of reprogrammed funds authorized by the Board for that purpose. NCCU requests an additional \$2M to address Priority 1 & 2 needs from the Clark Nexsen assessment, not covered by the reprogrammed funds.

East Carolina University

Eastern Carolina Cardiovascular Institute

60,000,000 NR

Funds are requested to fund a new capital project, the Eastern Carolina Cardiovascular Institute, at East Carolina University. The project will total about 220,000 square feet. A cardiovascular clinical research, education, and outpatient facility will use about 180,000 square feet, and the Warren Life Sciences Building will be expanded for a cardiovascular basic science research center. The project is a significant element of a joint project between ECU and Pitt County Memorial Hospital (PCMH), the primary teaching hospital for the Brody School of Medicine. PCMH is planning to construct, using non-state funds, a 150-bed heart hospital, which will form the in-patient portion of the Institute.

UNC Health Care

North Carolina Clinical Cancer Center

180,000,000 NR

UNC Health Care requests that the project amount for the proposed Clinical Cancer Center be increased to \$180M from \$130M as requested in the 2003-05 Budget Request to recognize the actual space requirements to meet present and expected growth, site and utility issues, and a linkage to physicians' offices component of the project resulting from advanced planning efforts. Population growth in the state, the aging of "baby boomers," and the expected cancer diagnoses of approximately 38,000 North Carolinians this year alone, contribute to the demand for the services provided by the new North Carolina Clinical Cancer Center.

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

State Board of Community Colleges



***Office of the President
Division of Business and Finance***

“2004-2005 Consensus Budget Request”

March 2004

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INTRODUCTION

The North Carolina Community College System

Funding Requirements to Serve the State During a Time of Economic Stress

According to the U.S. Department of Labor¹, for the period 1998-2002, North Carolina's Trade-related job losses led the nation. For the period, North Carolina lost 76,855 jobs (1.9% of its labor force), outdistancing far more populous states such as Texas, Pennsylvania, California, New York, Illinois and Michigan. From June 2001 until June 2002, North Carolina had net job losses in such industries as broad woven and wool's, wood and upholstered furniture, apparel, knitting, machinery, hosiery, metals, electronic equipment, fixtures, and telecommunications.² These industries have historically been the backbone of the State's economy.

The substantial loss of manufacturing jobs over a four-year period pushed the state into recession. An eighteen-year high in unemployment and the resultant loss of personal income, the largest source of state revenue, also precipitated a shortfall in sales tax collections as consumer confidence evaporated. Needless to say, corporate profits, the third largest source of state revenue, fell as well. The cumulative effect of the downward spiral of these three revenue sources forced three consecutive sessions of the General Assembly (2001, 2002 and 2003) to reduce spending.

In the midst of this manufacturing and economic downturn, the North Carolina Community College System (NCCCS), already experiencing an average annual full time equivalent (FTE) growth rate of three percent, saw FTE growth explode to unprecedented levels. Total FTE enrollment grew from 150,844 in 2000-01 to the current budgeted enrollment for 2003-04 of 180,563. This represents an increase of 29,700 FTE, or approximately 19.7 percent over the three-year period. There is no question that the surge in enrollment is highly correlated with the loss of manufacturing jobs

In November of 2000, voters passed a higher education bond referendum for the construction of new facilities within the NCCCS. While the process of designing and building new facilities is well under way, unprecedented enrollment growth has exhausted current capacity. There are concerns that buildings will not be completed fast enough to accommodate the influx of displaced adults seeking new job skills for a changing marketplace. An emerging crisis is occurring with respect to the funding necessary to equip the new shops, labs, and classrooms that are being constructed. As a consequence of declining state revenues and expenditure reductions, state funding for equipment has declined from \$45 million per year in 2000-01 to \$15 million in 2003-04, a decrease of two-thirds. A fall 2001 survey by the Division of Business and Finance estimated unfunded equipment needs of over \$230 million. Again, another unique challenge facing the NCCCS is how to procure state-of-the-art equipment for new facilities to facilitate the significant re-training effort already underway system-wide.

¹ Bureau of Labor Statistics. Quoted in the News and Observer on August 18, 2002.

² North Carolina Employment Security Commission, Labor Market Information Division. 2002.

According to North Carolina's labor and economic outlook as of September 2002³, employment opportunities for the decade 1998-2008 will be concentrated in allied health and education. The most promising industry on the horizon for the state is biotechnology. But these jobs in a knowledge-based and re-defined manufacturing economy will be filled only with adults who possess problem-solving, critical thinking skills. To accomplish this task, it is critical to employ well-credentialed faculty and professional student services staff. Unfortunately, faculty in the NCCCS rank 15th out of 16 southern states in salary, and professional staff are paid only slightly better. Compensation issues are driving faculty into either retirement or other occupations at alarming rates.

The State of the NCCCS Budget

Over the past four years, the NCCCS has experienced substantial budget reductions in both the instructional and student support formula, and in categorical programs related specifically to the classroom. Total reductions for these activities alone amount to \$35.6 million. At the same time, these painful reductions have been masked by full funding for enrollment growth (+\$116.2 million). While on the face of it appears the NCCCS has seen a net increase in funding, the state's economic crisis and revenue shortfall have forced the State Budget Office to make dramatic reductions in cash allocations available for spending throughout the fiscal year. For example, for the fiscal year ended (June 30, 2003), the NCCCS was forced to revert to the General Fund approximately \$39.8 million (six percent of the total budget).⁴ Total reversions for the past four years total \$114.1 million. Therefore, we have served approximately 29,700 new FTE over the two-year period with very little new funding for operations, and no new funding for economic development activities.

The two principal funding sources for providing training opportunities for both job retention and job creation in the NCCCS are the Focused Industrial Training (FIT) Program and the New and Expanding Industry (NEIT) Program. Together, these programs worked with over 900 companies and trained over 25,000 individuals in 2001-02.⁵ Unfortunately, because of the state's economic situation, the state-appropriated funding for both programs has been reduced by \$5.8 million for 2003-04. This makes the task of kick-starting an already weak and changing economy much more difficult.

Resources and Capacity

The concern about a college's capacity to respond to the economic crisis the state faces generally has to do with available resources. As noted earlier, significant budget reductions and budget reversions required by the Executive branch system wide over the past two years have made the task of responding to mass layoffs almost impossible. Reductions to both the FIT and NEIT programs for 2003-04 also make the "re-tooling" process for keeping existing industry competitive, and recruitment process for creating new jobs more difficult.

The State Board of Community Colleges included in its biennial budget request to both the Governor and General Assembly funds to build operational capacity, and to enhance instruction and support. Funds were requested for equipment (\$223.5 m) and continuing education (\$3 m).⁶ Unfortunately, for adult learners, displaced workers, these requests were not funded. More recently, the loss of both F.I.T funds

³ North Carolina Employment Security Commission

⁴ NCCCS Division of Business and Finance.

⁵ NCCCS Economic and Workforce Development Division. Annual Report 2002.

⁶ The State Board of Community Colleges. "2003-05 Expansion Budget Request." March 2003.

(\$1.7 m) and a reduction in New and Expanding Industry funds (\$4.1 m) force the State Board to seek replacement funds from the 2004 Session of the General Assembly. Finally, there is an explosion of entrepreneurs, many of whom are displaced workers, who seek to start their own businesses. This requires both counseling and licensing services from the system's fifty-eight small business centers (\$1.0 mil PLUS funding for the Business Licensing Information Office).

Summary

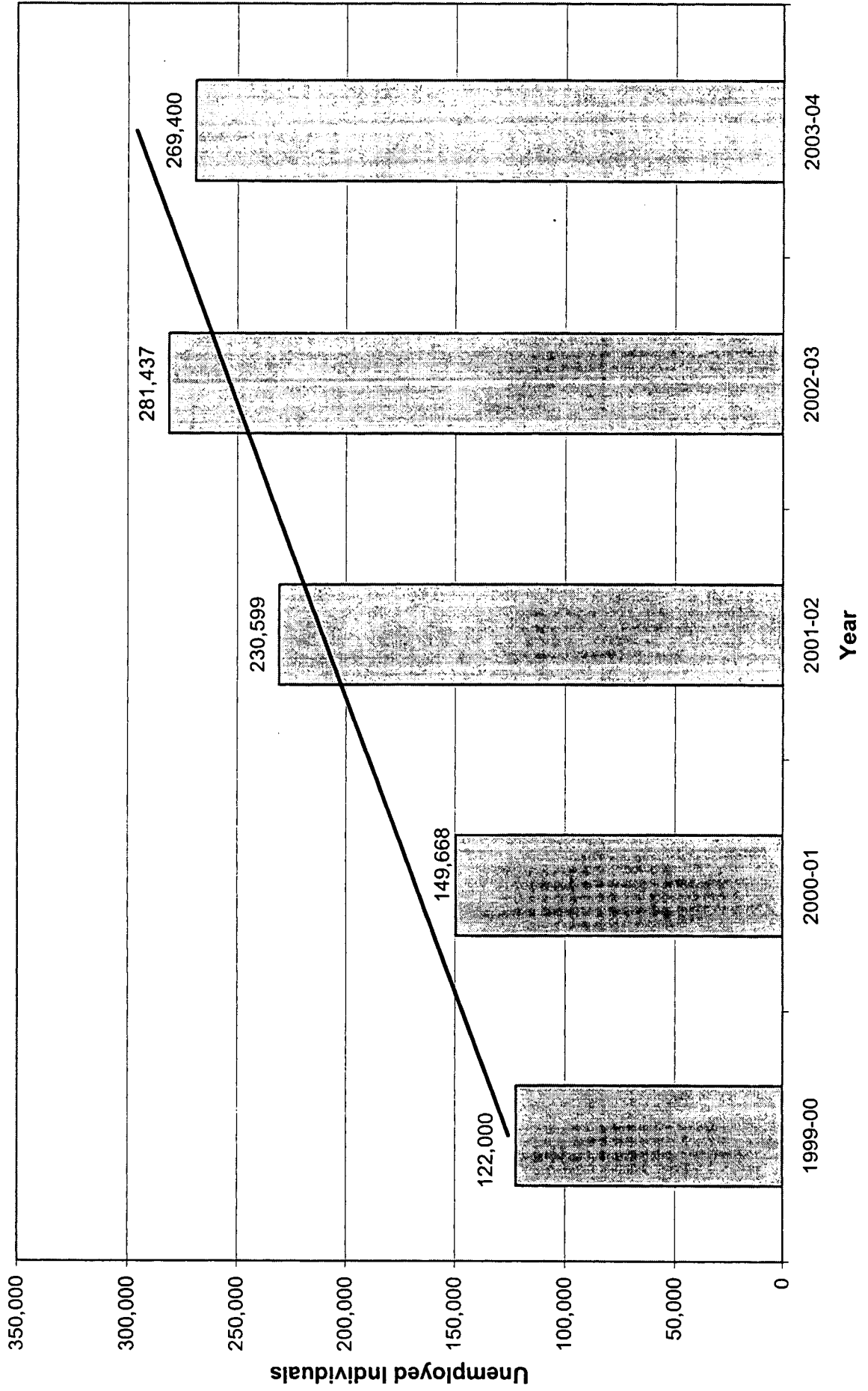
The State Board of Community Colleges and the North Carolina Community College System are caught in an extremely difficult situation. The following is a sequence of events since calendar year 2000:

1. The effects of international trade agreements begin to take effect in the state, resulting in the offshore relocation of both textile and furniture jobs. A national recession brings a significant slowdown in both telecommunications and high-tech industries. Voters in the state pass a substantial bond issue to increase facility capacity in the NCCCS.
2. North Carolina begins to reel from the loss of manufacturing jobs, resulting in high unemployment, declining state tax collections (personal and corporate income, and sales tax).
3. Record numbers of displaced workers enroll at Community Colleges State wide, seeking new skills and new career paths. Many of these students are not capable of college level work, and require significant amounts of remediation.
4. The NCCCS experiences four consecutive years of "budget reversions", thereby rendering the use of enrollment growth dollars moot. Facilities are built, but there are no new dollars with which to equip them; faculty and staff work overload hours teaching and counseling with no significant increase in compensation; and, classes are closed out early for lack of physical or instructional capacity, thereby denying those who need new skills opportunities.

The system that is best positioned to respond quickly to the changing economy, the one to whom business and industry turns, and the one to which students are flocking in record numbers, is the North Carolina Community College System. It seems a tragedy that at a time when we need capacity most and are called upon to help, the resources are not there.

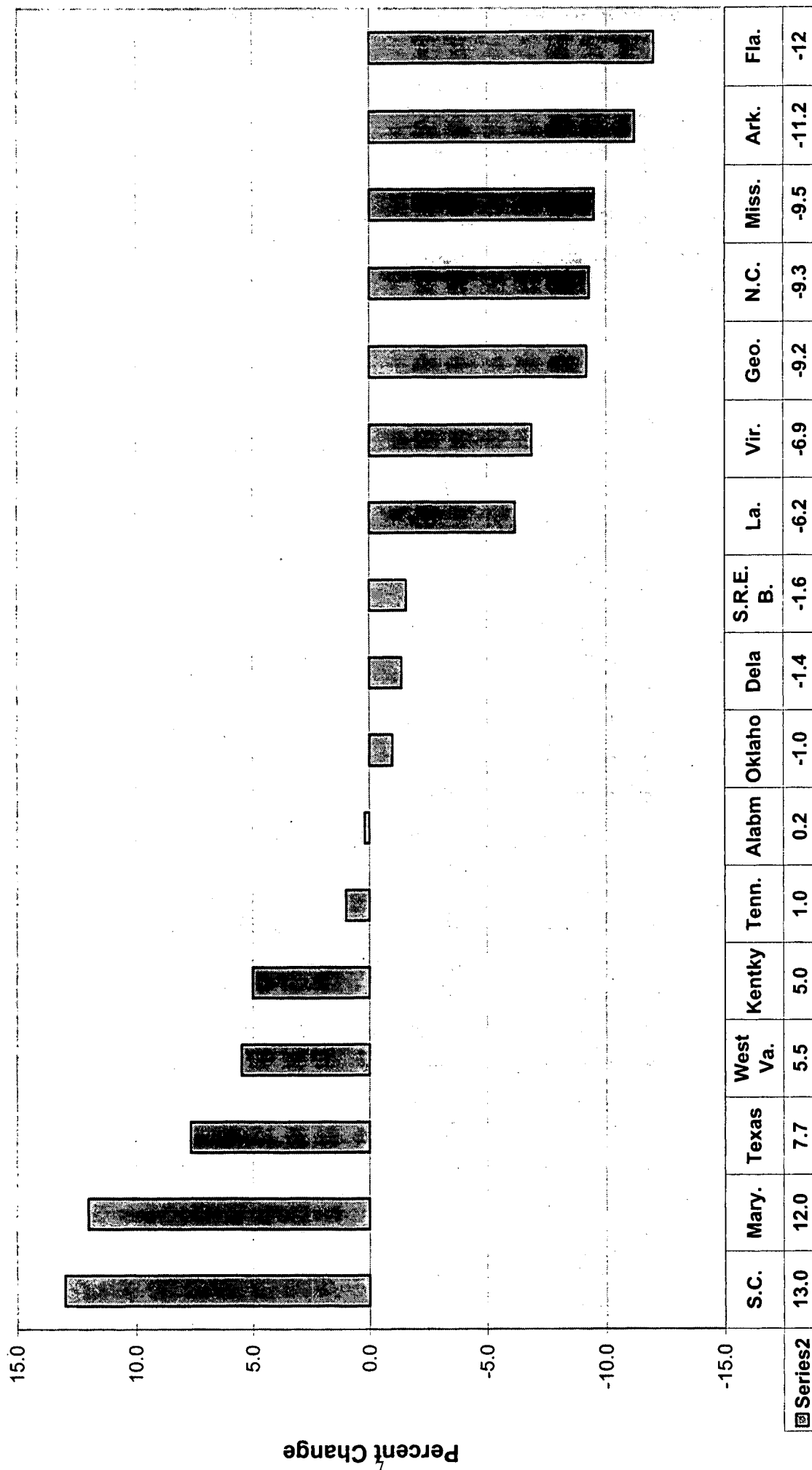
The System needs the capacity to turn the state around, to do so quickly, and through an appropriate educational setting. Small class sizes, caring faculty, and supportive staff all contribute to successful student outcomes. Whether it is quality instruction in short-course, non-credit instruction; certifications in specific skills; or Associate degrees in allied health, biotechnology or early childhood education, the NCCCS is the vehicle for students to attain their educational goals, and return quickly to the marketplace.

**North Carolina Community College System
Unemployed Individuals in North Carolina
1999-August 2003**



Source: Employment Security Commission

Changes in Per-Student Funding Public Two-year Colleges: FY 2001 to FY 2002



State System

SUMMARY OF BUDGET REQUEST

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

The 2004 Consensus Budget Request

1. Enrollment Growth, Salary Adjustments and Formula Restoration \$55.8 million

This item includes, by virtue of fully funding the enrollment growth, providing salary increase funds to move faculty and professional staff to 85% of their respective national averages, and restoring the proposed elimination of summer term funding, “flexible funding” for the System President and State Board to restore the \$35.6 million of formula cuts over the past two fiscal years, and to reverse some of the \$114.1 million of reversions for the past four years.

- Enrollment Growth - \$20.1 million
- Faculty & Professional Staff Salaries - \$31.9 million
- Summer Term Instruction - \$3.5 million

2. Equipment Funding \$223.5 million

The request is that the General Assembly designate ten percent (10%) of the unreserved credit balance each fiscal year to supplement the paltry \$15 million per year equipment appropriation, to chip away at a \$223 million backlog of equipment modernization needs, and to equip the new facilities built with the 2000 Higher Education Bond Funds. This request does not require an appropriation of recurring funds.

3. Services to Business & Industry \$17.1 million

Severely under funded are the services provided by the NCCCS to business and industry. These services include Focused Industrial Training, New and Expanding Industry, Small Business Centers, and Occupational Continuing Education. Without a recurring appropriation, incumbent worker training provided through FIT will be reduced by 50%. There are no “unencumbered” funds to meet training opportunities from existing industry, and the increasing number of new prospects. The addition of the Business Licensing Information Office (BLIO), coupled with a transfer of at least \$1 million from other sources, renders the Small Business Centers ineffective at meeting the demand from displaced workers seeking to become entrepreneurs. Finally, moving continuing education funding to parity with for-credit instruction in high-demand occupations answers industry’s demand for skills training.

- Focused Industrial Training - \$1.6 million
- New and Expanding Industry - \$4.1 million
- Small Business Centers - \$3.0 million
- Occupational Continuing Ed - \$3.0 million
- Customized Industry Training - \$5.4 million

4. Multi-Campus Colleges and Off –Campus Centers

\$10.9 million

The 13 multi-campus colleges have the additional challenge of being forced to spend between several hundred thousand and one million dollars to provide necessary support services for a stand-alone campus. While multi-campus colleges receive \$102,600 per location, this amount is insufficient to meet a variety of student needs including registration, counseling, financial aid, technology and lab support and myriad other services. Off-campus centers provide convenience locations for many displaced workers in the state to develop new skills for the marketplace.

- Multi-Campus Colleges - \$6.8 million
- Off-Campus Centers - \$4.1 million

ENROLLMENT, COMPENSATION, AND FORMULA RESTORATION

Enrollment, Compensation, and Formula Restoration For the North Carolina Community College System

Over the past four years, while the State of North Carolina was experiencing significant job losses and a decline in state revenues, the North Carolina Community College System (NCCCS) was experiencing substantial enrollment increases from dislocated workers, minimal compensation increases for career faculty and professional staff, and large reversions from and permanent budget reductions to the State Aid Formula for all fifty-eight colleges.

During the four-year period 2000-2004, enrollment swelled from 150,844 full-time equivalent (FTE) students to 180,563, an increase of over 29,700 FTE. The Governor and General Assembly fully funded enrollment growth during this period, appropriating \$116.2 million. However, required reversions during this period totaled \$114.1 million, and permanent budget reductions totaled \$35.6 million. **In effect, the NCCCS served an additional 29,700 FTE with a total net budget reduction of \$33.5 million.**

During this time period, salary increases were kept to a minimum, in spite of the fact that community college faculty ranked last in the south according to the Southern Regional Education Board (SREB). Because few dollars were appropriated for incremental salary increases, boards of trustees and college presidents were reluctant to provide large permanent increases from enrollment growth dollars for fear that they would be reverted. And, in fact, that is exactly what happened. Colleges acted to give as large of bonuses as were permitted by law to faculty and professional staff, and gave as much of a permanent increase as they could sustain in a subsequent fiscal year.

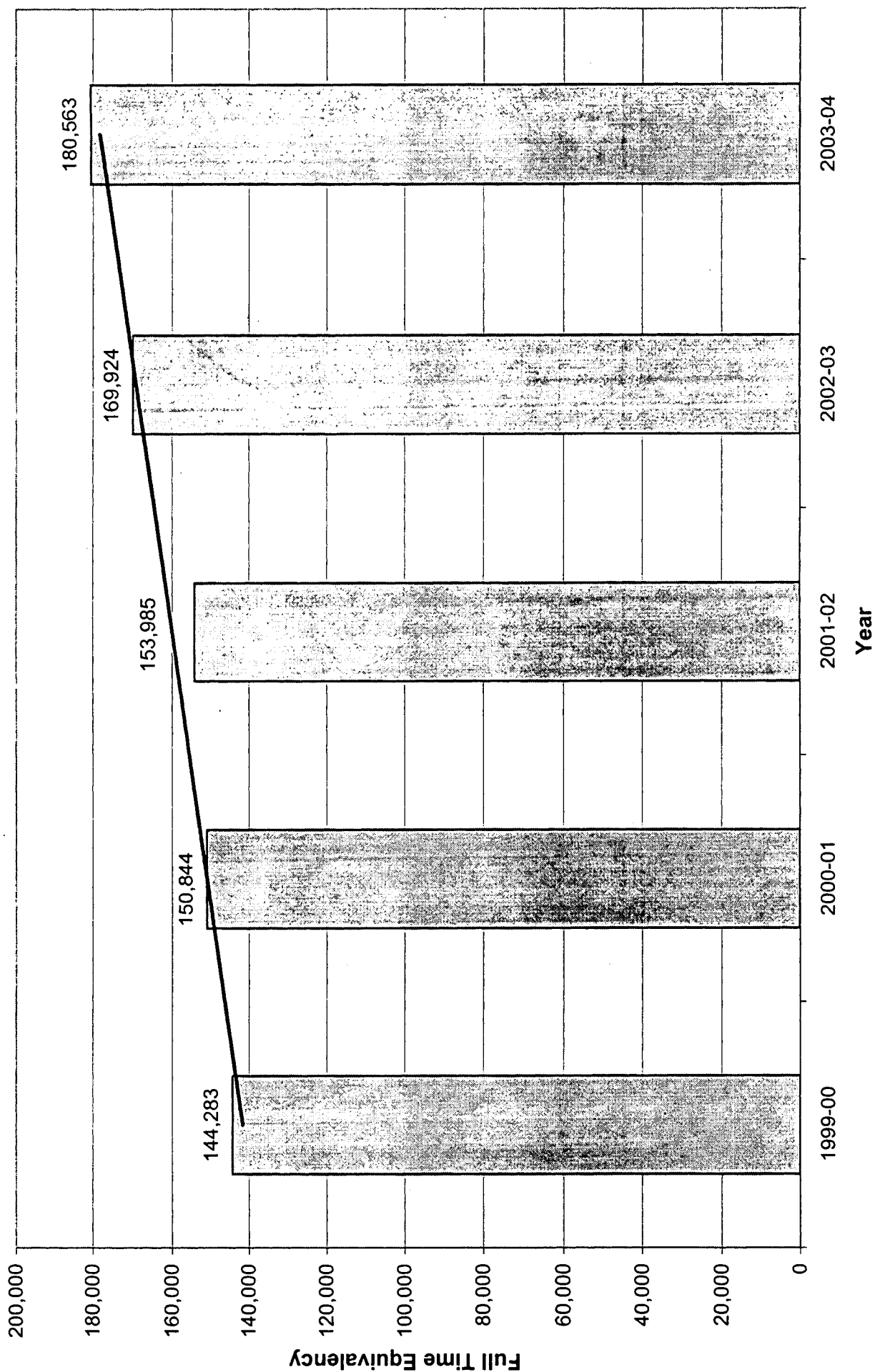
But what is particularly alarming is the change in per capita funding because of reductions to the State Aid Allocation Formula (Formula). The Formula funds include all of the instructional salaries, classroom operating expenses, student support functions, and management activities at each of the fifty-eight colleges. Because of permanent budget reductions, **over the past four fiscal years, per student funding has declined from \$3,931 per student to \$3,417 per student, a decrease of 13 percent.**

It is estimated by the Division of Business and Finance that for fiscal year 2003-04, enrollment will again increase by approximately 4 percent, or another 6,900 plus FTE. This will cost approximately \$20.1 million. In addition, it is estimated that it will cost \$31.9 million to improve faculty and professional staff salaries by 5 percent in relationship to their peers. This is an equivalent amount to the permanent budget reductions made over the past two fiscal years. Finally, it is requested that Summer-Term Instruction not be completely eliminated as proposed in the 2003 Session Laws.

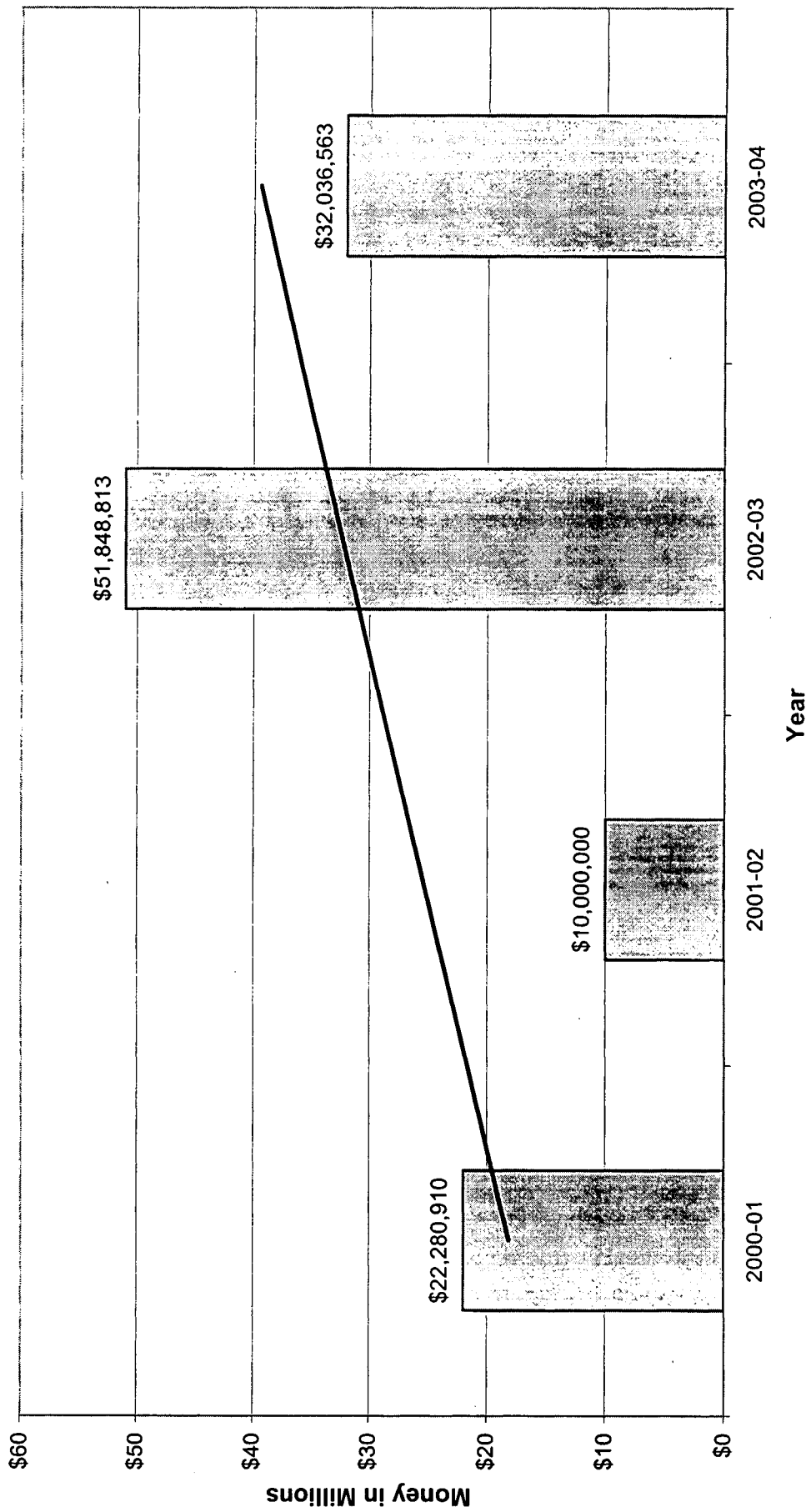
It is requested that the State Board be appropriated funds for enrollment and compensation increases, and be enabled to use them flexibly to restore reductions and fund necessary requirements.

The following charts and graphs depict both the trends and budget requirements for 2004-05.

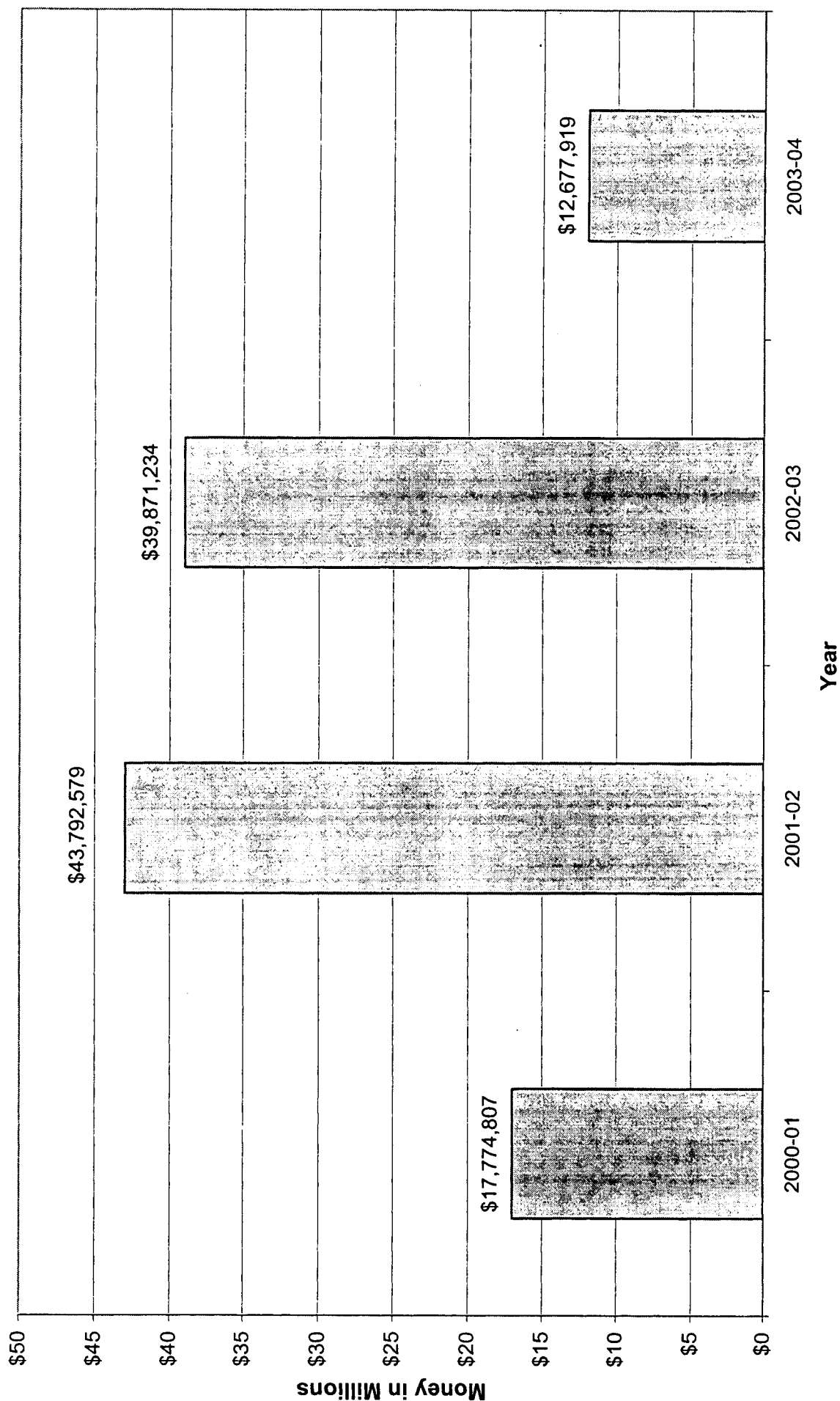
Enrollment Increase in The North Carolina Community College System 1999-2004



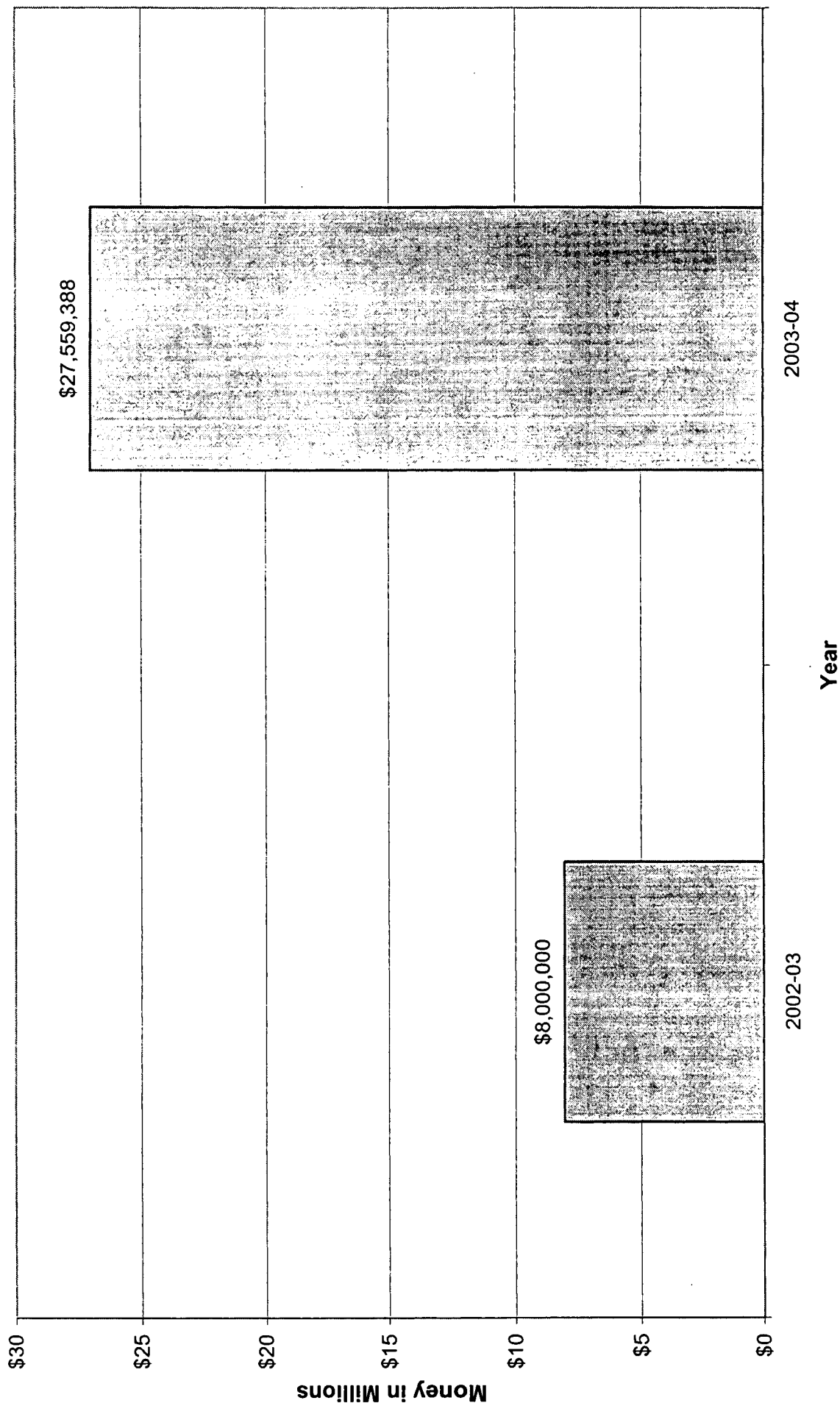
North Carolina Community College System Enrollment Growth Funding 2000-2004



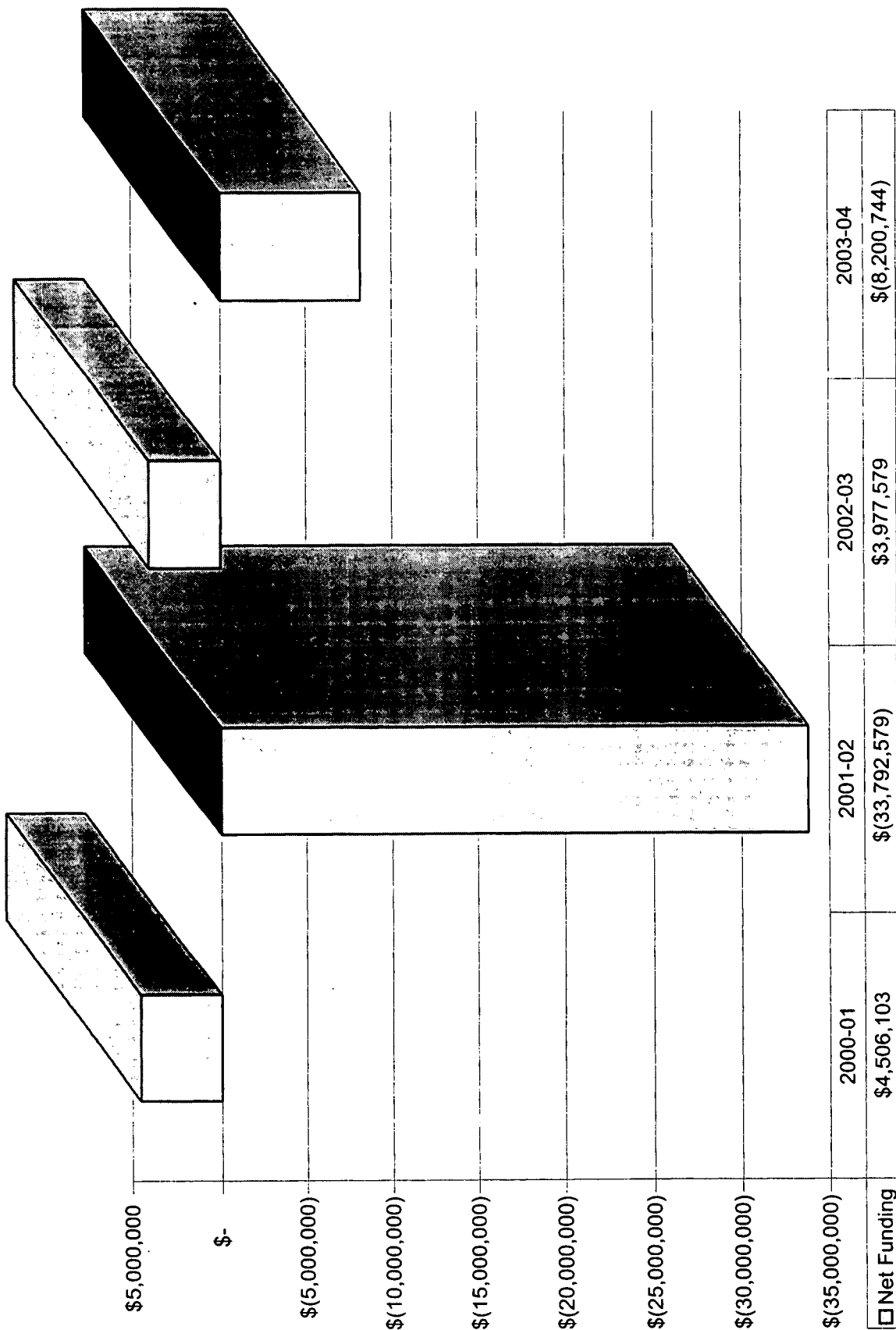
North Carolina Community College System Required Reversions 2000-2004



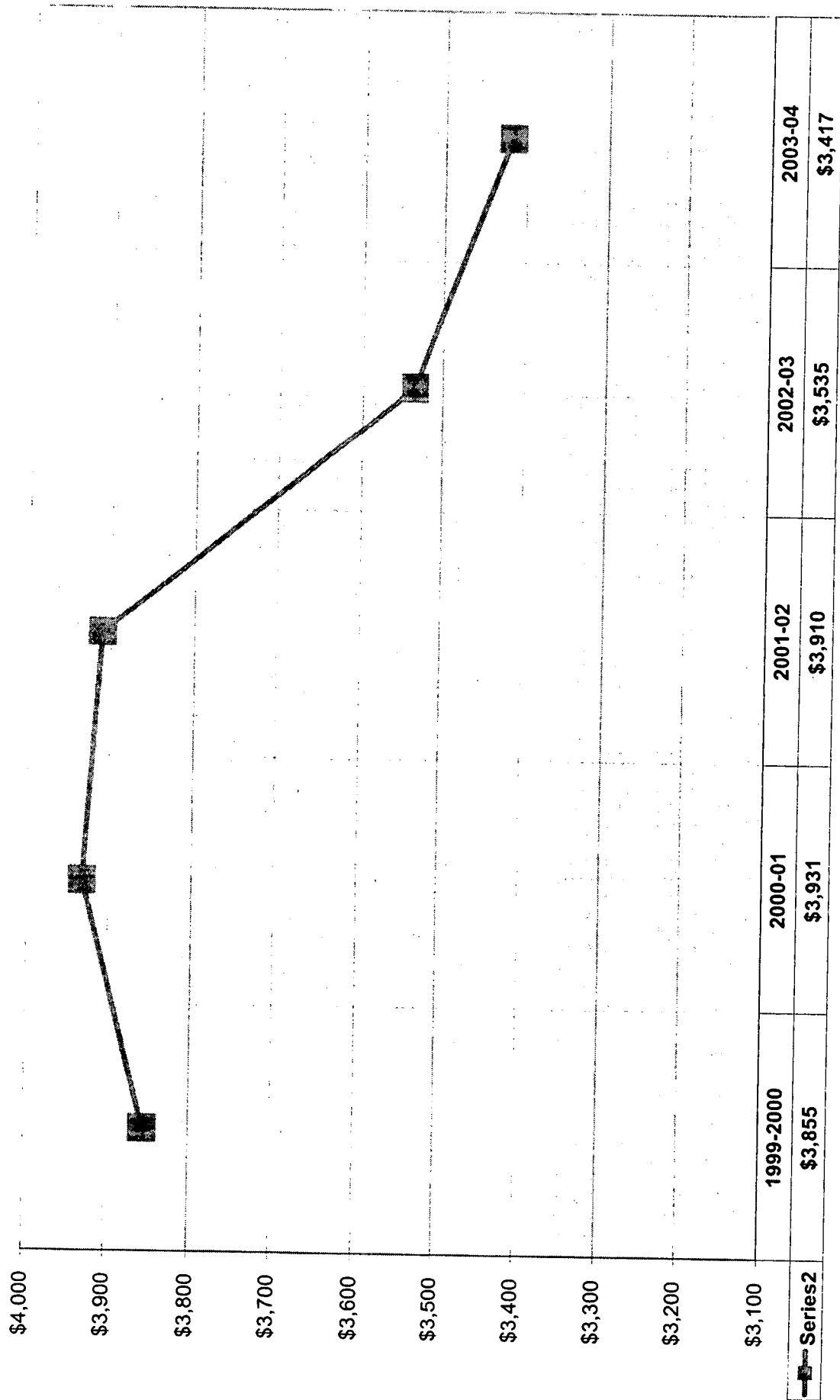
**Permanent Legislative Budget Cuts in
The North Carolina Community College System
2002-2004**



North Carolina Community College System
NET FUNDING = Enrollment Growth - Permanent Cuts - Reversions
FY 2000 - 2004



NCCCS - Changes in Per Capita Funding: 1999 - 2004



Source: Division of Business and Finance

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
ENROLLMENT GROWTH
2004 - 2005

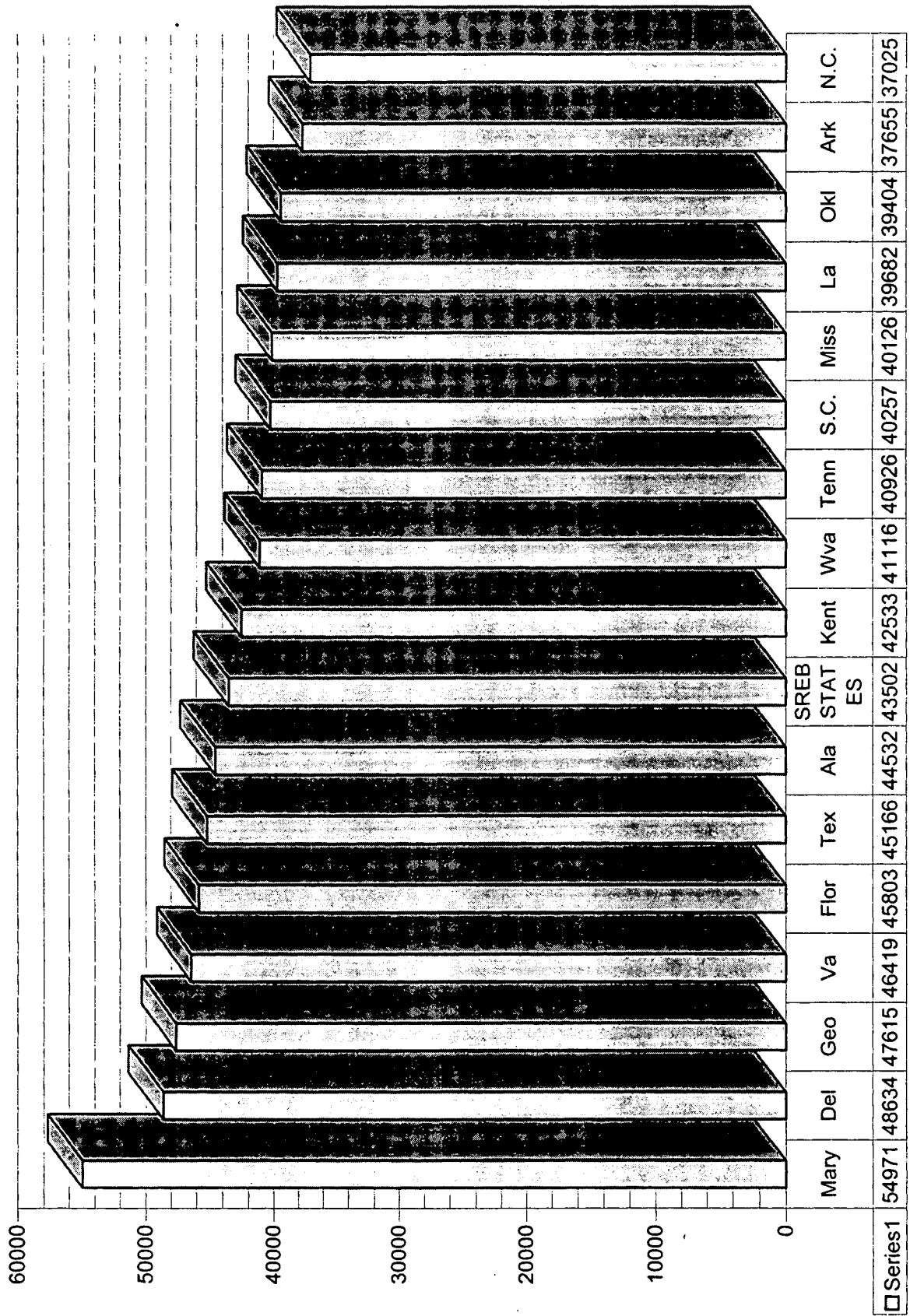
All FTE Reflect the Higher of Current Yr or Average of the Past 3 Years	Allotted FTE 2003-04	Projected FTE 2004-05	Growth	% Increase	Appropriation Required	Total Requirements	Estimated Receipts
Curriculum	142,056	148,930	6,874	4.84%	\$19,923,342	\$26,514,271	\$6,590,929
Continuing Education	20,831	20,814	-17	-0.08%	(\$46,282)	-\$57,960	(\$11,678)
Basic Skills	17,808	17,861	53	0.30%	\$189,077	\$225,544	\$36,467
TOTAL	180,695	187,605	6,910	3.82%	\$20,066,137	\$26,681,855	\$6,615,718

Note: Receipts have not been updated to the current year.

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GROWTH0405
Total (Avg or Curr Yr)

Average Salaries and Rankings of Full-time Faculty: 2002-03



Source: SREB Data Exchange December 2003

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
Faculty and Professional Staff Salaries
Moving to National Average

¹ Number of Faculty/Staff	² NCCCS Average	³ National/CUPA Average	⁴ 2005	⁵ 2006	2007	2008	2009	
Full Time Faculty	5,281	\$37,584	\$48,304	\$19,595,991	\$32,402,364	\$45,501,655	\$58,917,297	\$66,462,864
Professional Staff	2,486	\$45,681	\$59,223	\$12,368,674	\$19,788,646	\$27,378,335	\$35,151,316	\$39,523,194

1) Full-time Faculty positions from survey data collected by Fiscal Research as of November 2001
Professional Staff positions from the NCCCS Staff Information Report 2001-2002

2) NCCCS 9-month average salaries from the NCCCS Staff Information Report 2001-2002

3) Full-time faculty national average as published by the SREB for 2001-2002
Professional staff average salary as published in CUPA HR Salary Data for 2001-2002

4) Moves Full-Time Faculty and Professional Staff to 85% of the respective averages in 2004-2005, indexed for inflation
based on Consumer Price Index Conversions Factors for 2003

5) FY05-06 through FY08-09 moves Full-Time Faculty and Professional Staff to the National Average, indexed for inflation
based on Consumer Price Index Conversions Factors for 2003

NOTE: These estimates include NO assumptions based on enrollment growth, legislative increases, or length of faculty contracts

EQUIPMENT FUNDING

Equipment Funding For the North Carolina Community College System

The NCCCS is experiencing tremendous growth pressures from displaced workers that seek re-training on modern equipment. New and more complex curriculum programs, many of which require new technology, necessitate replacing old equipment with new. As a result of a slowdown in the state's economy, an emphasis on retraining the workforce for both new and emerging occupations, and for making existing companies more competitive in international and domestic markets, the NCCCS has identified \$223 million of economic development equipment needs.

The General Assembly worked to meet the System's equipment needs by providing funds from House Bill 275. Those funds however are no longer available on a continuing basis. Colleges are quickly eating up House Bill 275 equipment reserves equipping new facilities, leaving no funds to replace old technology. The System will build out or renovate \$160 million of facilities by the end of 2005. These facilities must be equipped by replacing computer technology and upgrading shops and labs. Unfortunately, only \$15 million per year is available to all 58 community colleges. This amount is insufficient to provide re-training for displaced workers, and replace old technology.

The request is that the General Assembly designate ten percent (10%) of the unreserved credit balance each fiscal year to supplement the paltry \$15 million per year equipment appropriation, to chip away at a \$223 million backlog of equipment modernization needs, and to equip the new facilities built with the 2000 Higher Education Bond Funds. This request does not require an appropriation of recurring funds.

North Carolina Community College System

December 7, 2001 Equipment Needs Survey

Summary By College

Name of College in Alphabetical Order	Computer Technology (Includes Instruction & Administration)	Equip Classrooms, Shops, and Laboratories	Equip the Five High Cost Programs as Defined by the State Board	Furnishings for Instructional Support and Administrative Functions	Total Estimated Cost (Sum of A-D)	Amount of the Total Estimated Cost to Equip New or Renovated Facilities. \$\$\$
Alamance CC Subtotals	A	B	C	D		
Alamance CC Subtotals	\$1,032,000	\$150,646	\$0	\$390,750	\$1,567,395	\$390,750
Asheville-Buncombe CC	\$2,896,290	\$4,669,608	\$0	\$478,594	\$8,044,492	\$3,700,536
Beaufort CC	\$771,000	\$1,038,603	\$0	\$197,300	\$2,006,903	\$212,250
Bladen CC	\$911,500	\$187,750	\$0	\$143,000	\$1,242,250	\$522,300
Blue Ridge CC	\$1,279,958	\$554,226	\$0	\$13,000	\$1,847,184	\$249,040
Brunswick CC	\$514,500	\$312,000	\$0	\$50,000	\$876,500	\$150,000
Caldwell CC	\$3,044,946	\$478,001	\$0	\$383,650	\$3,906,597	\$191,280
Cape Fear CC	\$3,166,589	\$2,822,370	\$5,047,500	\$1,638,895	\$12,675,354	\$4,959,937
Carteret CC	\$936,250	\$882,035	\$0	\$134,400	\$1,952,685	\$1,697,285
Catawba Valley CC	\$1,147,811	\$2,606,162	\$0	\$511,795	\$4,265,768	\$922,855
Central Carolina CC	\$3,933,475	\$2,512,065	\$0	\$325,654	\$6,771,194	\$724,288
Central Piedmont CC	\$11,058,324	\$10,136,077	\$0	\$3,005,260	\$23,199,661	\$11,015,600
Cleveland CC	\$863,244	\$1,643,021	\$0	\$238,577	\$2,744,842	\$2,242,761
Coastal Carolina CC	\$163,250	\$2,049,257	\$0	\$51,600	\$2,264,107	\$1,198,699
College of Albemarle	\$859,755	\$449,558	\$0	\$43,000	\$1,352,313	\$88,655
Craven CC	\$1,859,000	\$1,312,900	\$0	\$9,000	\$3,180,900	\$2,155,300
Davidson CC	\$2,531,550	\$3,464,930	\$0	\$780,725	\$6,777,205	\$1,596,715
Durham CC Subtotals	\$409,200	\$2,285,377	\$0	\$361,750	\$3,056,327	\$1,271,703
Edgecombe CC Subtotals	\$1,181,500	\$836,020	\$0	\$324,740	\$2,342,260	\$801,215
Fayetteville CC Subtotals	\$3,493,599	\$1,906,586	\$0	\$350,514	\$5,750,699	\$688,280
Forsyth CC Grandtotals	\$3,981,830	\$2,349,432	\$0	\$253,780	\$6,585,042	\$1,732,200
Gaston CC	\$2,583,500	\$717,825	\$0	\$171,528	\$3,472,853	\$0
Guilford CC Subtotal	\$9,543,052	\$6,961,943	\$0	\$778,093	\$17,283,088	\$6,874,611
Halifax CC	\$745,000	\$800,000	\$0	\$1,300,000	\$2,845,000	\$1,575,000
Haywood CC	\$1,634,976	\$2,370,775	\$647,000	\$474,195	\$5,126,946	\$885,000
Isothermal CC Subtotals	\$797,971	\$639,235	\$0	\$264,652	\$1,701,858	\$84,755
James Sprunt CC	\$1,095,122	\$286,758	\$0	\$80,100	\$1,461,980	\$337,700
Johnston CC Subtotals	\$1,408,018	\$875,275	\$289,100	\$657,590	\$3,229,983	\$1,215,606
Lenoir CC Subtotals	\$1,773,020	\$1,497,157	\$0	\$442,935	\$3,713,112	\$503,397
Martin CC Subtotals	\$1,098,116	\$233,213	\$0	\$38,342	\$1,369,671	\$0

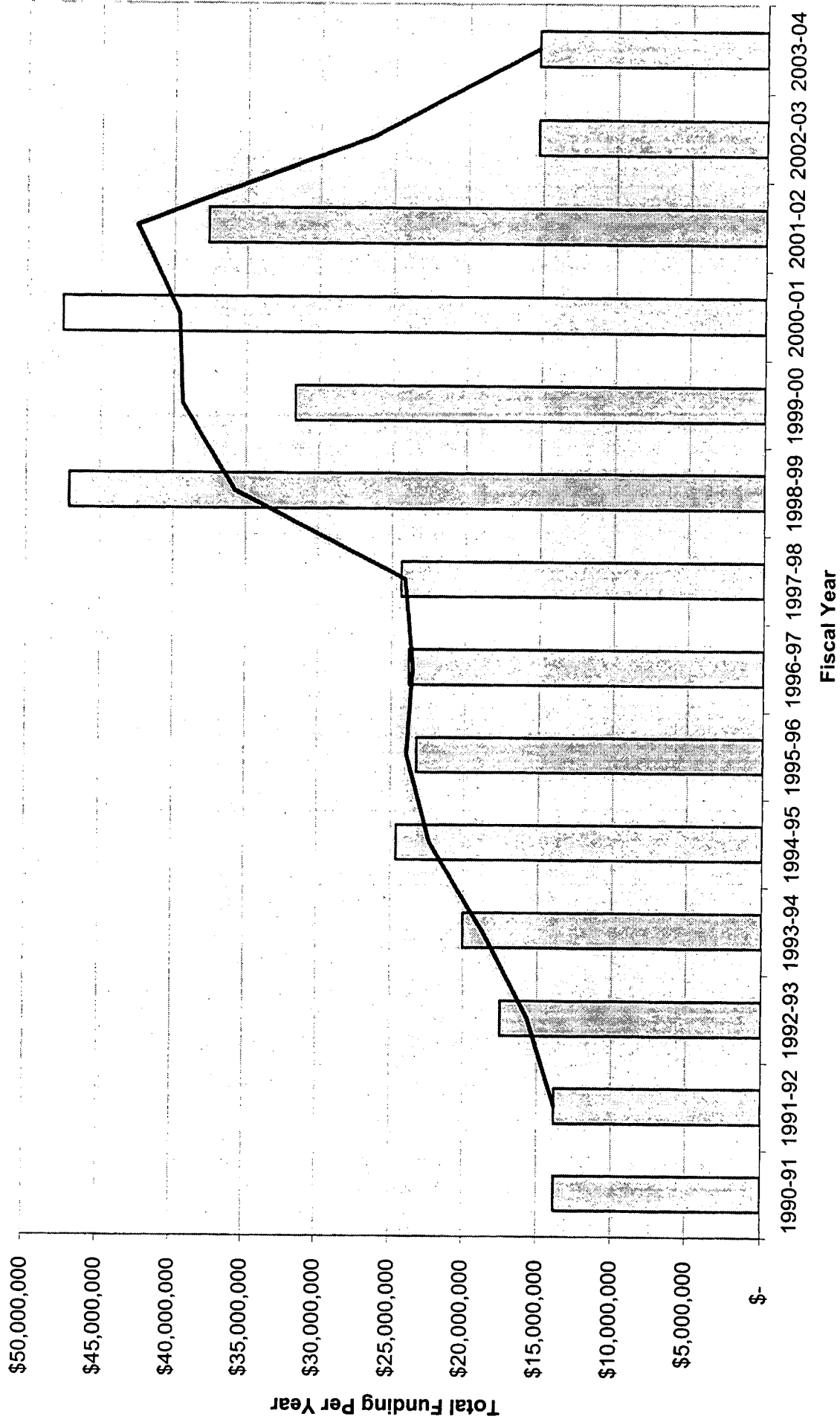
North Carolina Community College System

December 7, 2001 Equipment Needs Survey

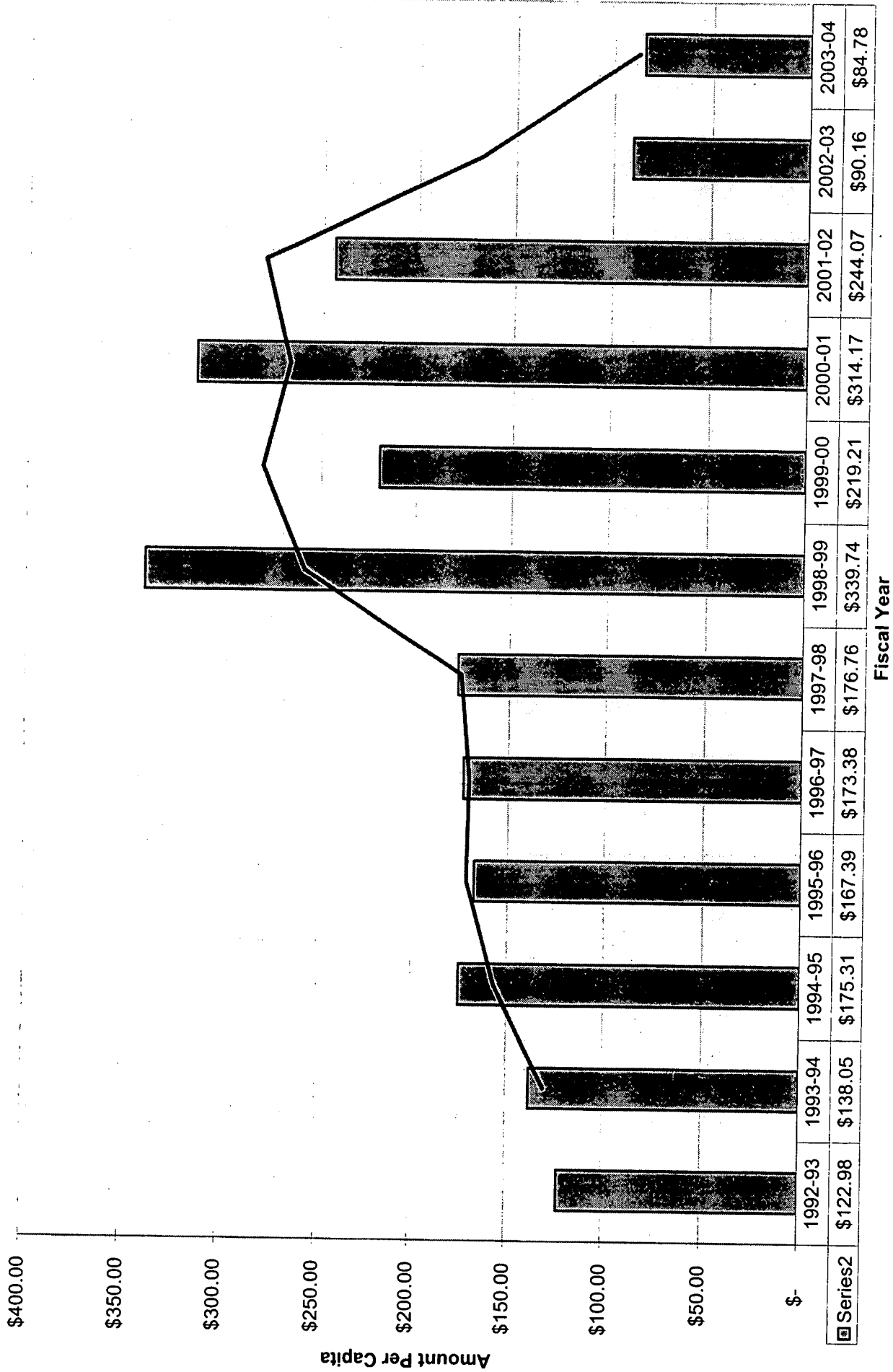
Summary By College

Name of College in Alphabetical Order	Computer Technology (Includes Instruction & Administration)	Equip Classrooms, Shops, and Laboratories	Equip the Five High Cost Programs as Defined by the State Board	Furnishings for Instructional Support and Administrative Functions	Total Estimated (Sum of A-D)	Amount of the Total Estimated Cost to Equip New or Renovated Facilities. \$\$\$
	A	B	C	D		
Mayland CC Subtotals	\$352,400	\$208,666	\$0	\$77,724	\$538,790	\$148,724
McDowell CC	\$1,561,500	\$79,000	\$0	\$0	\$1,640,500	\$680,000
Mitchell CC Subtotals	\$1,682,040	\$799,978	\$0	\$202,550	\$2,684,568	\$714,000
Montgomery CC	\$538,060	\$519,800	\$0	\$0	\$1,057,860	\$0
Nash CC	\$1,129,580	\$196,302	\$0	\$123,650	\$1,449,532	\$135,500
NC Applied Textile Subtotal	\$159,600	\$0	\$0	\$0	\$159,600	\$159,600
Pamlico CC	\$268,049	\$331,000	\$0	\$6,000	\$605,049	\$50,000
Piedmont CC Subtotal	\$1,454,069	\$758,716	\$0	\$76,500	\$2,289,285	\$724,984
Pitt CC	\$2,879,238	\$1,104,116	\$0	\$79,172	\$4,062,526	\$774,351
Randolph CC Subtotals	\$2,367,943	\$1,312,742	\$0	\$91,340	\$3,771,025	\$212,920
Richmond CC	\$636,352	\$812,639	\$0	\$155,410	\$1,604,401	\$197,960
Roanoke-Chowan CC Subtotal	\$570,080	\$109,300	\$0	\$121,376	\$800,756	\$176,796
Robeson CC	\$1,770,612	\$1,157,692	\$0	\$515,440	\$3,483,744	\$2,570,292
Rockingham CC Subtotals	\$1,082,000	\$781,000	\$0	\$109,000	\$1,972,000	\$264,000
Rowan-Cabarrus CC Subtotal	\$1,961,312	\$866,260	\$0	\$556,083	\$3,383,655	\$828,274
Sampson CC Subtotals	\$631,643	\$442,398	\$0	\$101,988	\$1,175,029	\$363,879
Sandhills CC	\$1,711,550	\$1,897,650	\$0	\$653,836	\$4,103,036	\$2,491,912
South Piedmont CC Subtotal	\$1,490,155	\$726,449	\$0	\$398,663	\$2,615,267	\$1,084,596
Southeastern CC Subtotals	\$1,414,033	\$1,174,977	\$0	\$144,127	\$2,733,137	\$891,756
Southwestern CC Subtotal	\$840,500	\$4,334,938	\$0	\$150,000	\$5,325,438	\$500,000
Stanly CC Subtotals	\$1,277,788	\$361,149	\$0	\$77,583	\$1,716,520	\$866,935
Surry CC Subtotals	\$1,425,346	\$788,760	\$0	\$43,200	\$2,257,306	\$116,000
Tri-County CC	\$1,007,593	\$360,000	\$0	\$154,585	\$1,522,178	\$309,500
Vance-Granville CC	\$1,019,650	\$654,405	\$0	\$501,385	\$2,175,440	\$661,250
Wake Tech CC Sub	\$8,835,200	\$4,153,580	\$0	\$1,437,000	\$14,425,780	\$7,875,680
Wayne CC Subtotals	\$3,977,572	\$2,948,032	\$0	\$326,130	\$7,251,734	\$1,205,342
Western Piedmont CC	\$1,433,266	\$1,014,259	\$0	\$222,581	\$2,670,106	\$586,189
Wilkes CC	\$2,688,258	\$1,442,569	\$0	\$193,548	\$4,324,375	\$1,011,617
Wilson CC	\$1,483,296	\$363,642	\$2,662,000	\$24,000	\$4,532,938	\$403,400
Grand Total	\$112,376,625	\$82,862,299	\$8,645,600	\$19,652,899	\$223,537,423	\$73,992,676

Total Equipment Funding (All Sources) Since 1990



Equipment Funds Per Capita: 1992 - 2004



Notes:
 Per Capita Funding based upon Total Budgeted FTE and Total Budgeted Equipment Funds (all sources)
 Trendline is the "moving average" per year

N.C Community College System Equipment Appropriations Since 1990

	Continuation	Expansion	Equipment Reserve Fund	Receipts	HB 275	Total
1990-91	\$ 13,819,732	\$ -	\$ -	\$ -	\$ -	13,819,732
1991-92	13,819,732	-	-	-	-	13,819,732
1992-93	13,819,732	3,700,000	-	-	-	17,519,732
1993-94	13,819,732	6,200,000	-	-	-	20,019,732
1994-95	13,819,732	10,800,000	-	-	-	24,619,732
1995-96	13,695,354	9,550,000	-	-	-	23,245,354
1996-97	13,819,732	10,000,000	-	-	-	23,819,732
1997-98	17,819,732	6,550,000	-	-	-	24,369,732
1998-99	17,319,732	8,750,000	21,000,000	-	-	47,069,732
1999-00	16,299,507	-	-	5,329,030	10,000,000	31,628,537
2000-01	15,299,507	-	-	1,423,213	30,826,000	47,548,720
2001-02	16,319,732	-	-	-	21,263,298	37,583,030
2002-03	15,319,732	-	-	-	-	15,319,732
2003-04	15,319,732	-	-	-	-	15,319,732
Total	\$ 210,311,420	\$ 55,550,000	\$ 21,000,000	\$ 6,752,243	\$ 62,089,298	\$ 355,702,961

% of Total 59.1% 15.6% 5.9% 1.9% 17.5%



SERVICES TO BUSINESS AND INDUSTRY

Services to Business and Industry

By the

North Carolina Community College System

- **Focused Industrial Training** **\$1.6 million**

Funds are requested to replace the \$1.6 million lost in 2003-04 from the Worker Training Trust Fund, and keep the doors open at 18 FIT Centers system wide, which provide customized training for approximately 6,000 incumbent workers, thereby keeping existing industry profitable and solvent. This will sustain the FIT program as it currently exists.

- **New and Expanding Industry** **\$4.1 million**

Funds are requested to assist existing industry with expansion plans, to add jobs to the tax base in North Carolina, and to recruit emerging industries to the state, such as biotechnology. The funds will replace \$4.1 million eliminated from the 2003-04 appropriation. Currently, 100% of available funds are encumbered. This will sustain the NEIT program as it currently exists.

- **Customized Industry Training** **\$5.4 million**

Funds, programmatic and budget flexibility are requested to merge the Focused Industrial Training Program (FIT) and the New and Expanding Industry Training Program (NEIT) into a new "Customized Industry Training Program", for North Carolina. Two additional "Workforce Development Specialists", to match up with the seven "Regional Partnerships, and four additional Customized Training Directors, to serve existing industry in four unserved, multi-county areas are needed. The whole scope of incumbent worker training for North Carolinians will change, protecting existing jobs for our citizens by facilitating training for new product lines, replacement of equipment, and the installation of new manufacturing technology.

- **Small Business Centers** **\$3.0 million**

Funds are requested to enable the 58 Small Business Centers to support counseling, referral and business licensing activities to the record numbers of entrepreneurs who have been displaced from the marketplace and seek to establish their own small business. The funds will support the over-expenditure of \$1.0 million dollars within the Community College System budget, and to establish and maintain the Business Licensing Information Office function assigned by the General Assembly.

- **Occupational Continuing Education** **\$3.0 million**

These funds will be used to meet the need for short-term skills training in high demand. technology/technical focused areas. As North Carolina's economy restructures to a more high technology, knowledge-based work environment, funds are needed to establish concentrated non-credit skill courses in areas demanded by business and industry. The first wave of such instruction would be in telecommunication, information and biotechnology courses.

Glossary of Terms

Customized Industry Training – A new concept for delivering training flexibility to incumbent workers and workers for expanding and emerging occupations in North Carolina. As proposed, the Customized Industry Training program would merge both of the existing Focused Industry Training (FIT) and New and Expanding Industry (NEIT) training programs into one seamless program of training.

Occupational Continuing Education – Courses for professional training and skills upgrading that are non-credit, and can be arranged and delivered fairly quickly and responsively.

Focused Industrial Training (F.I.T.) – An existing training program that places emphasis on employees involved in metalworking, industrial maintenance, production technologies and other manufacturing operations critical to a company's operations. F.I.T. is one of the few incumbent worker training services provided to companies striving to maintain their profitability as a result of rapidly changing markets, and evolving technologies.

New and Expanding Industry (N.E.I.T.) – Provides free customized training for both new and expanding industry. Services are made available to companies that create 12 or more new production-related jobs in any community in North Carolina during a one-year period over and above their three-year maximum employment level.

Small Business Centers (SBC's) - Located at each of the 58 community colleges, the SBC's provide a wide variety of seminars and workshops, one-on-one counseling, a library of resources, and referrals to financial and training resources to make small businesses successful.

Economic Development Funding For the North Carolina Community College System

The most critical funding needs in the area of economic development, in providing services to small businesses and the manufacturing sector, for the Community College System are:

- 1. Focused Industrial Training**
- 2. New and Expanding Industry**
- 3. Customized Industry Training**
- 4. Small Business Centers**
- 5. Occupational Continuing Education**

An explanation of the needs is as follows:

Focused Industrial Training

\$1.6 million

The single best program in North Carolina available to keep companies competitive is the Focused Industrial Training (FIT) program. In essence, it keeps existing companies in the state! The FIT program provides dedicated resources that are essential to meet the retraining needs resulting from technological or process advances within existing companies. It is designed to provide customized training assistance, focusing upon skills required for both highly skilled and semi-skilled occupations. Affected occupations include process technicians and operators, assembly technicians, machinists, mechanics, metal workers, computer information specialists, and welders to name a few.

The FIT program has historically been funded 50 percent by an appropriation from the Worker Training Trust Fund (WTTF). There are currently 37 FIT Centers, and four consortia. The WTTF was not able to fund FIT for 2003-04. Non-recurring HB 275 funds were used as a stopgap measure to hold one-half of the FIT centers in place for one year. These funds will not be available in 2004-05. As such, half the FIT centers would be closed, and it is estimated that approximately 6,000 workers would not receive training through FIT.

These funds will only sustain the program as it currently exists.

New and Expanding Industry

\$4.1 million

The New and Expanding Industry program (NEIT) assists companies that create 12 or more full-time production jobs. Eligible industry categories include manufacturing, biotechnology, regional or national warehousing and distribution centers, customer services, data processing services, and air courier services. Eligible trainees are full-time production workers involved in direct production of goods and services. All training is customized to meet specific company needs. Community College-delivered training includes computer skills, quality concepts, technical training, vendor training, and Spanish/English for the workplace.

The available funds for NEIT have declined from \$20.9 million in 2001-02 to \$11.2 million in 2003-04 (-54%). The decline in available funds is the result of both budget reductions and the inability of the System to carry funds forward. Of the \$11.2 million available for 2003-04, 100 percent of these funds are encumbered in new projects. Therefore, should existing industry seek to create additional jobs, or should industry seek to locate new facilities in the state and thereby create new jobs, there are no new funds available for customized training.

For many years, the NEIT program has been a valuable tool in encouraging profitable companies to expand, and in attracting new companies to come to the state. At a minimum, the \$4.1 million cut from the NEIT budget for 2003-04 should be restored. This is especially important as the economy begins to turn and companies return to profitability.

These funds will only sustain the program as it currently exists.

Customized Industry Training

\$5.4 million

Both the Focused Industry Training Program (FIT) and the New and Expanding Industry Program (NEIT) provide training to different groups of individuals with differing sets of guidelines. Often times there is not enough flexibility nor availability of funds to move easily between the two programs to respond to the customized training needs of North Carolina's more traditional, existing industries. For North Carolina-based companies that seek to be profitable in a global, highly competitive marketplace, being able to exchange equipment technology, develop and deploy new product lines and obtain highly customized training is critical to their survival. What this means for incumbent workers in North Carolina is the difference between job retention and unemployment.

Merging the resources, expertise and benefits of the two programs into a new **Customized Industry Training Program**, the NCCCS and the state are better positioned to protect existing jobs for the citizens of this state, and to respond to the training needs of newly emerging industries. In effect, as the two programs become one new one, the intent is to be responsive, flexible, and have sufficient funds and oversight to provide anywhere, anytime training for business and industry.

At the discretion of the President of the North Carolina Community College System, program funds could be channeled to support the training needs of companies which are considering relocating to North Carolina. Conversely, if employers need to upgrade the skills of their existing employees in order to manufacture a new product or to manufacture an existing product using new technology, or to otherwise remain a viable business, the funds could be allotted to meet that immediate need. This flexibility in the

allotment of funds for the Customized Industrial Training program would allow North Carolina to be extremely attractive to new businesses while ensuring that our existing employers also have maximum benefit. During economic downturns such as those in 2001-2003, our state's existing employers would receive the technical skills upgrading that would keep them competitive in the global market place. This answers the question of existing industry: "What are you, the Community College System and the State, going to do for existing, expanding, and traditional industries to keep the current jobs within the state?"

What is needed are four Customized Training Directors to oversee multi-college consortia for unserved regions of the state, and two additional "Workforce Development Specialists" to match up to the seven regional economic development partnerships. Currently, there are quite a few counties and colleges that do not have sufficient coverage or services to meet industry training needs. As part of the new Customized Industrial Training Program, the colleges in the North Carolina Community College System who now operate FIT centers would retain the expertise of a Director for Customized Training, responsible for meeting the needs of new and expanding as well as existing industries. Other schools would participate in a consortium of colleges sharing the expertise of an industrial training specialist. Specifically the consolidation of funds would allow for enhanced capacity in the following areas:

- Establish four customized industrial consortia programs among those colleges that do not now have the infrastructure for targeted industrial training programs.
- Expand the five regional Workforce Development Specialists positions to seven, providing one for each of the underserved Northeastern and Southeastern regions. This would align the Specialists with the Economic Partnership areas established by the Department of Commerce. The Specialists would be empowered to bring the mission and expertise of the North Carolina Community College System to the table in the negotiation of economic development initiatives.
- Prevent the reversion of funds that are needed for technical training for our state's existing workforce.
- Maximize the use of state funds to address the most pressing industrial training needs. As with any well run enterprise, the North Carolina Community College System would fund initiatives to attract new companies during boom times and yet have the flexibility to nurture existing companies and prevent ongoing job losses during economic downturns.

Small Business Centers

\$3.0 million

The Small Business Center (SBC) Network consists of an SBC at each one of the 58 community colleges. Each SBC provides a wide variety of seminars and workshops, one-on-one counseling, resources and referrals to others to help small business owners and entrepreneurs. A new activity that has been added to the SBC's by the General Assembly, which will further strengthen their technical assistance to the largest employer in the state, small businesses, is the Business Licensing Information Office. The BLIO will add the opportunity for the SBC's to refer entrepreneurs to the appropriate state agency to obtain the appropriate operating licenses and registrations. These entrepreneurs will create thousands of jobs each year.

The SBC's train over 15,000 people in courses each year, and counsel over 9,000 per annum. Over 45,000 people attend seminars coordinated by the SBC's each year.

Entrepreneurial initiatives and rapid changes in preferences in the market place will drive the “new economy” in North Carolina. Increasing numbers of displaced workers are looking to the SBC’s for assistance in starting up their own businesses. They are often armed with good ideas, but lack such information as:

- how to develop a business plan
- how to obtain financing
- marketing strategies
- licensing information
- management, leadership and computer skills

The SBC’s can direct entrepreneurs where to find these services, and the “how to’s” of starting a small business, and the creation of new jobs.

Presently, community colleges system wide are redirecting over \$1.0 million to their SBC’s from other places in their budget. This is because the SBC’s have not received new program dollars since they were established in the eighties. The addition of the BLIO will require additional funds for training for SBC staff, and web-based support from the System Office to post licensing requirements (\$2.0 million estimate).

Occupational Continuing Education

\$3.0 m

College workforce continuing education serves over 575,000 people each year, clustered primarily in health and safety; public safety; and business skills, education and agriculture training. Substantial amounts of instructional hours were delivered in computer science applications (1.2 mil hours), emergency medical services (1.8 mil hours), and health and safety occupations (2.9 mil hours). Over 19,500 full time equivalent students are enrolled in over 1,400 approved courses. The focus of this program is to upgrade incumbent worker skills, and to provide new skills training for emerging occupations in the state (Bioworks and manufacturing certifications).

Occupational Continuing Education can be very expensive to deliver, because class sizes are usually very small. As such, the cost of both instructor salaries and consumable materials often exceed credit instruction. The dividend however is that workers can be trained quickly as jobs become available, with flexibility as business and employers need new skills.

The request is to identify both emerging occupations and opportunities for short course skills training. Such occupations include technicians in making medical devices, producing specialized packaging; certifications in fiber optic installation, certified network engineer, and similar certification programs. Funds are needed (\$3.0 mil) to supplement continuing education to train for high demand and emerging occupations.

MULTI-CAMPUS COLLEGES AND OFF-CAMPUS CENTER FUNDING

Multi-Campus Colleges & Off-Campus Center Funding For the North Carolina Community College System

There are thirteen multi-campus colleges in the North Carolina Community College System. These colleges include:

- Caldwell Community College
- Cape Fear Community College
- Central Carolina Community College
- Central Piedmont Community College
- College of the Albermarle
- Craven Community College
- Edgecombe Community College
- Gaston College
- Guilford Technical Community College
- Rowan-Cabarrus Community College
- South Piedmont Community College
- Vance-Granville Community College
- Wake Technical Community College

Multi-campus are located both within the home county of the main campus (11), and in adjacent counties (9). They serve as locations where students may complete certificates, diplomas and associate degrees. Comprehensive instructional support functions such as libraries and student development functions are part of the operations.

Multi-campus colleges have the additional challenge of being forced to spend between several hundred thousand and one million dollars from their regular budget allocations to provide necessary support services for a stand-alone campus. While each multi-campus college receives \$102,600 per campus location in supplemental state funding, this amount is insufficient to meet a variety of student needs including registration, counseling, financial aid, technology and lab support and myriad other services.

Based upon a State Board approved formula that recognizes the need for additional support, funds are requested for fiscal year in the amount of \$6.8 million.

In addition to the multi-campus colleges, the State Board has approved off-campus center locations at 44 community colleges. These locations range from convenience locations to provide access for community outreach, testing, faculty/staff offices, as well as literacy, continuing education and curriculum instruction.

Based upon fiscal analysis, off-campus center operations that generate less than 50 budget FTE do not incur significant duplication of position demands. Those centers with greater than 50 budget FTE however do cost more to meet student services needs for instruction and support. As such, they are recommended for additional supplemental funding consistent with a State Board funding formula. The amount requested is \$4.1 million.

A complete listing of both Multi-Campus Colleges and Off-Campus Centers, by location, FTE enrollment, and additional cost follows.

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

Sites Approved as Off-Campus Centers or Multi-Campus Colleges

01-07-04

CAMPUS/CENTER	TOWN	FTE ENROLLMENT	FUNDS REQUIRED
Alamance CC	Graham		
Burlington Ctr.	Burlington	130.0	\$87,440
Asheville-Buncombe TCC	Asheville		
Madison Cty. Ctr.	Marshall	80.0	\$32,790
Bladen CC	Dublin		
Kelly/East Arcadia Ctr.	Kelly	101.0	\$55,743
Blue Ridge CC	Flat Rock		
Transylvania Cty. Ctr.	Pisgah Forest	283.0	\$254,669
Brunswick CC	Supply		
Leland Ctr.	Leland	22.0	
Southport Ctr.	Southport	65.0	\$16,395
Caldwell CC & TI	Hudson		
Adm. Sup./Basic Skills Ctr. (Watauga Cty.)	Boone	7.3	
Watauga Cty. Campus*	Boone	670	\$422,409
Watauga Cty. Cont. Ed. Ctr.	Boone	73.0	\$25,139
Cape Fear CC	Wilmington		
Burgaw Ctr. (Pender Cty.)	Burgaw	66.0	\$17,488
Hampstead Ctr. (Pender Cty.)	Hampstead	117.0	\$73,231
North Campus*	Wilmington	595	\$372,409
Catawba Valley	Hickory		
Alexander Cty. Ctr.	Taylorsville	6.0	
Central Carolina CC	Sanford		
Chatham Cty. Campus*	Pittsboro	288	\$207,297
Harnett Cty. Campus*	Lillington	695	\$422,409
School of Telecommunications (Ctr.)	Sanford	117.5	\$73,778
Siler City Ctr. (Chatham Cty.)	Siler City	93.0	\$46,999
Central Piedmont CC	Charlotte		
North Campus*	Huntersville	586	\$372,409
Northeast Campus*	Charlotte	434	\$389,508
South Campus*	Matthews	1435	\$472,409
Southwest Campus*	Charlotte	591	\$422,409
West Campus*	Charlotte	302	\$222,361
West Center (Allegany St.)	Charlotte	68.0	\$19,674
College of The Albemarle	Elizabeth City		
Chowan Cty. Ctr.	Edenton	106.3	\$61,499
Dare Cty. Campus*	Manteo	299	\$219,133
Riverside Ext. Ctr.	Elizabeth City	2.1	
Craven CC	New Bern		
Havelock/Cherry Point Campus*	Havelock	297	\$234,080
Davidson County CC	Lexington		
Davie Cty. Ctr.	Mocksville	132.0	\$89,626
Durham TCC	Durham		
Northern Durham Ctr.	Durham	229.0	\$195,647
Edgecombe CC	Tarboro		
Rocky Mount Campus*	Rocky Mount	726	\$422,409
Fayetteville TCC	Fayetteville		
Firefighting Facility Ctr.	Fayetteville	31.6	
Spring Lake Ctr.	Spring Lake	862.9	\$350,000

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

Sites Approved as Off-Campus Centers or Multi-Campus Colleges

01-07-04

CAMPUS/CENTER	TOWN	FTE ENROLLMENT	FUNDS REQUIRED
Forsyth TCC	Winston-Salem		
Carver Road Ctr.	Winston Salem	192.6	\$155,825
Kernersville Ctr.	Kernersville	188.0	\$150,834
West Ctr.	Winston-Salem	455.0	\$350,000
Gaston College	Dallas		
Lincoln Cty. Campus*	Lincolnton	495	\$372,409
Guilford TCC	Jamestown		
Aviation Ctr.	Greensboro	197.0	\$160,671
Greensboro Campus*	Greensboro	765	\$422,409
High Point Ctr.	High Point	308.0	\$281,994
Small Business Ctr.	Greensboro	14.2	
Haywood CC	Clyde		
Continuing Ed. Ctr.	Clyde	152.0	\$111,486
High Tech. Ctr.	Waynesville	69.9	\$21,787
Isothermal CC	Spindale		
Polk Cty. Ctr.	Columbus	40.0	
Lenoir CC	Kinston		
Aviation Ctr.	Kinston	21.0	
Greene Cty. Ctr.	Snow Hill	127.0	\$84,161
Jones Cty. Ctr.	Trenton	49.0	
Walstonburg Ctr. (Greene Cty)	Walstonburg	3.0	
West Boundary Street Ctr.	LaGrange	8.0	
Martin CC	Williamston		
Bertie Cty. Ctr.	Windsor	95.0	\$49,185
Mayland CC	Spruce Pine		
Avery Cty. Ctr.	Newland	26.0	
Yancey Cty. Ctr.	Burnsville	36.0	
McDowell TCC	Marion		
Marion Ctr.	Marion	39.0	
Mitchell CC	Statesville		
Mooreville Ctr.	Mooreville	174.0	\$135,532
Piedmont CC	Roxboro		
Caswell Cty. Ctr.	Yanceyville	257.0	\$226,251
Randolph CC	Asheboro		
Archdale Ctr.	Archdale	86.0	\$39,348
Richmond CC	Hamlet		
Continuing Education Ctr.	Rockingham	127.4	\$84,635
James Nursing Bldg. (Ctr.)	Hamlet	2.0	
Scotland Cty. Ctr.	Laurinburg	77.1	\$29,584
Robeson CC	Lumberton		
Emergency Training Ctr.	Lumberton	55.4	\$5,866
Lumberton Extension Ctr.	Lumberton	84.0	\$37,162
Pembroke Extension Ctr.	Pembroke	136.0	\$93,998
Rowan-Cabarrus CC	Salisbury		
Cabarrus Cty. Campus*	Concord	1378	\$472,409
Sandhills CC	Pinehurst		
Hoke Cty. Ctr.	Raeford	109.6	\$65,143

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

Sites Approved as Off-Campus Centers or Multi-Campus Colleges

01-07-04

CAMPUS/CENTER	TOWN	FTE ENROLLMENT	FUNDS REQUIRED
South Piedmont CC (East Campus)	Polkton		
Wadesboro Cont. Ed. Ctr.	Wadesboro	44.0	
West Campus (Brewer Dr., Union Cty.)*	Monroe	346	\$269,705
Southeastern CC	Whiteville		
Bus./Ind. Trng. Ctr.	Whiteville	12.0	
Southwestern CC	Sylva		
Macon Cty. Ctr.	Franklin	36.9	
Swain Cty. Ctr.	Bryson City	39.5	
Surry CC	Dobson		
Yadkin Cty. Ctr.	Yadkinville	25.0	
Tri-County CC	Murphy		
Graham Cty. Ctr.	Robbinsville	131.0	\$88,533
Vance-Granville CC	Henderson		
Franklin Cty. Campus*	Louisburg	438	\$368,697
Granville Cty. Campus*	Creedmoor	387	\$313,921
Warren Cty. Ctr.	Warrenton	131.9	\$89,480
Wake TCC	Raleigh		
Adult Education Ctr.	Raleigh	245.0	\$213,135
Health Sciences Campus*	Raleigh	776	\$422,409
Wayne CC	Goldsboro		
Aviation Ctr.	Goldsboro	31.6	
Wilkes CC	Wilkesboro		
Alleghany Cty. Ctr.	Sparta	76.0	\$28,418
Ashe Cty. Ctr.	West Jefferson	216.0	\$181,438
Wilson TCC	Wilson		
Police Academy Ctr.	Wilson	52.0	\$2,222

* Campus set up on a 3-Year Average FTE

Location:

Main Campuses 59 (Includes the NC Center for Applied Textile Technology.)

13 Colleges have Additional Campuses:

In the home county	11 (Includes 3 campuses which were approved but are being developed.)
Not in the home county	9
Subtotal	20

44 Colleges have Off-campus centers:

In the home county	45 (Includes 4 centers which were approved and are not being used.)
Not in the home county	29
Subtotal	74

Grand Total 153

Number of Counties with approved sites:

Home county (main campus)	58
Other counties	31
Total	89

ACCOUNTABILITY AND PERFORMANCE

Accountability & Performance In the North Carolina Community College System

The 2000 Session of the General Assembly put into place “Accountability Measures and Performance Standards” for the North Carolina Community College System (NCCCS) {Section 9.7 of Session Laws 2000-67.} The General Assembly felt so strongly about the evaluation of program quality and consumer protection that they codified these new measures and standards in G.S. 115D-31.3.

The State Board was directed to create measures and standards to be used for performance budgeting for the NCCCS. The General Assembly mandated that each college is evaluated based upon the following 12 performance standards:

- Progress of Basic Skills students
- Passing rates for licensure and certification examinations
- Goal completion of program completers and noncompleters
- The employment status of graduates
- The performance of students who transfer to the university system
- Passing rates of students in Developmental Courses
- Success rates of Developmental students in subsequent college-level courses
- The level of satisfaction of students who complete programs and those who do not complete programs
- Curriculum student retention and graduation
- Employer satisfaction with graduates
- Client satisfaction with customized training, and
- Program enrollment

Each college is required to publish its performance on the 12 measures annually.

For the purpose of performance budgeting, each college must be evaluated on six performance measures. Among the standards and measures listed above, the first five are mandatory, and colleges may choose from among the remaining seven to make up the six measures. For each of the six measures on which a college performs successfully, or attains the standard of significant improvement, the college may retain and carry forward to a subsequent fiscal year one-third of one-percent ($1/3^{\text{rd}}$ of 1%) of its final, year-end General Fund appropriation.

For those colleges that attain five of the six performance measures, they are designated “Superior Performing Colleges.” These colleges are allowed to share in the amount of undesignated reversion at year-end on an equal basis.

The funds carried forward by each college as a result of successful and/or superior performance may be used to purchase equipment, initiate new academic programs for one year, and to award one-time bonuses to faculty and staff, which shall not be recurring.

For the year-ended June 30, 2003, 31 community colleges attained the designation of "Superior Performing" colleges, meaning they attained at least five of the six required and one optional performance standards.

Had they been allowed by the Office of State Budget and Management to do so, they would have been eligible to carry forward \$10.8 million for equipment, programs and bonuses. **Unfortunately, for the past two fiscal years, the NCCCS has not been permitted to carry forward performance funds in spite of outstanding instructional and training services to students, business and industry.**

The following tables depict the status by standard, by college for 2001-02 data reported for funding in 2002-03, and the funds that would have been permitted to be carried over to fiscal year 2003-04.

STATUS OF NORTH CAROLINA COMMUNITY COLLEGES MEETING PERFORMANCE STANDARDS, 2001-2002
(M = Met Standard; SI=Significant Improvement)

College	Progress of Basic Skills Students	Passing Rates on Licensure Certif. Exams	Goal Completion for Completers	Employment Rate of Graduates	Performance of College Transfer Students	Passing Rates in Develop. Courses	Success Rate of Develop. Students in College Level Courses	Student Satisfaction of Completers & NonComp.	Curriculum Retention & Graduation	Employer Satisfaction	Business & Industry Satisfaction With Services Provided	Program Enrollment	Total Standards Met or Significant Improvement	Total Performance Funding Standards Met or Significant Improvement
Alamance CC	M		M	M		M	M	M ^{6th}	M	M	M	M	10	4
Asheville-Buncombe TCC	M	M	M	M	M	M ^{6th}	M	M	M	M	M	M	12	6 ^s
Beaufort County CC	M		M	M	M	M	M	M	M	M	M ^{6th}	M	11	5 ^s
Bladen CC	M	M	M	M	M	M	M	M ^{6th}	M	M	M	SI	11	5 ^s
Blue Ridge CC	M		M	M	M	M	M	M ^{6th}	M	M	M	SI	11	5 ^s
Brunswick CC	M			M	SI		M	M	M	M ^{6th}	M	M	9	4
Caldwell CC & TI	M		M	M		M	M	M ^{6th}	NA*	M	M		8	4
Cape Fear CC	M	M	M	M		M	M	M	M	M ^{6th}	M	M	11	5 ^s
Carteret CC	M		M	M	SI	M	M	M	M	M ^{6th}	M	SI	11	5
Catawba Valley CC	M	M	M	M		M ^{6th}	M	M	NA*	M	M	M	10	5 ^s
Central Carolina CC	M	SI	M	M	M	M	M	M	M	M ^{6th}	M	M	11	5
Central Piedmont CC	M	M	M	M		M	M	M	M	M	M ^{6th}	M	9	5 ^s
Cleveland CC			M	M		M ^{6th}	M	M		M	M	M	8	3
Coastal Carolina CC	M	M	M	M	M	M	M	M ^{6th}	M	M	M	M	12	6 ^s
College of The Albemarle	M		M	M	M	M	M	M	M	M ^{6th}	M	M	11	5 ^s
Craven CC		M	M	M	M	M	M	M ^{6th}		M	M	M	10	5 ^s
Davidson County CC	M	SI	M	M	M	M	M	M	M ^{6th}	M	M	M	12	6 ^s
Durham TCC	M		M	M	M	M	M	M	M ^{6th}	M	M	M	10	4
Edgecombe CC	M	SI	M	M	M	M	M	M	M	M	M ^{6th}	M	10	6 ^s
Fayetteville TCC	M	M	M	M	M	M	M	M	M	M	M ^{6th}	SI	10	6 ^s
Forsyth TCC	M		M	M	M	M ^{6th}	M	M	M	M	M		11	6 ^s
Gaston College	SI		M	M	SI	M ^{6th}		M	M	M	M	M	9	4
Guilford TCC	M		M	M	M	M ^{6th}	M	M	M	M	M	M	11	5
Halifax CC	M		M	M	M	M	M	M	M	M ^{6th}	M	M	9	5 ^s
Haywood CC	M	SI	M	M	M	M	M	M	M	M	M ^{6th}	M	10	4
Isothermal CC	M		M	M		M	M	M ^{6th}	M	M	M	M	12	6 ^s
James Sprunt CC	M		M	M	SI	M	M	M	M	M	M ^{6th}	SI	10	4
			M	M		M	M	M	M	M			11	5

^{6th}: Selected sixth performance measure.

s: Superior performance funding.

NA*: Data not available due to CIS issue; table will be revised when data become available.

STATUS OF NORTH CAROLINA COMMUNITY COLLEGES MEETING PERFORMANCE STANDARDS, 2001-2002
(M = Met Standard; SI=Significant Improvement)

College	Progress of Basic Skills Students	Passing Rates on Licensure Certif. Exams	Goal Completion for Completers	Employment Rate of Graduates	Performance of College Transfer Students	Passing Rates in Develop. Courses	Success Rate of Students in College Level Courses	Student Satisfaction of Completers & NonComp.	Curriculum Student Retention & Graduation	Employer Satisfaction	Business & Industry With Services Provided	Program Enrollment	Total Standards Met or Significant Improvement	Total Performance Funding Standards Met or Significant Improvement
Johnston CC	SI	SI	M	M	SI	M	M	M	M	M ^{6th}	M	M	12	6
Lenoir CC	M		M	M	M	M	M	M ^{6th}	M	M	M		10	5 ^s
Martin CC	M	SI	M	M		M	M	M ^{6th}	M	M	M	M	11	5
Mayland CC	M		M	M		M	M	M ^{6th}	NA*	M	M	M	9	4
McDowell TCC	M		M	M		M	M	M ^{6th}	M	M	M	M	10	4
Mitchell CC	M		M	M		M	M	M	M	M	M ^{6th}	SI	10	4
Montgomery CC	SI		M	M		M	M	M ^{6th}	M	M	M	M	10	4
Nash CC	M		M	M	M	M	M ^{6th}	M	M	M	M	M	10	4
Pamlico CC			M	M		M	M	M	M	M	M	M	11	5 ^s
Piedmont CC	M	M	M	M		M	M	M	M	M	M ^{6th}	M	9	3
Pitt CC	M		M	M		M	M	M	NA*	M ^{6th}	M	SI	11	5 ^s
Randolph CC	M		M	M	M	M	M	M ^{6th}	M	M	M	M	9	4
Richmond CC	M	M	M	M		M	M	M	M	M	M ^{6th}	M	11	5 ^s
Roanoke-Chowan CC			M	M		M ^{6th}	M	M	M	M	M	SI	10	5 ^s
Robeson CC	M	M	M	M	M	M	M	M	M	M ^{6th}	M	M	9	3
Rockingham CC			M	M	M	M ^{6th}	M	M	M	M	M	M	12	6 ^s
Rowan-Cabarrus CC			M	M	M	M	M	M	M	M ^{6th}	M		8	3
Sampson CC	M	M	M	M	M	M	M	M		M ^{6th}	M	M	9	4
Sandhills CC	M	M	M	M	SI	M	M	M ^{6th}	M	M	M	M	12	6 ^s
South Piedmont	M		M	M		M	M	M ^{6th}	NA*	M	M	SI	11	5 ^s
Southeastern CC	M		M	M		M	M	M	M	M ^{6th}	M		8	4
Southwestern CC	M		M	M	SI	M	M	M ^{6th}	M	M	M	SI	9	4
Stanly CC	M	M	M	M		M	M	M	M	M ^{6th}	M		11	5
Surry CC	M		M	M	M	M	M	M ^{6th}	M	M	M	M	10	5 ^s
Tri-County CC	M	M	M	M	M	M	M	M	M	M	M ^{6th}	M	11	5 ^s
Vance-Granville CC	M		M	M	M	M	M	M	M	M	M ^{6th}	M	12	6 ^s
Wake TCC			M	M	M			M	M	M	M ^{6th}	M	9	5 ^s
Wayne CC	M	M	M	M	SI	M	M	M ^{6th}	NA*	M	M	M	10	4
Western Piedmont CC	M	M	M	M		M	M	M ^{6th}	M	M	M	M	11	6 ^s
Wilkes CC	M		M	M	M	M	M	M	M	M	M ^{6th}	M	11	5 ^s
Wilson TCC	M	SI	M	M	M	M	M	M	M	M ^{6th}	M	M	11	5 ^s
													12	6 ^s

^{6th}: Selected sixth performance measure.

s: Superior performance funding.

NA*: Data not available due to CIS issue; table will be revised when data become available.

**NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
PERFORMANCE FUNDING CARRYOVER FROM FY 2002-03
TO FY: 2003-04**

COMMUNITY COLLEGES	ADJUSTED BUDGET FOR PERFORMANCE FUNDING	2%	** AMOUNT PER STANDARD	A REQUIRED MEASURES MET OR SIGNIFICANT IMP.	B OPTIONAL 6th MEASURE MET	A + B MEASURES FOR CARRYOVER MET	(1) QUALIFY FOR SUPERIOR PERFORMANCE	(2)	
								ELIGIBLE CARRYOVER	EARNED/ NOT ALLOWED
ALAMANCE CC	\$ 9,457,309	\$ 189,146	\$ 31,524	3	1	4		\$ 126,097	\$ 126,097
ASHEVILLE-BUNCOMBE TCC	14,130,412	282,608	47,101	5	1	6	S	282,608	419,290
BEAUFORT COUNTY CC	6,445,749	128,915	21,486	4	1	5	S	107,429	224,006
BLADEN CC	4,692,490	93,850	15,642	4	1	5	S	78,208	214,890
BLUE RIDGE CC	6,749,219	134,984	22,497	4	1	5	S	112,487	249,168
BRUNSWICK CC	4,381,720	87,634	14,606	3	1	4		58,423	58,423
CALDWELL CC & TI	10,638,800	212,776	35,463	3	1	4		141,851	141,851
CAPE FEAR CC	16,234,108	324,682	54,114	4	1	5	S	270,568	137,058
CARTERET CC	5,906,444	118,129	19,688	4	1	5	S	98,441	98,441
CATAWBA VALLEY CC	10,802,364	216,047	36,008	4	1	5	S	180,039	316,721
CENTRAL CAROLINA CC	15,349,862	306,997	51,166	4	1	5	S	255,831	138,854
CENTRAL PIEDMONT CC	30,048,980	600,980	100,163	4	1	5	S	500,816	637,498
CLEVELAND CC	8,072,700	161,454	26,909	2	1	3		80,727	80,727
COASTAL CAROLINA CC	11,041,144	220,823	36,804	5	1	6	S	220,823	357,504
COLLEGE OF ALBEMARLE	7,185,650	143,713	23,952	4	1	5	S	119,761	256,442
CRAVEN CC	6,522,833	130,457	21,743	5	1	6	S	130,457	267,138
DAVIDSON COUNTY CC	9,333,708	186,674	31,112	5	1	6	S	186,674	323,355
DURHAM TCC	11,788,980	235,780	39,297	3	1	4		157,186	91,710
EDGEcombe CC	7,472,396	149,448	24,908	5	1	6	S	149,448	276,664
FAYETTEVILLE TCC	25,060,790	501,216	83,536	5	1	6	S	501,216	393,165
FORSYTH TCC	15,599,127	311,983	51,997	3	1	4		207,988	207,988
GASTON COLLEGE	12,411,035	248,221	41,370	4	1	5		206,851	160,790
GUILFORD TCC	20,498,919	409,978	68,330	4	1	5	S	341,649	450,895
HALIFAX CC	6,104,672	122,093	20,349	3	1	4		81,396	65,469
HAYWOOD CC	5,720,414	114,408	19,068	5	1	6	S	114,408	136,681
ISOTHERMAL CC	6,107,634	122,153	20,359	3	1	4		81,435	81,435
JAMES SPRUNT CC	4,962,249	99,245	16,541	4	1	5		82,704	82,704
JOHNSTON CC	10,177,824	203,556	33,926	5	1	6		203,556	-
LENOIR CC	8,829,241	176,585	29,431	4	1	5	S	147,154	138,053
MARTIN CC	3,865,648	77,313	12,885	4	1	5		64,427	-
MAYLAND CC	5,822,473	116,449	19,408	3	1	4		77,633	50,185
MCDOWELL TCC	4,906,212	98,124	16,354	3	1	4		65,416	65,416
MITCHELL CC	6,531,905	130,638	21,773	3	1	4		87,092	87,092
MONTGOMERY CC	3,156,615	63,132	10,522	3	1	4		42,088	-
NASH CC	7,661,075	153,222	25,537	4	1	5	S	127,685	264,366
PAMLICO CC	2,891,186	57,824	9,637	2	1	3		28,912	28,912
PIEDMONT CC	6,814,215	136,284	22,714	4	1	5	S	113,570	250,252

NORTH CAROLINA COMMUNITY COLLEGE SYSTEM
PERFORMANCE FUNDING CARRYOVER FROM FY 2002-03
TO FY: 2003-04

COMMUNITY COLLEGES	ADJUSTED BUDGET FOR PERFORMANCE FUNDING	2%	** AMOUNT PER STANDARD	A REQUIRED MEASURES MET OR SIGNIFICANT IMP.	B OPTIONAL 6th MEASURE MET	A + B MEASURES MET FOR CARRYOVER	(1) QUALIFY FOR SUPERIOR PERFORMANCE	(2) ELIGIBLE CARRYOVER	EARNED/ NOT ALLOWED
PITT CC	\$ 13,860,885	\$ 277,218	\$ 46,203	3	1	4		\$ 184,812	\$ 184,812
RANDOLPH CC	6,779,504	135,590	22,598	4	1	5	\$	112,992	249,673
RICHMOND CC	6,656,548	133,131	22,188	4	1	5	\$	110,942	247,624
ROANOKE CHOWAN CC	3,596,453	71,929	11,988	2	1	3		35,965	35,965
ROBESON CC	10,750,705	215,014	35,836	5	1	6	\$	215,014	351,695
ROCKINGHAM CC	6,403,557	128,071	21,345	2	1	3		64,036	64,036
ROWAN-CABARRUS CC	12,284,232	245,285	40,881	3	1	4		163,523	163,523
SAMPSON CC	5,397,562	107,951	17,992	5	1	6	\$	107,951	244,633
SANDHILLS CC	10,805,600	216,112	36,019	4	1	5	\$	180,093	202,331
SOUTH PIEDMONT CC	6,749,684	134,994	22,499	3	1	4		89,996	89,996
SOUTHEASTERN CC	7,508,266	150,165	25,028	3	1	4		100,110	100,110
SOUTHWESTERN CC	6,793,365	135,867	22,645	4	1	5		113,223	113,223
STANLY CC	6,208,196	124,164	20,694	4	1	5	\$	103,470	240,151
SURRY CC	10,267,742	205,355	34,226	4	1	5	\$	171,129	307,810
TRI COUNTY CC	4,322,472	86,449	14,408	5	1	6	\$	86,449	202,052
VANCE-GRANVILLE CC	11,860,605	237,212	39,535	4	1	5	\$	197,677	136,681
WAKE TCC	24,955,820	499,116	83,186	3	1	4		332,744	-
WAYNE CC	10,546,962	210,939	35,157	5	1	6	\$	210,939	347,621
WESTERN PIEDMONT CC	8,380,743	167,615	27,936	4	1	5	\$	139,679	276,360
WILKES CC	8,137,651	162,753	27,126	4	1	5	\$	135,628	138,236
WILSON CC	6,035,214	120,704	20,117	5	1	6	\$	120,704	257,386
TOTAL	\$ 541,657,866	\$ 10,833,157				279		\$ 8,810,132	\$ 10,833,155

To qualify for superior performance, colleges must meet at least 5 of 6 measures. Significant Improvement does not qualify for the superior pool.

** The column "Amount per Standard" is calculated by dividing the 2% column by 6.

(1) Superior amounts of \$136,681 were distributed equally to colleges qualifying for superior performance.

(2) Colleges with carryover less than the amount eligible is based upon measures attained, but did not have a sufficient unexpended balance.
(includes funds for each measure and superior funding)

MINUTES JOINT APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

May 18, 2004

The Joint Appropriations Education Subcommittee met on Tuesday, May 18, 2004, In room 421 of the Legislative Office Building at 8:30 AM. The following members were present: Chairs Linda Johnson, Jean Preston, Joe Tolson and Doug Yongue, Vice Chairs Carolyn Justice, Marian McLawhorn, and Earline Parmon, Representatives Bell, Dockham, Goforth, Gorman, Hilton, C. Johnson, Moore, Pate, Rapp, Ray, Sauls, and Warner. The Education Fiscal Research Division was in attendance. A Visitor Registration list and Member Attendance Sheet is attached and made part of these minutes.


The Chair, Linda Johnson, called the meeting to order.

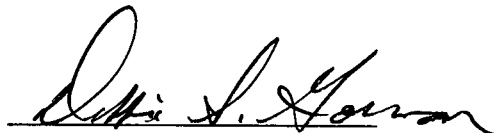
Philip Price, Department of Public Instruction explained the Public Schools Budget Request FY 2004-05. Recap summery on Teachers Salary, Average Teacher Compensation FY 2003-04, School Nurses, State Public School Fund Request/Supplemental Budget Requests for 2004-2005, Comparison of FY 2004-2005 Proposed Budgets, and Highlights of the Public School Budget. Handouts provided and are included and made part of these minutes.

Questions from the committee members were raised and answered.

There being no further business, the Chair adjourned the meeting at 9:16 AM.

Respectfully submitted,


Representative Linda P. Johnson
Chairman


Debbie S. Gorman
Committee Assistant

**Joint Appropriations Subcommittee On Education
Agenda**

Tuesday, May 18, 2004

Room 421, Legislative Office Building

Representative Linda Johnson, Chairing

- 8:30 Public Schools Budget Request**
Philip Price, Department of Public Instruction
- 8:45 Committee Discussion**
- 9:00 Adjournment**

House Appropriations Subcommittee on Education

Rep. Johnson (Chair)
Rep. Preston (Chair)
Rep. Tolson (Chair)
Rep. Yongue (Chair)
Rep. Bell, Rep. Bonner, Rep. Dockham, Rep. Goforth,
Rep. Gorman, Rep. Hilton, Rep. C. Johnson, Rep.
Justice, Rep. McLawhorn, Rep. Moore, Rep. Parmon,
Rep. Pate, Rep. Rapp, Rep. Ray, Rep. Sauls, Rep.

Senate Appropriations on Education/Higher Education

Sen. Lucas (Chair)
Sen. A.B. Swindell (Chair)
Sen. Garwood, Sen. Hartsell, Sen. Hoyle, Sen. Malone,
Sen. Stevens, Sen. Nesbitt

ATTENDANCE

HOUSE APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

[illegible]

VISITOR REGISTRATION SHEET

Joint Appropriations Subcommittee on Education

May 18, 2004

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

DAVID DUNN	UNC CHARTER
Marcus Dams	NCAE
Tamara Ginsard	Sen Garrou's Intern
Katie Myers	DSUDP
B. H. Fletcher	Candidate - Superintendent of Public Inst.
Phil Price	
Ann McArthur	Governor's Office
Kate Crossin	OSBM
Trey O'Quinn	OSBM
Julie Mitchel	OSBM
Elizabeth Haverstick	OSBM

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VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Aimee Bander	OSBN
MAURICE GREEN	CHARLOTTE-MECKLENBURG SCHOOLS -
Susan Harrison	WCPS
Patricia Miller	Small Schools
Dave Dougal	ExproNet
Katherine Joyce	NCA SA
John P. Jones	Public School Forum
John Szyr	SBE/ DPI
Janie Davis	DPI
Michael Houser	NCAE

VISITOR REGISTRATION SHEET

Joint Appropriations Subcommittee on Education

May 18, 2004

Name of Committee

Date _____

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME _____

FIRM OR AGENCY AND ADDRESS

Hal Miller

ncAect

[Signature]

Meich

Barbara Walls

UTK

Mary Jones

WIF

**NORTH CAROLINA HOUSE OF REPRESENTATIVES
COMMITTEE MEETING NOTICE
2003-2004 SESSION**

You are hereby notified that the Committee on
APPROPRIATIONS/Subcommittee on Education will meet as follows:

DAY & DATE: **Tuesday, May 18, 2004**

TIME: **8:30 a.m.**

LOCATION: **Room 421**

Respectfully,

Representatives L. Johnson, Preston, Tolson and
Yongue
Chairs

I hereby certify this notice was filed by the committee assistant at the following offices at
3:30 p.m. on Monday, May 17, 2004.

X ___Principal Clerk
X ___Reading Clerk - House Chamber

Debbie Gorman (Committee Assistant)

May 18, 2004

FY 2003-04 State Public School Fund Budget

FY 2003-04 State Appropriation Continuation Budget		
Category	Amount	% of Budget

Administrative Support

Central Office	\$97,457,724	1.61%
DPI	28,905,512	0.48%
Other Insurance	48,944	0.00%
School Building Admin.	276,462,109	4.58%
Sub-Total Admin. Support	\$402,874,289	6.67%

Reduction and Expansion Items			FY 2003-04 State Appropriation Revised Budget	
General Assembly Adjustments	LEA Flexibility (2003/04)	% of Red.	Revised Budget	% of Budget

(\$1,949,154)	(\$1,161,360)	2.62%	\$94,347,210	1.56%
(311,331)	-	0.00%	28,594,181	0.47%
(48,944)	-	0.00%	-	0.00%
(11,330,817)	(977,936)	2.21%	264,153,356	4.38%
(\$13,640,246)	(\$2,139,296)	4.83%	\$387,094,747	6.41%

Outside of Classroom

Character Education	199,617	0.00%
Financial Literacy Pilot		
Instructional Support	338,132,875	5.60%
Information Highway Lines	1,200,000	0.02%
NBPTS	3,274,500	0.05%
NCWISE OWL	628,000	0.01%
Noninstructional Support	291,716,686	4.83%
Non-Profits	2,024,068	0.03%
Prospective Teacher	2,252,535	0.04%
School Breakfast	2,700,000	0.04%
School Bus Replacement	36,298,935	0.60%
School Report Cards	200,000	0.00%
Teaching Fellows	10,160,000	0.17%
Textbook Freight	217,837	0.00%
Transportation	249,947,686	4.14%
UERS	19,800,874	0.33%
Sub-Total Outside of Classroom	\$958,753,613	15.86%

-	-	0.00%	\$199,617	0.00%
73,000			73,000	0.00%
(303,243)	(3,465,578)	7.82%	334,364,054	5.54%
-	-	0.00%	1,200,000	0.02%
-	-	0.00%	3,274,500	0.05%
-	-	0.00%	628,000	0.01%
(13,000,000)	(2,778,620)	6.27%	275,938,066	4.57%
200,000	-	0.00%	2,224,068	0.04%
-	-	0.00%	2,252,535	0.04%
(800,000)	-	0.00%	1,900,000	0.03%
(11,000,000)	-	0.00%	25,298,935	0.42%
-	-	0.00%	200,000	0.00%
-	-	0.00%	10,160,000	0.17%
-	-	0.00%	217,837	0.00%
(5,560,000)	(544,144)	1.23%	243,843,542	4.04%
-	-	0.00%	19,800,874	0.33%
(\$30,390,243)	(\$6,788,342)	15.32%	\$921,575,028	15.27%

Category

FY 2003-04 State Appropriation Continuation Budget		
Amount	% of Budget	

Reduction and Expansion Items			FY 2003-04 State Appropriation Revised Budget	
General Assembly Adjustments	LEA Flexibility (2003/04)	% of Red.	Revised Budget	% of Budget

Academically Gifted	
At-Risk	
Children with Disabilities	
Classroom Materials/Supplies	
Classroom Teachers: Class Size	
Improving Student Accountability	
Incentive Awards (ABCs)	
Limited English	
Low Wealth	
Mentor Pay	
School Technology	
Small County	
Staff Development	
Targeted Teacher Bonus	
Teacher Assistants	
Testing	
Textbooks	
Vocational Ed.	
Sub-Total Classroom	

	\$0	0.51%	\$47,284,280	0.78%
	(1,356,894)	4.72%	174,314,942	2.89%
	(2,934,637)	0.21%	509,000,581	8.43%
	(4,055,529)	7.82%	59,600,497	0.99%
	24,860,153	27.29%	2,759,102,020	45.72%
	-	0.99%	44,390,050	0.74%
	96,000,000	0.00%	96,000,000	1.59%
	-	0.75%	32,799,155	0.54%
	5,000,000	3.71%	96,349,926	1.60%
	-	0.00%	8,100,140	0.13%
	(2,500,000)	1.64%	6,771,808	0.11%
	1,000,000	0.10%	32,264,822	0.53%
	-	1.39%	11,312,002	0.19%
	-	0.00%	2,890,000	0.05%
	(10,349,271)	18.41%	329,204,021	5.45%
	(1,000,000)	0.00%	7,769,829	0.13%
	(3,990,911)	6.55%	74,120,224	1.23%
	(8,448,038)	4.12%	290,609,977	4.82%
	\$92,224,873	78.21%	\$4,581,884,274	75.92%

	\$1,000,000	\$0	0.00%	\$7,000,000	0.12%
	-	-	0.00%	25,852,075	0.43%
	-	-	0.00%	2,726,140	0.05%
	500,000			500,000	0.01%
	(2,405,501)	(712,555)	1.61%	(712,555)	-0.01%
				250,000	0.00%
	(1,000,000)			(1,000,000)	-0.02%
	(3,715,895)	-	0.00%	106,106,592	1.76%
	-	-	0.00%	3,774,000	0.06%
	(\$5,621,396)	(\$712,555)	1.61%	\$144,496,252	2.39%
	(44,291,248)	\$ (44,291,248)	100%		
	\$ (1,718,260)				

OTHER	
ADM Reserve	
Annual Leave	
Assistance Teams	
LEA Assistance Program	
Charter School Reserve	
Children's Trust Fund	
Literary Loan Fund	
Personnel Services	
Tort Claims	
Sub-Total Other	

	LEA Discretionary Reduction	
	Total Adjustments	

	\$	6,036,768,562	100.0%
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TOTAL BUDGET

\$	6,036,768,562	100.0%
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\$	6,035,050,302	100.0%
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May 18, 2004



Public Schools of North Carolina
North Carolina Department of Public Instruction

Comparison of FY 2004-05 Proposed Budgets

		State Board of Education (SBE)	Governor
Beginning Appropriated Budget		\$ 6,034,995,183	\$ 6,034,995,183
Dept of Public Instruction			
DPI Reduction			(170,721) R
Governor's Schools	486,274		
Operating Support - SBE, NC Prof Teaching			
Stndrds Com, Professional Dev Office	89,600		
Technology Mods & Infrastructure Upgrades	2,168,850		
DPI Budget Adjustments	2,744,724		(170,721) -0.37%
State Public School Fund			
Academically or Intellectually Gifted	2,237,000		
ADM Adjustment	31,404,945	31,404,945	R
Annual Average Salary Adjustment	(11,969,091)	(11,969,091)	R
At Risk/Alternative Schools		(5,638,273)	R
Central Office Administration	5,288,047		
Classroom Materials & Equipment		(1,273,228)	R
Classroom Teachers (Small School/On-Loan)		(228,775)	R
Class Size Reduction 3rd Grade NEW		50,467,765	R
Continually Low Performing Schools		(1,413,819)	R
Discretionary Reduction	44,291,248		
Children with Disabilities	30,824,520		
High Priority LEAs/Disadvantaged Supplement	22,384,466	4,500,000	R
High School Reform	1,300,000	1,744,799	R
High School Reform		462,500	NR
Improving Student Accountability		(11,294,221)	R
Incentive/ABC Awards	142,905,396	108,000,000	NR
Instructional Support On-Loan		(203,844)	R
LEA Assistance Program	500,000		
Limited English Proficiency	3,126,014		
Mentors	3,596,888		
Recruitment Annuity at Hard to Staff Schools	250,000		
School Bldg Admin (Asst Prin Intern)		(1,800,000)	R
School Bus Replacement		(10,512,901)	R
School Nurses	4,797,888		
Teacher Assistants	113,136,402		
Testing Facilitator	58,140,640		
Textbooks		(1,547,040)	R
Textbooks Freight		(217,837)	R
Transportation		(5,000,000)	R
Vocational Education Months of Employ	18,871,938		
SPSF Budget Adjustments	471,086,301	145,480,980	2.4%
Other Funds			
Public School Building Capital Accounts		(31,625,500)	NR
Other Funds Adjustments		(31,625,500)	
Total Budget Adjustments	473,831,025	113,684,759	
Ending Appropriated Budget 2004-05	\$ 6,508,826,208	\$ 6,148,679,942	
Recap of Budget Adjustments:			
Recurring	454,395,171	\$ 36,847,759	
Non-Recurring		76,837,000	
Total Budget Adjustments	\$ 454,395,171	\$ 113,684,759	
Appropriated Budget Breakdown			
Department of Public Instruction	\$ 48,980,464	\$ 46,065,019	
State Public School Fund	6,459,845,744	6,134,240,423	
Other Funds		(31,625,500)	
Ending Appropriated Budget 2004-05	\$ 6,508,826,208	\$ 6,148,679,942	

R = Recurring/NR = Nonrecurring

May 18, 2004

Average Teacher Compensation

FY2003-04

Category

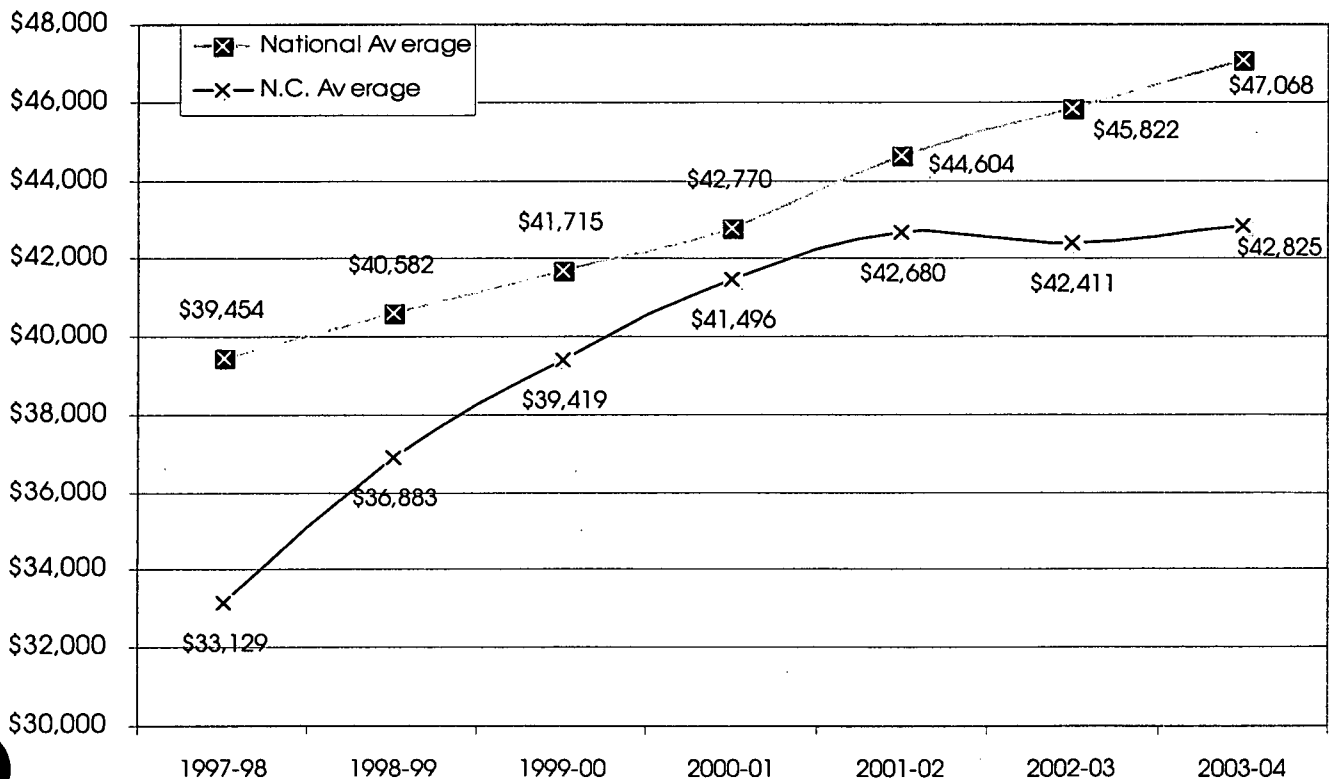
Base Salary	\$ 37,096	\$ 37,185	\$ (89)	-0.24%
New Teacher Orientation	15	13	2	15.38%
Extended Contract	11	12	(1)	-8.33%
Tutor	241	229	12	5.24%
Longevity Pay	793	798	(5)	-0.63%
Supplementary Pay	2,707	2,631	76	2.89%
ABC and Retention Bonus	1,309	931	378	40.60%
Workshop Participant	15	16	(1)	-6.25%
Annual Leave Pay	276	259	17	6.56%
Mentor Pay	117	104	13	12.50%
Other Assignments	170	158	12	7.59%
Total	\$ 42,750	\$ 42,336	\$ 414	0.98%
State Agency Teachers (4)	75	75	-	0.00%
Grand Total	\$ 42,825	\$ 42,411	\$ 145	34.00%

NOTES:

- 1) Base salary percentage increase calculated based on 6th pay period payroll data.
- 2) Supplementary pay is based on the Statistical Research Section's FY03-04 survey data.
- 3) ABC bonuses are based on YTD expenditure data, FY 02-03 and 03-04.
- 4) Additional pay per Office of State Budget, and Management for state agency teachers such as those provided by Office of Juvenile Justice and DHHS.

North Carolina vs National Average

Comparison of Average Teacher Compensation



Minimum and Maximum Salaries by Years of Experience
Fiscal Year 2004

Description	1st year		15th year		more than 29 years	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Minimum Salary	\$ 2,525	\$ 2,525	\$ 3,667	\$ 3,667	\$ 4,538	\$ 4,538
Supplements						
Masters 10%		253		367		454
Advanced		126		126		126
Advanced and Doctorate		253		253		253
NBPTS at 12%		-		484		599
Monthly Salary	2,525	3,031	3,667	4,771	4,538	5,844
Annual	25,250	30,305	36,670	47,707	45,380	58,438
Local Supplement	-	2,631	-	2,631	-	2,631
New Teacher Orientation	344	379	-		-	
Mentor pay	-	-	-	1,100	-	1,100
Longevity	-	-	917	1,193	2,042	2,630
ABC Bonus	-	1,500	-	1,500	-	1,500
Recruitment Bonus	-	1,800	-	1,800	-	1,800
Total	25,594	36,615	37,587	55,931	47,422	68,099

May 18, 2004



Public Schools of North Carolina

North Carolina Department of Public Instruction

Final Supplemental Budget Requests for 2004 - 2005

approved by State Board of Education 3/4/04

STATE PUBLIC SCHOOL FUND REQUEST				Requested Positions	2004-2005
High Student Performance					
1	Vocational Education Program (reinstate 2003-04 budget reductions)	\$	18,871,938	R	1
2	High School Initiatives		1,300,000	R	2
3	Children with Disabilities and Behavioral Support (move funding toward 230%)		17,823,825	R	3
4	Occupational Course of Study (additional options for exceptional children)		6,000,695	R	4
5	Academically or Intellectually Gifted (increase funding factor 5%)		2,237,000	R	5
6	Preschool children with disabilities		7,000,000	R	6
7	Disadvantaged Student Supplemental Funding (poor/not proficient students)		22,384,466	R	7
8	Limited English Proficiency (increase funding factors 10%)		3,126,014	R	8
9	School Testing Facilitator (1,141 positions; 1 per 1,200 students)		58,140,640	R	9
10	Teacher Assistants (@ 1 per 20.45 students in K-3)		110,941,902	R	10
Quality Teachers, Administrators, & Staff					
11	Teacher Assistants pay increase (to a min. of \$15,054)		2,194,500	R	11
12	Recruitment Annuity for Teachers at Hard to Staff Schools (pilot)		250,000	R	12
13	Mentors (pay for mentors of locally paid new teachers)		3,596,888	R	13
14	Central Office (reinstate reductions in 2002-03 and 2003-04)		5,288,047	R	14
Healthy Students in Safe, Orderly, and Caring Schools					
15	School Nurses (1st installment to reach 1:750)		4,797,888	R	15
Effective and Efficient Operations					
16	Eliminate Discretionary Budget Reduction		44,291,248	R	16
AGENCY REQUEST					
High Student Performance					
17	Governor's Schools		486,274	R	17
Quality Teachers, Administrators, & Staff					
18	Professional Development Coordinator operating support	1	40,000	R	18
Effective and Efficient Operations					
19	State Board of Education operating support		39,600	R	19
20	NC Professional Teaching Standards Commission (working condition mailing)		10,000	R	20
21	LEA Assistance Program (additional funding)		500,000	R	21
22	Human Resource Management System migration (required by IRMC)		200,000	R	22
23	7 additional processes/applications migration (required by IRMC)		1,225,000	NR	23
24	Netview Tool replacement		375,850	NR	24
25	DPI's technical infrastructure Upgraded		368,000	NR	25

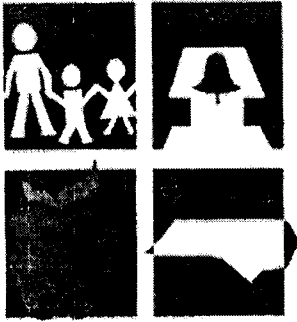
Total Supplemental Budget Request (not to exceed 5% of 2004/05 certified budget) 1 \$ 311,489,775

The Continuation Budget

North Carolina's public schools are expected to have 26,256 more students in FY 2003-04 than were in our public schools in FY 2002-03 (expected population: 1,369,062). The budget developed in FY 2002-03 for FY 2004-05 included an increase in ADM of 16,126 (the newest projections indicate that the actual growth will be 10,130 more students). Major adjustments in the Continuation Budget since the budget developed last year include:

- An additional 407 classroom teachers (\$15.2 million)
- An additional 79 vocational education teachers (\$3.1 million)
- 51 additional instructional support positions (\$2.2 million)
- 14 Assistant principals (\$659,000)
- \$500,000 for textbooks
- \$355,000 for children with disabilities
- \$320,000 for classroom materials

Please note that the LEA Discretionary Reduction of (\$44,291,248) is a part of the Continuation Budget.



Highlights of the North Carolina Public School Budget

February 2004

**Information Analysis
Division of School Business
North Carolina Department of Public Instruction**



Public Schools of North Carolina
North Carolina Department of Public Instruction

Supplemental Budget Requests for 2004 - 2005

STATE PUBLIC SCHOOL FUND REQUEST

Requested
Positions

2004-2005

High Student Performance

1	Vocational Education Program (reinstate 2003-04 legislated budget reduction)	\$	18,871,938	R	1	
2	High School Initiatives		1,300,000	R	2	
3	Children with Disabilities and Behavioral Support (move funding toward 230%)		17,823,825	R	3	reduced from \$25.4 M
4	Occupational Course of Study (additional options for exceptional children)		6,000,695	R	4	
5	Academically or Intellectually Gifted (increase funding factor 5%)		2,237,000	R	5	
6	Preschool children with disabilities		7,000,000	R	6	reduced from \$15 M
7	Disadvantaged Student Supplemental Funding (poor/not proficient students)		22,384,466	R	7	
8	Limited English Proficiency (increase funding factors 10%)		3,126,014	R	8	
9	School Testing Facilitator (1,141 positions; 1 per 1,200 students)		58,140,640	R	9	chgd from 1 per 1,000
10	Teacher Assistants (@ 1 per 20.45 students in K-3)		110,941,902	R	10	chgd from 1 per 18

Quality Teachers, Administrators, & Staff

11	Teacher Assistants pay increase (to a min. of \$15,054)		2,194,500	R	11	
12	Recruitment Annuity for Teachers at Hard to Staff Schools (pilot)		250,000	R	12	
13	Mentors (pay for mentors of locally paid new teachers)		3,596,888	R	13	
14	Central Office (reinstate reductions in 2002-03 and 2003-04)		5,288,047	R	14	

Healthy Students in Safe, Orderly, and Caring Schools

15	School Nurses (1st installment to reach 1:750)		4,797,888	R	15	
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Effective and Efficient Operations

16	Eliminate Discretionary Budget Reduction		44,291,248	R	16	
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AGENCY REQUEST

High Student Performance

17	Governor's Schools		486,274	R	17	
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Quality Teachers, Administrators, & Staff

18	Professional Development Coordinator operating support	1	40,000	R	18	
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Effective and Efficient Operations

19	State Board of Education operating support		39,600	R	19	
20	NC Professional Teaching Standards Commission (working condition mailing)		10,000	R	20	
21	LEA Assistance Program (additional funding)		500,000	R	21	
22	Human Resource Management System migration (required by IRMC)		200,000	R	22	
23	7 additional processes/applications migration (required by IRMC)		1,225,000	NR	23	
24	Netview Tool replacement		375,850	NR	24	
25	DPI's technical infrastructure Upgraded		368,000	NR	25	

Total Supplemental Budget Request (not to exceed 5% of 2004/05 certified budget) 1 \$ 311,489,775

Funding for Recurring Initiatives

ABCs Incentive Awards (\$600 each for meeting growth, high growth and AYP) \$ 142,905,396 NR

2003/04 actual cost
\$140,354,751

**MINUTES
HOUSE APPROPRIATIONS SUBCOMMITTEE ON
EDUCATION**

The House Appropriations Subcommittee on Education met at 10:30 a.m. in Room 421 of the Legislative Office Building on Thursday, June 3, 2004. The following members were present: Chairs Johnson, Preston, Tolson, Yongue; Vice-Chairs Justice, McLawhorn, Parmon; Representatives Bell, Dockham, Goforth, Gorman, Hilton, Pate, Ray, Sauls, Michaux and Rapp. Fiscal Research staff Charlotte Todd, Adam Levinson and Kristine Leggett were in attendance. Visitor Registration Lists are attached and made a part of these minutes.

Presiding Chairman Tolson called the meeting to order and introduced a group of Pages who sang "God Bless the USA". Chairman Yongue expressed the committee's appreciation to the quartet.

Chairman Tolson stressed to the Subcommittee that the purpose of the meeting was to have staff present and discuss the proposed report on Education and there would be ample time for questions and discussions following staff's explanations. (A copy of the report is attached to the minutes)

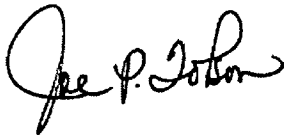
Adam Levinson was recognized to explain the adjustments to the Public Education budget. Charlotte Todd discussed the UNC system budget and Kristine Leggett explained the Community College system Adjustments. Following their presentations, Chairman Tolson opened the floor for questions and general discussion. Members were reminded that if there were particular issues they did not like, to please draw up amendments so they could be considered when the full Appropriations Committee met.

Rep. Yongue was recognized for a motion. He stated the members may disagree with items in the budget but assured them that they would have ample time in the full committee meeting to discuss any changes. He made a motion that the subcommittee report be accepted and referred to the full Appropriations Committee. Rep. Preston stressed that the Chairs encourage the members to prepare amendments for presentation to the full committee.

The Chairs recognized the staff for their hard work and dedication to the subcommittee and thanked the staff and the committee for their support. Rep. Yongue's motion was put before the committee and the motion carried.

There being no further business, the meeting was adjourned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joe P. Tolson". The signature is fluid and cursive, with the first name "Joe" being particularly prominent.

Rep. Joe P. Tolson, Chairman

A handwritten signature in black ink, appearing to read "Shirley Phillips". The signature is cursive and elegant, with the last name "Phillips" being clearly legible.

Shirley Phillips, Committee Clerk

APPROPRIATIONS SUBCOMMITTEE ON EDUCATION

(Name of Committee)

[illegible]

6/3/04

House Pages

1. Name: Colby Holloway
County: Wake
Sponsor: Daughtry
2. Name: JACK Neese
County: Wake
Sponsor: Wise
3. Name: Caitlin Collins
County: Alamance
Sponsor: Allred
4. Name: Elizabeth Lahey
County: Alamance
Sponsor: Bordson
5. Name: _____
County: _____
Sponsor: _____

Sgt-At-Arms

1. Name: _____
2. Name: _____
3. Name: _____
4. Name: _____

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Education

6/3/04

Name of Committee

Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Kwinn Howell	Gov's office
Don McConquoddy	SAS
Charles Perone	DSRM
Franklin Frazier	Gov.'s office
Janis Rangel	NCIMS
Steven Halsey	NCDOT

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Education

Name of Committee

6/3/04
Date

VISITORS: PLEASE SIGN IN BELOW AND RETURN TO COMMITTEE CLERK

NAME

FIRM OR AGENCY AND ADDRESS

Ralph White	Pender
Kevin Fitzgerald	UNC Chapel Hill
Jeff Davis	UNC
Michael House	NCAE
Carolyn McKinney	NCAE
Betty W. White	Pender
Claudia Odom	UNC
Guy Jones	UNC
E. Dyer	Nurs School
Mark Lanier	UNCW
Gary Robertson	AP

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Education

Name of Committee

Date

6/3/04

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NAME

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Trey O'Quinn	OSBM
Kristen Croson	OSBM
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Jim Ayn	SBE / DPI
Glen Norris	Public Sch. Forum
Ann McArthur	Governor's Ofc.
Clellan B. Hutches	Western Carolina University
Joanne Steen	NCAAA / NCAA / school mngers
Hollon Skinner	Rep. Culpepper - intern
Jim Cawby	NCAAA

VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Education

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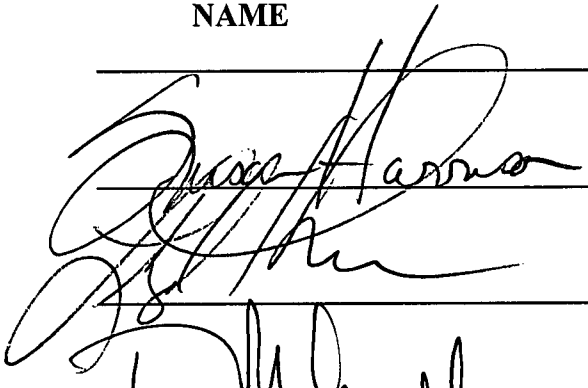

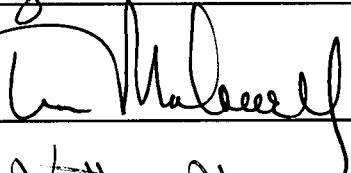
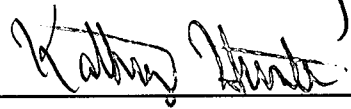
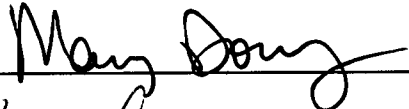
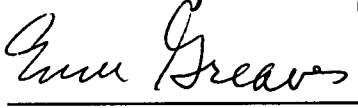

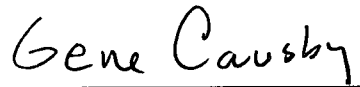
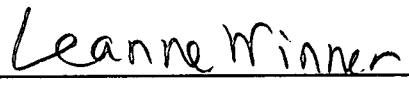
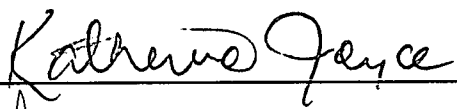

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6/3/04

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VISITOR REGISTRATION SHEET

Appropriations Subcommittee on Education

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6/3/04

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Kennan Bailey	NCCCS
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Mark Fleming	University System
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Kikki Banks	House Intern
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House Appropriations
Subcommittee
On
Education

Report

June 3, 2004

Public Education

GENERAL FUND

FY 04-05

Total Budget Approved 2003 Session

\$6,034,995,183

Budget Changes

A. Adjustments - State Public School Fund

1 Average Daily Membership (ADM)

\$31,404,945 R

Revise projected increase in ADM for FY 2004-05 to reflect 10,130 more students than originally projected. Dollar amount of adjustment includes increase to all position, dollar, and categorical allotments.

Total funded ADM for FY 2004-05 is 1,369,062, an increase over FY 2003-04 of 25,256.

As a result of upward adjustment in grade 9 ADM, increase receipts from Highway Fund budgeted for Driver's Education by \$180,352.

2 Budgeted Average Salary

(\$11,969,091) R

Revise budgeted funding for certified personnel salaries based on actual salary data from December 2003. Adjustment does not decrease any salary paid to certified personnel.

3 Exceptional Children

(\$3,181,728) R

Revise budgeted funding for children with special needs to reflect actual April 1, 2004 headcount. Continuation budget was based on projected headcount. Adjustment does not reduce funding per child.

4 Principals

(\$2,800,000) R

Revise allotment to LEAs for Principals to reflect projected 2,266 schools for FY 2004-05.

-36.00

5 Improving Student Accountability

(\$11,294,221) R

Revise funding for improving student accountability to reflect the lower number of students scoring at Levels I and II on end-of-grade tests.

6 Continually Low-Performing Schools

(\$1,413,819) R

Revise funding for continually low-performing schools based on fewer schools being so designated. Revised funding will support the one school currently identified as continually low-performing.

B. Reductions - State Public School Fund**7 School Bus Replacement**

(\$10,512,901) R

Revise school bus replacement schedule for FY 2004-05 to reflect replacement of 600 buses with a three-year lease purchase contract.

8 Textbooks

(\$1,547,040) R

Reduce dollar allotment for textbooks to reflect an inflationary increase of 3% (rather than 5%).

9 Classroom Materials, Supplies, & Equipment

(\$1,273,228) R

Reduce dollar allotment for materials, supplies, and equipment to reflect an inflationary increase of 2% (rather than 4%).

10 Discretionary Teachers

(\$228,775) R

Eliminate five of the 10.7 unallotted discretionary teacher positions that have not been utilized in FY 2003-04.

-5.00

11 Reduce Contract Labor Costs

(\$220,000) R

Direct State Board of Education to transfer \$3,200,000 from the State Public School Fund to the UERS Budget within the Department of Public Instruction and convert contractual obligations into up to thirty-five positions over a two-year period. The net effect of this action will be a recurring savings of \$500,000, \$220,000 of which will be achieved in FY 2004-05.

35.00

12 Budget Sales Tax Reimbursements Paid to LEAs

(\$27,660,000) NR

Direct LEAs to budget receipts from reimbursed sales tax to support purchases. Direct the State Board of Education to distribute a reduction to each applicable LEA by allotment category based on actual State reimbursement of sales tax to the LEA.

13 Recruitment & Retention Bonus

(\$2,890,000) R

Discontinue \$1,800 bonus, as defined in Section 7.20(a) of S.L. 2003-284, due to lack of evidence supporting its effectiveness as a recruitment and retention incentive.

14 ADM Contingency Reserve

(\$1,000,000) NR

Reduce ADM Contingency Reserve.

15 Technology Fund

(\$2,366,489) NR

Reduce appropriation for School Technology fund in light of anticipated \$12 million FY 2003-04 year-end cash balance, increased funding from fines & forfeitures, and \$44.6 million in federal e-rate reimbursements to LEAs.

D. Expansion - Department of Public Instruction**16 Receipt Supported Positions**

Create the following receipt supported positions in the Department of Public Instruction:

- A. Closing the Achievement Gap - Federal ESEA Title I Funds
 - 6 Education Consultants - \$472,344
 - 4 Regional Coordinators - \$314,896

Consultants will assist schools in identifying achievement gaps in student performance and in designing strategies for addressing them, and in implementing school choice and supplemental services requirements per the No Child Left Behind Act.
- B. Exceptional Children - Federal IDEA Funds
 - Application Analyst Program Specialist - \$89,942
 - Program Assistant V - \$33,730
 - Business & Process Analyst - \$67,027

First two positions will ensure that DPI complies with IDEA mandate to investigate and resolve complaints filed by parents regarding exceptional children's services. Third position will oversee daily operations of the Comprehensive Exceptional Children Accountability System (CECAS).
- C. Child Nutrition - Federal Child Nutrition Funds
 - School Meals Program Consultant - \$53,044

Position will assist local education agencies in ensuring that all compliance requirements of federal child nutrition programs are met.
- D. Enhancing Education Through Technology - Federal Technology Grant
 - Regional Telecommunications Specialist - \$55,017

Position will assist schools in implementing their technology plans, particularly as NC Windows of Information on Student Education (NCWISE) system is deployed statewide.

E. Expansion - State Public School Fund**17 ABC Bonuses**

Provide funding for ABC bonuses for schools that in FY 2003-04 meet or exceed expected growth.

\$108,000,000 NR

18 Third Grade Class Size

Provide funds to support the reduction of the teacher to student allotment ratio for grade three from 1:22.23 to 1:18.

\$50,467,765 R

19 Vocational Education

Increase categorical allotment to LEAs for Vocational Education.

\$8,000,000 R

166.84

\$448,038 R

20 Vocational Education Program Support

Increase categorical allotment to LEAs for Vocational Education Program Support.

21 Low Wealth Supplemental Funding

\$5,000,000 R

Increase categorical allotment for Low Wealth Supplemental Funding.

22 Food Services Pilot Program

\$25,000 NR

Provide funding to support a pilot initiative to ensure that school food services serve only healthful, nutritious foods.

F. Expansion - Other Funds**23 High School Workforce Development Project**

\$1,744,799 R

\$462,500 NR
2.50

Provide funds for five pilot projects in which an LEA, community college or university, and employers work together to ensure that (a) high school and higher education curricula are aligned with the workforce training needs of employers, and (b) students have access to accelerated training opportunities. Also provides for planning grant funds for ten additional projects. Provides funds for administrative and program positions in DPI (2.5 FTE), LEAs, and at participating colleges and universities. This funding is the first installment toward a \$10 million State match required to activate a \$10 million commitment from the Gates Foundation.

24 ExplorNet

\$100,000 R

\$100,000 NR

Provide funds to support ExplorNet, a non-profit organization that promotes effective use of information technology in the public schools.

Budget Changes

\$49,834,744 R

\$77,561,011 NR

Total Position Changes

163.34

Revised Total Budget

\$6,162,390,938

UNC System

GENERAL FUND

FY 04-05

Total Budget Approved 2003 Session

\$1,822,426,657

Budget Changes

A. Reductions

- | | | |
|---|----------------|----|
| 25 Management Flexibility Reduction for UNC Campuses | (\$26,049,139) | R |
| Reduces campus budgets by 1.7% except for UNC-CH AHEC and the School of Science and Math. The reduction does not apply to the Legislative Tuition Grant program or the State Contractual Scholarship program. | | |
| 26 Management Flexibility Reduction for Certain Non-Campus Budgets | (\$754,174) | R |
| UNC-General Administration, UNC-AHEC, and NC School of Science and Math are reduced by .85%. The reduction excludes the Model Teacher Education Consortium, NC Education Research Council, NC Teach, Teacher Academy, Principal Executive Program, Principal Fellows program and the Mathematics and Science Education Network. | | |
| 27 UNC-GA Institutional Programs reduction | (\$70,101) | R |
| Reduces UNC General Administration institution program reserves except financial aid. | | |
| 28 Building Reserve Adjustments for Campuses | (\$5,734,555) | NR |
| When construction projects run behind schedule and experience a delay in opening, adjustments are made in the operating expenses accordingly. These are technical adjustments based on more current estimates. | | |
| 29 Reduction for UNC Hospitals | (\$774,279) | R |
| Reduces the appropriation to UNC Hospitals by 2%. | | |
| 30 Eliminate Old Distance Education Pilot Project funds | (\$500,000) | R |
| This program was established before the General Assembly started providing full funding for distance education programs. | | |
| 31 Strategic Initiative Reserve | (\$1,820,000) | R |
| Reduces the amount appropriated to the President's Strategic Initiative Reserve. There is \$4 million in the base budget for this program. | | |

B. Expansion Items**32 Enrollment Growth for UNC Campuses**

\$63,991,225 R

Based on the Board of Governors' estimate, enrollment in the university is projected to increase by 7,458 full-time equivalent (FTE) students or 4.5% to a total of 165,564 FTE in 2004-05.

33 NC School of Science and Math Enrollment Growth

\$700,000 R

These funds are to support the enrollment growth of 35 students at the School of Science and Mathematics.

34 Legislative Tuition Grants for Private College Students

\$2,600,000 R

These funds will provide money to cover the projected increase of 1,445 FTE or 3% growth in the number of students eligible for the Legislative Tuition Grant program for the 2004-05 year.

35 State Contractual Scholarship Fund for Private College Students

\$1,600,000 R

This program is the need-based financial aid component of the Aid to Private Colleges program. The number of projected FTE students is increasing by 1445.

36 Need-Based Financial Aid

\$0 R

The Escheats Fund has money available to provide an expansion in the state's need-based financial aid program as requested by the Board of Governors. The full amount of the expansion is \$21,344,000 from Escheats. No General Fund money is required for this expansion.

37 Manufacturing Extension Partnership

\$500,000 R

Additional funds for the Manufacturing Extension Partnership program at NCSU.

38 UNCC Doctoral Transition Funds

\$500,000 R

Additional funds to aid in the transition to a doctoral institution for UNC Charlotte.

39 Technology Development Initiative: ECU and NCSU

\$300,000 R

To provide funds for a joint program between ECU and NCSU with \$150,000 distributed to each for a technology development initiative to provide advance degrees in engineering and business at off-campus locations.

40 Tuition Grants for Bible College Students

\$420,000 R

The General Assembly changed the statute during the last session to allow students attending Bible Colleges to receive a tuition grant similar to the Legislative Tuition Grant program. These funds are necessary to provide the money for eligible students.

House Subcommittee on Education

FY 04-05

41 UNC-CH Kidney Disease Education Program	\$400,000	R
Allocates money to UNC Chapel Hill School of Medicine to establish, implement and oversee a statewide kidney disease education program. The program shall include research, educational interventions and program evaluation.		
42 NC A&T State Matching Funds	\$2,239,199	R
Provides funds to NC A&T State University in order to match federal funds for the agricultural research and cooperative extension programs.		
43 Scholarships for Students in Teaching	\$0	R
Provides funds for need-based scholarships for students enrolled in the teacher education programs at the Historically Black Colleges and Universities that do not have any Teaching Fellows. \$195,000 will be funded out the Escheats Fund		
44 Model Teaching Education Consortium	\$1,000,000	R
Increases funds for this program.		
45 Teacher Academy	\$2,000,000	R
Increases funds for this program.		
46 UNC-W Marine Biology	\$2,000,000	R
Provides funds for the UNC Wilmington Marine Biology program.		
47 Coastal Studies Institute	\$650,000	R
Provides funds to the Coastal Studies Institute.		
	\$1,300,000	NR
48 Mountain AHEC Funds		
Funds for the Mountain Area Health Education Center to replace HVAC, roof, carpet and for the new Women's Health Center.		
	\$1,900,000	NR
49 Focused Growth Pilot Program	\$150,000	R
Funds to allow WCU, UNC-P and ECSU to waive out-of-state tuition for up to 20 prospective teaching scholars. Each campus will receive \$50,000.		
Budget Changes	\$49,082,731	R
	(\$2,534,555)	NR
Total Position Changes		
Revised Total Budget	\$1,868,974,833	

Community Colleges

GENERAL FUND

FY 04-05

Total Budget Approved 2003 Session

\$660,199,222

Budget Changes

A. Categorical and Miscellaneous Programs

50 Community Service Block Grant	(\$144,549)	R
Reduces the Community Service Block Grant to actual expenditures levels, from \$1,329,663 to \$1,185,114.		
51 Human Resource Development (HRD)	(\$2,155,125)	R
Eliminates the HRD block grant. HRD classes now earn regular budgeted FTE through the continuing education formula. Colleges will continue to operate HRD programs at the FY 2003-04 level using their enrollment allotment.		
52 Center for Applied Textile Technology	(\$125,000)	R
Eliminates the president's position at the Center for Applied Textile Technology.		
53 Public Radio - Isothermal	(\$134,921)	R
Eliminates the subsidy for the public radio station at Isothermal Community College.		
54 Public Radio - Gaston College	\$125,000	R
Provides funds for the operation of the public radio station at Gaston College.		
55 Additional Public Radio Funds	\$199,000	R
Provides additional funding to be divided equally among the colleges that currently operate public radio stations.		
56 Child Care Grant Adjustment	(\$76,984)	R
Reduces the child care grant to actual expenditures, from \$2 million to \$1,923,016.		
57 Equipment	\$5,000,000	R
Provides additional funding for equipment in the colleges.		

58 Focused Industrial Training (FIT)

\$1,902,439 R

Provides funding for FIT to replace funds previously allotted from the Worker Training Trust Fund (\$1.6 million). Also provides additional funds for the establishment of three new FIT consortia for nine colleges currently unserved by a FIT center (\$302,439). Two other colleges will be combined with an existing FIT center to ensure that all community colleges have FIT services.

59 Multi-Campus College Funds

\$6,900,000 R

Provides additional funding to the Multi-Campus allotment to fund the State Board multi-campus formula adopted in 2000. Funding will be provided to the 13 colleges with State Board approved multi-campus sites.

60 Hickory Metropolitan Higher Education Center

\$474,520 R

Provides funding for the Higher Education Center located in Hickory.

61 Davidson County Community College - Davie County Campus Funds

\$200,000 NR

Provides funds for the expansion of the allied health, early childhood, and college transfer programs on the Davie County Campus of DCCC.

B. Faculty and Professional Staff Salaries**62 Faculty and Professional Staff Salaries**

Provides \$12.8 million for an additional 2% increase for all faculty and professional staff in the Community College System. This increase is in addition to the increase and bonus provided to all State employees. Also provides an additional \$1.2 million to increase faculty salaries currently paid below the minimum salary for their education level to the minimum salary levels set forth in Section xx.xx of H.B. xxx. Funds for these increases are appropriated in the Compensation Reserve section of the Budget.

C. Tuition, Enrollment, and Financial Aid**63 Enrollment Growth**

\$24,000,000 R

Fully funds enrollment growth in the Community College System. Enrollment increased by 7,721 FTE during the FY2003-04, a 4.27% increase over the previous year. Total budgeted FTE for FY2004-05 is 188,416.

64 Contingency Reserve for Excessive Enrollment Increases

\$2,000,000 NR

Creates a contingency reserve fund to assist colleges in periods of excessive enrollment increases. Colleges that experience a total enrollment growth of 10% or higher in the Fall semester shall receive an increase in its FTE allotment for the Spring semester equal to the amount the enrollment increase exceeded 10%.

65 Contingency Reserve for High Unemployment Due to Manufacturing Job Losses

Creates a contingency reserve to assist colleges in counties experiencing high rates of unemployment due to manufacturing job losses.

\$3,075,000 NR

66 Overrealized Receipts

Increases the amount budgeted for receipts to reflect the actual amount realized from FY03-04 tuition receipts.

(\$3,243,860) R

67 Tuition Increase

Increases curriculum tuition by 7%, from \$35.50 per credit hour for in-state tuition to \$38 per credit hour, up to 16 hours. Full-time students will pay \$608 per semester or \$1,216 per year (Fall and Spring). Out-of-state tuition will increase from \$197 per credit hour to \$211 per credit hour. NC Community College in-state tuition rates will continue to be among the five lowest rates in the nation.

(\$9,587,949) R

68 Need-Based Financial Aid

Provides an additional \$718,396 for need-based financial aid to be funded from the Escheat Fund. A special provision in the university section of the budget appropriates the funds.

D. System Office**69 Receipt Supported Positions**

Allows for the creation of the following receipt supported positions in the Community College System Office:

A. Career Start - Federal Funds through DHHS

2 Education Consultant Is - \$106,807

1 Office Assistant V - \$32,311

The consultants will provide leadership, oversight, and policy guidance for Career Start sites.

B. Project Health - Federal funds through the Dept. of Commerce

1 Education Consultant I - \$53,404

This position will provide oversight and policy guidance for Project H.E.A.L.T.H. - Helping Employers and Labor Transition to Healthcare.

C. Homeland Security - Federal Homeland Security funds through the Department of Crime Control and Public Safety

1 Program Assistant V - \$41,498

3 Education Program Administrators - \$196,795

1 Education Program Specialist - \$53,044

These positions will work to incorporate new requirements for Homeland Security and Domestic Preparedness into existing education and training courses and programs provided by NCCCS.

D. Homeland Security - Federal Homeland Security funds through the Governor's Crime Commission

1 Program Assistant V - \$34,499

3 Education Consultant Is - \$194,657

1 Education Media Specialist - \$40,039

These positions are being created to respond to the increased specialized training requirements for law enforcement personnel in Homeland Security and Domestic Preparedness. The positions will enable NCCCS to develop NC-specific training.

Budget Changes	\$23,132,571	R
	\$5,275,000	NR
Total Position Changes		
Revised Total Budget	\$688,606,793	

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DPI-H2-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

TEACHER SALARY SCHEDULES

SECTION #.(a) Effective for the 2004-2005 school year, the Director of the Budget shall transfer from the Reserve for Experience Step Salary Increase for Teachers and Principals in Public Schools for the 2004-2005 fiscal year funds necessary to implement the teacher salary schedule set out in subsection (b) of this section, including funds for the employer's retirement and social security contributions and funds for annual longevity payments at one and one-half percent (1.5%) of base salary for 10 to 14 years of State service, two and twenty-five hundredths percent (2.25%) of base salary for 15 to 19 years of State service, three and twenty-five hundredths percent (3.25%) of base salary for 20 to 24 years of State service, and four and one-half percent (4.5%) of base salary for 25 or more years of State service, commencing July 1, 2004, for all teachers whose salaries are supported from the State's General Fund. These funds shall be allocated to individuals according to rules adopted by the State Board of Education. The longevity payment shall be paid in a lump sum once a year.

SECTION #.(b) For the 2004-2005 school year, the following monthly salary schedules shall apply to certified personnel of the public schools who are classified as teachers. The schedule contains 30 steps with each step corresponding to one year of teaching experience.

2004-2005 Monthly Salary Schedule
"A" Teachers

<u>Years of Experience</u>	<u>"A" Teachers</u>	<u>NBPTS Certification</u>
0	\$2,538	N/A
1	\$2,580	N/A
2	\$2,624	N/A
3	\$2,778	\$3,111
4	\$2,919	\$3,268
5	\$3,051	\$3,417
6	\$3,180	\$3,562
7	\$3,282	\$3,676
8	\$3,331	\$3,731
9	\$3,379	\$3,784
10	\$3,429	\$3,840

1	11	\$3,478	\$3,895
2	12	\$3,529	\$3,952
3	13	\$3,579	\$4,008
4	14	\$3,632	\$4,068
5	15	\$3,685	\$4,128
6	16	\$3,741	\$4,190
7	17	\$3,796	\$4,251
8	18	\$3,853	\$4,315
9	19	\$3,911	\$4,381
10	20	\$3,970	\$4,446
11	21	\$4,031	\$4,514
12	22	\$4,092	\$4,584
13	23	\$4,157	\$4,655
14	24	\$4,221	\$4,728
15	25	\$4,285	\$4,800
16	26	\$4,352	\$4,874
17	27	\$4,420	\$4,951
18	28	\$4,489	\$5,028
19	29	\$4,561	\$5,108
20	30+	\$4,561	\$5,108

2004-2005 Monthly Salary Schedule
"M" Teachers

25	<u>Years of Experience</u>	<u>"M" Teachers</u>	<u>NBPTS Certification</u>
26			
27	0	\$2,792	N/A
28	1	\$2,838	N/A
29	2	\$2,886	N/A
30	3	\$3,055	\$3,422
31	4	\$3,210	\$3,595
32	5	\$3,357	\$3,760
33	6	\$3,497	\$3,917
34	7	\$3,611	\$4,044
35	8	\$3,663	\$4,102
36	9	\$3,716	\$4,163
37	10	\$3,772	\$4,224
38	11	\$3,826	\$4,285
39	12	\$3,881	\$4,347
40	13	\$3,937	\$4,409
41	14	\$3,995	\$4,474
42	15	\$4,054	\$4,541
43	16	\$4,114	\$4,608
44	17	\$4,176	\$4,677
45	18	\$4,238	\$4,747
46	19	\$4,302	\$4,819

1	20	\$4,367	\$4,890
2	21	\$4,434	\$4,966
3	22	\$4,501	\$5,041
4	23	\$4,573	\$5,121
5	24	\$4,643	\$5,200
6	25	\$4,713	\$5,279
7	26	\$4,787	\$5,362
8	27	\$4,862	\$5,446
9	28	\$4,939	\$5,532
10	29	\$5,017	\$5,619
11	30+	\$5,017	\$5,619

SECTION #.(c) Certified public school teachers with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers. Certified public school teachers with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for certified personnel of the public schools who are classified as "M" teachers.

SECTION #.(d) Effective for the 2004-2005 school year, the first step of the salary schedule for school psychologists shall be equivalent to Step 5, corresponding to five years of experience, on the salary schedule established in this section for certified personnel of the public schools who are classified as "M" teachers. Certified psychologists shall be placed on the salary schedule at an appropriate step based on their years of experience. Certified psychologists shall receive longevity payments based on years of State service in the same manner as teachers.

Certified psychologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for certified psychologists. Certified psychologists with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for certified psychologists.

SECTION #.(e) Effective for the 2004-2005 school year, speech pathologists who are certified as speech pathologists at the masters degree level and audiologists who are certified as audiologists at the masters degree level and who are employed in the public schools as speech and language specialists and audiologists shall be paid on the school psychologist salary schedule.

Speech pathologists and audiologists with certification based on academic preparation at the six-year degree level shall receive a salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to the compensation provided for speech pathologists and audiologists. Speech pathologists and audiologists with certification based on academic preparation at the doctoral degree level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per month in addition to the compensation provided for speech pathologists and audiologists.

1 **SECTION #.(f)** Certified school nurses who are employed in the public
2 schools as nurses shall be paid on the "M" salary schedule.
3 **SECTION #.(g)** As used in this section, the term "teacher" shall also include
4 instructional support personnel.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

**DRAFT
SPECIAL PROVISION**



2004-DPI-H3-P

**Department of Public Instruction
Appropriations Subcommittee on Education**

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

SCHOOL-BASED ADMINISTRATOR SALARY SCHEDULE

SECTION #.(a) Effective for the 2004-2005 school year, the Director of the Budget shall transfer from the Reserve for Compensation Increase for the 2004-2005 fiscal year funds necessary to implement the salary schedule for school-based administrators as provided in this section. These funds shall be used for State-paid employees only.

SECTION #.(b) The base salary schedule for school-based administrators shall apply only to principals and assistant principals. The base salary schedule for the 2004-2005 fiscal year, commencing July 1, 2004, is as follows:

2004-2005 Principal and Assistant Principal Salary Schedules Classification

Yrs. of Exp	Assistant Principal	Prin I (0-10)	Prin II (11-21)	Prin III (22-32)	Prin IV (33-43)
0-4	\$3,242	-	-	-	-
5	\$3,390	-	-	-	-
6	\$3,533	-	-	-	-
7	\$3,647	-	-	-	-
8	\$3,699	\$3,699	-	-	-
9	\$3,754	\$3,754	-	-	-
10	\$3,810	\$3,810	\$3,864	-	-
11	\$3,864	\$3,864	\$3,921	-	-
12	\$3,921	\$3,921	\$3,976	\$4,035	-
13	\$3,976	\$3,976	\$4,035	\$4,094	\$4,156
14	\$4,035	\$4,035	\$4,094	\$4,156	\$4,218
15	\$4,094	\$4,094	\$4,156	\$4,218	\$4,280
16	\$4,156	\$4,156	\$4,218	\$4,280	\$4,346
17	\$4,218	\$4,218	\$4,280	\$4,346	\$4,410
18	\$4,280	\$4,280	\$4,346	\$4,410	\$4,478
19	\$4,346	\$4,346	\$4,410	\$4,478	\$4,547
20	\$4,410	\$4,410	\$4,478	\$4,547	\$4,619
21	\$4,478	\$4,478	\$4,547	\$4,619	\$4,689

1	22	\$4,547	\$4,547	\$4,619	\$4,689	\$4,761
2	23	\$4,619	\$4,619	\$4,689	\$4,761	\$4,835
3	24	\$4,689	\$4,689	\$4,761	\$4,835	\$4,910
4	25	\$4,761	\$4,761	\$4,835	\$4,910	\$4,988
5	26	\$4,835	\$4,835	\$4,910	\$4,988	\$5,067
6	27	\$4,910	\$4,910	\$4,988	\$5,067	\$5,169
7	28	\$4,988	\$4,988	\$5,067	\$5,169	\$5,272
8	29	\$5,067	\$5,067	\$5,169	\$5,272	\$5,378
9	30	\$5,169	\$5,169	\$5,272	\$5,378	\$5,485
10	31	\$5,272	\$5,272	\$5,378	\$5,485	\$5,595
11	32	-	\$5,378	\$5,485	\$5,595	\$5,706
12	33	-	-	\$5,595	\$5,706	\$5,821
13	34	-	-	\$5,706	\$5,821	\$5,938
14	35	-	-	-	\$5,938	\$6,056
15	36	-	-	-	\$6,056	\$6,178
16	37	-	-	-	-	\$6,301

2004-2005

Principal and Assistant Principal Salary Schedules
Classification

23	Yrs. of	Prin V	Prin VI	Prin VII	Prin VIII
24	Exp	(44-54)	(55-65)	(66-100)	(101 +)
25	14	\$4,280	-	-	-
26	15	\$4,346	-	-	-
27	16	\$4,410	\$4,478	-	-
28	17	\$4,478	\$4,547	\$4,689	-
29	18	\$4,547	\$4,619	\$4,761	\$4,835
30	19	\$4,619	\$4,689	\$4,835	\$4,910
31	20	\$4,689	\$4,761	\$4,910	\$4,988
32	21	\$4,761	\$4,835	\$4,988	\$5,067
33	22	\$4,835	\$4,910	\$5,067	\$5,169
34	23	\$4,910	\$4,988	\$5,169	\$5,272
35	24	\$4,988	\$5,067	\$5,272	\$5,378
36	25	\$5,067	\$5,169	\$5,378	\$5,485
37	26	\$5,169	\$5,272	\$5,485	\$5,595
38	27	\$5,272	\$5,378	\$5,595	\$5,706
39	28	\$5,378	\$5,485	\$5,706	\$5,821
40	29	\$5,485	\$5,595	\$5,821	\$5,938
41	30	\$5,595	\$5,706	\$5,938	\$6,056
42	31	\$5,706	\$5,821	\$6,056	\$6,178
43	32	\$5,821	\$5,938	\$6,178	\$6,301
44	33	\$5,938	\$6,056	\$6,301	\$6,427
45	34	\$6,056	\$6,178	\$6,427	\$6,556
46	35	\$6,178	\$6,301	\$6,556	\$6,686

1	36	\$6,301	\$6,427	\$6,686	\$6,820
2	37	\$6,427	\$6,556	\$6,820	\$6,957
3	38	\$6,556	\$6,686	\$6,957	\$7,095
4	39	-	\$6,820	\$7,095	\$7,237
5	40	-	\$6,957	\$7,237	\$7,382
6	41	-	-	\$7,382	\$7,529

SECTION #.(c) The appropriate classification for placement of principals and assistant principals on the salary schedule, except for principals in alternative schools, shall be determined in accordance with the following schedule:

Classification	Number of Teachers Supervised
Assistant Principal	
Principal I	Fewer than 11 Teachers
Principal II	11-21 Teachers
Principal III	22-32 Teachers
Principal IV	33-43 Teachers
Principal V	44-54 Teachers
Principal VI	55-65 Teachers
Principal VII	66-100 Teachers
Principal VIII	More than 100 Teachers

The number of teachers supervised includes teachers and assistant principals paid from State funds only; it does not include teachers or assistant principals paid from non-State funds or the principal or teacher assistants.

The beginning classification for principals in alternative schools shall be the Principal III level. Principals in alternative schools who supervise 33 or more teachers shall be classified according to the number of teachers supervised.

SECTION #.(d) A principal shall be placed on the step on the salary schedule that reflects total number of years of experience as a certificated employee of the public schools and an additional step for every three years of experience as a principal. A principal or assistant principal shall also continue to receive any additional State-funded percentage increases earned for the 1997-1998, 1998-1999, and 1999-2000 school years for improvement in student performance or maintaining a safe and orderly school.

SECTION #.(e) Principals and assistant principals with certification based on academic preparation at the six-year degree level shall be paid a salary supplement of one hundred twenty-six dollars (\$126.00) per month and at the doctoral degree level shall be paid a salary supplement of two hundred fifty-three dollars (\$253.00) per month.

SECTION #.(f) There shall be no State requirement that superintendents in each local school unit shall receive in State-paid salary at least one percent (1%) more than the highest paid principal receives in State salary in that school unit; provided, however, the additional State-paid salary a superintendent who was employed by a local school administrative unit for the 1992-1993 fiscal year received because of that

1 requirement shall not be reduced because of this subsection for subsequent fiscal years
2 that the superintendent is employed by that local school administrative unit so long as
3 the superintendent is entitled to at least that amount of additional State-paid salary under
4 the rules in effect for the 1992-1993 fiscal year.

5 **SECTION #.(g)** Longevity pay for principals and assistant principals shall
6 be as provided for State employees under the State Personnel Act.

7 **SECTION #.(h)**

8 (1) If a principal is reassigned to a higher job classification because the
9 principal is transferred to a school within a local school administrative
10 unit with a larger number of State-allotted teachers, the principal shall
11 be placed on the salary schedule as if the principal had served the
12 principal's entire career as a principal at the higher job classification.

13 (2) If a principal is reassigned to a lower job classification because the
14 principal is transferred to a school within a local school administrative
15 unit with a smaller number of State-allotted teachers, the principal
16 shall be placed on the salary schedule as if the principal had served the
17 principal's entire career as a principal at the lower job classification.

18 This subsection applies to all transfers on or after the effective date of this
19 section, except transfers in school systems that have been created, or will be created, by
20 merging two or more school systems. Transfers in these merged systems are exempt
21 from the provisions of this subsection for one calendar year following the date of the
22 merger.

23 **SECTION #.(i)** Participants in an approved full-time masters in school
24 administration program shall receive up to a 10-month stipend at the beginning salary of
25 an assistant principal during the internship period of the masters program. For the
26 2004-2005 fiscal year and subsequent fiscal years, the stipend shall not exceed the
27 difference between the beginning salary of an assistant principal and any fellowship
28 funds received by the intern as a full-time student, including awards of the Principal
29 Fellows Program. The Principal Fellows Program or the school of education where the
30 intern participates in a full-time masters in school administration program shall supply
31 the Department of Public Instruction with certification of eligible full-time interns.

32 **SECTION #.(j)** During the 2004-2005 fiscal year, the placement on the
33 salary schedule of an administrator with a one-year provisional assistant principal's
34 certificate shall be at the entry-level salary for an assistant principal or the appropriate
35 step on the teacher salary schedule, whichever is higher.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DPI-H4B-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

CENTRAL OFFICE SALARIES

SECTION #.(a) The monthly salary ranges that follow apply to assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers for the 2004-2005 fiscal year, beginning July 1, 2004.

School Administrator I	\$2,932	\$6,266
School Administrator II	\$3,112	\$6,586
School Administrator III	\$3,303	\$6,925
School Administrator IV	\$3,436	\$7,162
School Administrator V	\$3,574	\$7,410
School Administrator VI	\$3,792	\$7,799
School Administrator VII	\$3,945	\$8,072

The local board of education shall determine the appropriate category and placement for each assistant superintendent, associate superintendent, director/coordinator, supervisor, or finance officer within the salary ranges and within funds appropriated by the General Assembly for central office administrators and superintendents. The category in which an employee is placed shall be included in the contract of any employee hired on or after July 1, 2004.

SECTION #.(b) The monthly salary ranges that follow apply to public school superintendents for the 2004-2005 fiscal year, beginning July 1, 2004.

Superintendent I	\$4,187	\$8,503
Superintendent II	\$4,445	\$8,956
Superintendent III	\$4,716	\$9,441
Superintendent IV	\$5,005	\$9,953
Superintendent V	\$5,312	\$10,499

The local board of education shall determine the appropriate category and placement for the superintendent based on the average daily membership of the local school administrative unit and within funds appropriated by the General Assembly for central office administrators and superintendents.

Notwithstanding the provisions of this subsection, a local board of education may pay an amount in excess of the applicable range to a superintendent who is entitled to receive the higher amount under Section ____ (f) of this act.

SECTION #.(c) Longevity pay for superintendents, assistant superintendents, associate superintendents, directors/coordinators, supervisors, and finance officers shall be as provided for State employees under the State Personnel Act.

1 **SECTION #.(d)** Superintendents, assistant superintendents, associate
2 superintendents, directors/coordinators, supervisors, and finance officers with
3 certification based on academic preparation at the six-year degree level shall receive a
4 salary supplement of one hundred twenty-six dollars (\$126.00) per month in addition to
5 the compensation provided pursuant to this section. Superintendents, assistant
6 superintendents, associate superintendents, directors/coordinators, supervisors, and
7 finance officers with certification based on academic preparation at the doctoral degree
8 level shall receive a salary supplement of two hundred fifty-three dollars (\$253.00) per
9 month in addition to the compensation provided for under this section.

10 **SECTION #.(e)** The State Board of Education shall not permit local school
11 administrative units to transfer State funds from other funding categories for salaries for
12 public school central office administrators.

13 **SECTION #.(f)** The Director of the Budget shall transfer from the Reserve
14 for Compensation Increases created in this act for fiscal year 2004-2005, commencing
15 July 1, 2004, funds necessary to provide a salary increase of eighty-three dollars and
16 thirty-four cents (\$83.34) per month, including funds for the employer's retirement and
17 social security contributions, commencing July 1, 2004, for all permanent personnel
18 paid from the Central Office Allotment. The State Board of Education shall allocate
19 these funds to local school administrative units. The local boards of education shall
20 establish guidelines for providing their salary increases to these personnel.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DPI-H5A-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 ***NONCERTIFIED PERSONNEL SALARY***

2 **SECTION #.(a)** The Director of the Budget shall transfer from the Reserve
3 for Compensation Increases created in this act for fiscal year 2004-2005, commencing
4 July 1, 2004, funds necessary to provide a salary increase of eighty-three dollars and
5 thirty-four cents (\$83.34) per month, including funds for the employer's retirement and
6 social security contributions, commencing July 1, 2004, for all noncertified public
7 school employees whose salaries are supported from the State's General Fund.

8 **SECTION #.(b)** Local boards of education shall increase the rates of pay for
9 such employees who were employed for all or part of fiscal year 2003-2004 and who
10 continue their employment for fiscal year 2004-2005 by eighty-three dollars and
11 thirty-four cents (\$83.34) per month, commencing July 1, 2004. For part-time
12 employees, the pay increase shall be pro rata based on the number of hours worked.

13 **SECTION #.(c)** These funds shall not be used for any purpose other than for
14 the salary increases and necessary employer contributions provided by this section.

15 **SECTION #.(d)** The State Board of Education may adopt salary ranges for
16 noncertified personnel to support increases of eighty-three dollars and thirty-four cents
17 (\$83.34) per month for the 2004-2005 fiscal year.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DPI-H6-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 APPROPRIATIONS FOR CONTINUALLY LOW-PERFORMING SCHOOLS

2 SECTION #. Section 7.8 of S.L. 2003-284 reads as rewritten:

3 "SECTION 7.8. Of funds appropriated from the General Fund to State Aid to Local
4 School Administrative Units, the sum of one million nine hundred fifty-six thousand
5 one hundred fifteen dollars (\$1,956,115) for the 2003-2004 and 2004-2005 fiscal years
6 fiscal year and the sum of six hundred two thousand nine hundred seventy-five dollars
7 (\$602,975) for the 2004-2005 fiscal year shall be used to provide the State's chronically
8 low-performing schools with tools needed to dramatically improve student achievement.
9 These funds shall be used to implement any of the following strategies at the schools
10 that have not previously been implemented with State or other funds:

- 11 (1)** The sum of one million six hundred fifty-seven thousand three
12 hundred forty-five dollars (\$1,657,345) for the 2003-2004 and
13 2004-2005 fiscal years fiscal year and the sum of two hundred
14 ninety-seven thousand four hundred six dollars (\$297,406) for the
15 2004-2005 fiscal year shall be used to reduce class size at a continually
16 low-performing school to ensure that the number of teachers allotted
17 for students in grades four and five is one for every 17 students, and
18 that the number of teachers allotted in grades six through eight is one
19 for every 17 students, and that the number of teachers allotted in
20 grades nine through twelve is one for every 20 students; and
21 (2) The sum of two hundred ninety-eight thousand seven hundred seventy
22 dollars (\$298,770) for the 2003-2004 and 2004-2005 fiscal years fiscal
23 year and the sum of three hundred five thousand five hundred
24 sixty-nine dollars (\$305,569) for the 2004-2005 fiscal year shall be
25 used to extend teachers' contracts for a total of 10 days, including five
26 days of additional instruction with related costs for other than teachers'
27 salaries for the 2003-2004 and 2004-2005 school years.

28 Notwithstanding any other provision of law, the State Board of Education may
29 implement intervention strategies for the 2003-2004 and 2004-2005 school years that it
30 deems appropriate."

24

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DPI-H7-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 ***CHILDREN WITH DISABILITIES***

2 **SECTION #.** The State Board of Education shall allocate funds for children
3 with disabilities on the basis of two thousand seven hundred seventy-three dollars and
4 ninety-six cents (\$2,773.96) per child for a maximum of 166,500 children for the
5 2004-2005 school year. Each local school administrative unit shall receive funds for the
6 lesser of (i) all children who are identified as children with disabilities, or (ii) twelve
7 and five-tenths percent (12.5%) of the 2004-2005 allocated average daily membership
8 in the local school administrative unit.

9 The dollar amounts allocated under this section for children with disabilities
10 shall also adjust in accordance with legislative salary increments, retirement rate
11 adjustments, and health benefit adjustments for personnel who serve children with
12 disabilities.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DPI-H8-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

FUNDS FOR ACADEMICALLY GIFTED CHILDREN

SECTION #. The State Board of Education shall allocate funds for academically or intellectually gifted children on the basis of nine hundred fourteen dollars and ninety-five cents (\$914.95) per child. A local school administrative unit shall receive funds for a maximum of four percent (4%) of its 2004-2005 allocated average daily membership, regardless of the number of children identified as academically or intellectually gifted in the unit. The State Board shall allocate funds for no more than 54,762 children for the 2004-2005 school year.

The dollar amounts allocated under this section for academically or intellectually gifted children shall also adjust in accordance with legislative salary increments, retirement rate adjustments, and health benefit adjustments for personnel who serve academically or intellectually gifted children.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DPI-H10-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

LEA ASSISTANCE PROGRAM

SECTION #. Section 7.17 of S.L. 2003-284 reads as rewritten:

"SECTION 7.17. Of funds appropriated from the General Fund to State Aid to Local School Administrative Units, the sum of five hundred thousand dollars (\$500,000) for fiscal year 2003-2004 and the sum of five hundred thousand dollars (\$500,000) for fiscal year 2004-2005 shall be used to provide assistance to the State's low-performing Local School Administrative Units (LEAs) and to assist schools in meeting adequate yearly progress in each subgroup identified in the No Child Left Behind Act of 2001. The State Board of Education shall report to the Office of State Budget and Management, the Fiscal Research Division, and the Joint Legislative Education Oversight Committee on the expenditure of these funds by May 15, 2004, and by December 15, 2005. The report shall contain: (i) the criteria for selecting LEAs and schools to receive assistance, (ii) measurable goals and objectives for the assistance program, (iii) an explanation of the assistance provided, (iv) findings from the assistance program, (v) actual expenditures by category, (vi) recommendations for the continuance of this program, and (vii) any other information the State Board deems necessary."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DPI-H12-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 **LOCAL EDUCATION AGENCY FLEXIBILITY**

2 SECTION #. Section 7.23 of S.L. 2003-284 reads as rewritten:

3 "SECTION 7.23. Within 14 days of the date this act becomes law, the State Board
4 of Education shall notify each local school administrative unit of the amount the unit
5 must reduce from State General Fund ~~appropriations~~ appropriations for the 2003-2004
6 fiscal year. Within 14 days of the date the Current Operations and Capital
7 Improvements Appropriations Act of 2004 becomes law, the State Board of Education
8 shall notify each local school administrative unit of the amount the unit must reduce
9 from State General Fund appropriations for the 2004-2005 fiscal year. The State Board
10 shall determine the amount of the reduction for each unit for each fiscal year on the
11 basis of average daily membership.

12 Each unit shall report to the Department of Public Instruction on the discretionary
13 budget reductions it has identified for the 2003-2004 fiscal year for the unit within 30
14 days of the date this act becomes law and by September 1, 2004, within 30 days of the
15 date the Current Operations and Capital Improvements Appropriations Act of 2004
16 becomes law for reductions for the 2004-2005 fiscal year. No later than December 31,
17 2003, the The State Board of Education shall make a summary report to the Office of
18 State Budget and Management and the Fiscal Research Division on all reductions made
19 by the LEAs to achieve this reduction-reduction for the 2003-2004 fiscal year by
20 December 31, 2003, and for the 2004-2005 fiscal year by December 31, 2004.

21 For fiscal years 2003-2004 and 2004-2005, the General Assembly urges local school
22 administrators to make every effort to reduce spending whenever and wherever such
23 budget reductions are appropriate as long as the targeted reductions do not directly
24 impact classroom services or any services for students at risk or children with special
25 needs, including those services or supports that are called for in students' Personal
26 Education Plans (PEP) and/or Individual Education Plans (IEP). If reductions to the
27 allotment categories listed in this paragraph are necessary in order to meet the reduction
28 target, the local board of education shall submit an explanation of the anticipated impact
29 of the reductions to student services along with the budget reductions to the Department
30 of Public Instruction. ~~By August 15, 2004, for fiscal year 2005-2006 and subsequent~~
31 ~~fiscal years, the State Board of Education shall determine the changes to the allotment~~
32 ~~categories to make such reductions permanent. Notwithstanding other provisions of law,~~
33 ~~the State Board of Education has the authority to reduce the proposed funding level of~~
34 ~~any allotment category in the State Public School Fund or the Department of Public~~
35 ~~Instruction in order to carry out the requirements of this section to make changes to the~~

28

1 ~~proposed continuation budget for the 2005-2007 fiscal biennium. The changes proposed~~
2 ~~by the State Board of Education shall be subject to the approval of the General~~
3 ~~Assembly."~~

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DPI-H14-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

REPLACEMENT SCHOOL BUSES FUNDS

SECTION #. Section 7.25(a) of S.L. 2003-284 reads as rewritten:

"SECTION 7.25.(a) Of the funds appropriated to the State Board of Education, the Board may use up to fifteen million dollars (\$15,000,000) for the 2003-2004 fiscal year and up to ~~forty-seven million seven hundred fifty-two thousand eight hundred thirteen dollars (\$47,752,813)~~ thirty-seven million two hundred thirty-nine thousand nine hundred twelve dollars (\$37,239,912) for the 2004-2005 fiscal year for allotments to local boards of education for replacement school buses under G.S. 115C-249(c) and (d). In making these allotments, the State Board of Education may impose any of the following conditions:

- (1) The local board of education must use the funds only to make the first, second, or third year's payment on a financing contract entered into pursuant to G.S. 115C-528.
- (2) The term of a financing contract entered into under this section shall not exceed three years.
- (3) The local board of education must purchase the buses only from vendors selected by the State Board of Education and on terms approved by the State Board of Education.
- (4) The State Board of Education shall solicit bids for the direct purchase of buses and for the purchasing of buses through financing. The State Board of Education may solicit separate bids for financing if the Board determines that multiple financing options are more cost-efficient.
- (5) A bus financed pursuant to this section must meet all federal motor vehicle safety regulations for school buses.
- (6) Any other condition the State Board of Education considers appropriate."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DPI-H15-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 ***K-2 ASSESSMENT***

2 **SECTION #.** G.S.115C-174.11(a) reads as rewritten:

3 **"§ 115C-174.11. Components of the testing program.**

4 (a) Assessment Instruments for First and Second Grades. – The State Board of
5 Education shall adopt and provide to the local school administrative units
6 developmentally appropriate individualized assessment instruments consistent with the
7 Basic Education Program for the first and second grades, rather than standardized tests.
8 Local school administrative units may use these assessment instruments provided to
9 them by the State Board for first and second grade students, and shall not use
10 standardized tests-tests except as required as a condition of receiving a federal grant."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DPI-H17A-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

EVALUATE VALIDITY OF ABC ACCOUNTABILITY SYSTEM

SECTION #.(a) G.S. 115C-105.35 reads as rewritten:

"§ 115C-105.35. Annual performance goals.

(a) The School-Based Management and Accountability Program shall (i) focus on student performance in the basics of reading, mathematics, and communications skills in elementary and middle schools, (ii) focus on student performance in courses required for graduation and on other measures required by the State Board in the high schools, and (iii) hold schools accountable for the educational growth of their students. To those ends, the State Board shall design and implement an accountability system that sets annual performance standards for each school in the State in order to measure the growth in performance of the students in each individual school. At least once every five years, the State Board shall evaluate the accountability system and modify the testing standards to assure the standards reasonably reflect the level of performance necessary to be successful at the next grade level or for more advanced study in the content area. As part of this evaluation, the Board shall, where available, review the historical trend data on student academic performance on State tests.

(b) For purposes of this Article, ~~beginning school year 2002-2003~~, the State Board shall include a "closing the achievement gap" component in its measurement of educational growth in student performance for each school. The "closing the achievement gap" component shall measure and compare the performance of each subgroup in a school's population to ensure that all subgroups as identified by the State Board are meeting State standards.

(c) The State Board shall consider incorporating into the School-Based Management and Accountability Program a character and civic education component which may include a requirement for student councils."

SECTION #.(b) The State Board shall complete its initial evaluation and any revisions required under G.S. 115C-105.35, as rewritten by subsection (a) of this section, so that the modified standards are in effect no later than the 2005-2006 school year.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DPI-H9A-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

FUNDS TO IMPLEMENT THE ABCS OF PUBLIC EDUCATION

SECTION #.(a) The State Board of Education shall use funds appropriated for State Aid to Local School Administrative Units for the 2004-2005 fiscal year to provide incentive funding for schools that met or exceeded the projected levels of improvement in student performance during the 2003-2004 school year, in accordance with the ABCs of Public Education Program. In accordance with State Board of Education policy:

(1) Incentive awards in schools that achieve higher than expected improvements may be up to:

a. One thousand five hundred dollars (\$1,500) for each teacher and for certified personnel; and

b. Five hundred dollars (\$500.00) for each teacher assistant.

(2) Incentive awards in schools that meet the expected improvements may be up to:

a. Seven hundred fifty dollars (\$750.00) for each teacher and for certified personnel; and

b. Three hundred seventy-five dollars (\$375.00) for each teacher assistant.

SECTION #.(b) The State Board of Education shall use funds appropriated for State Aid to Local School Administrative Units for the 2005-2006 fiscal year to provide incentive funding for schools that exceeded the projected levels of improvement in student performance during the 2004-2005 school year, in accordance with the ABCs of Public Education Program. In accordance with State Board of Education policy, incentive awards in schools that achieve higher than expected improvements may be up to:

(1) One thousand five hundred dollars (\$1,500) for each teacher and for certified personnel; and

(2) Five hundred dollars (\$500.00) for each teacher assistant.

SECTION #.(c) The State Board of Education may use funds appropriated to State Aid to Local School Administrative Units for assistance teams to low-performing schools.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DPI-H20A-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 ***DISCONTINUE INEFFECTIVE PROGRAM***

2 SECTION #. Section 7.20(a) of S.L. 2003-284 is repealed.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DPI-H22-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

RESTORE VOCATIONAL EDUCATION FUNDING

SECTION #.(a) Section 7.37 of S.L. 2003-284 reads as rewritten:

"SECTION 7.37. ~~It is the intent of the General Assembly to eliminate funding for vocational education in the seventh grade. Local school administrative units shall make every effort to focus the vocational education budget reductions on the seventh grade for 2003-2004 school year. For the 2004-2005 school year, after making the base allotment for each local school administrative unit, the State Board of Education shall use the average daily membership for grades eight through twelve only to calculate vocational education budget allotments to local school administrative units. For the 2004-2005 school year, local school administrative units shall take all of the vocational education budget reductions for the 2003-2005 biennium in the seventh grade before making reductions to other grades. These funds shall be used to provide vocational education only in grades eight through twelve.~~"

SECTION #.(b) G.S. 115C-151 reads as rewritten:

"§ 115C-151. Statement of purpose.

It is the intent of the General Assembly that vocational and technical education be an integral part of the educational process. The State Board of Education shall administer through local boards of education a comprehensive program of vocational and technical education that shall be available to all students in grades eight through 12 who desire it in the public secondary schools and middle schools of this State. The purposes of vocational and technical education in North Carolina public secondary schools shall be:

- (1) Occupational Skill Development. – To prepare individuals for paid or unpaid employment in recognized occupations, new occupations, and emerging occupations.
- (2) Preparation for Advanced Education. – To prepare individuals for participation in advanced or highly skilled vocational and technical education.
- (3) Career Development; Introductory. – To assist individuals in the making of informed and meaningful occupational choices.

It is also legislative intent to authorize the State Board of Education to support appropriate vocational and technical education instruction and related services for individuals who have special vocational and technical education needs which can be fulfilled through a comprehensive vocational and technical education program as designated by State Board of Education policy or federal vocational and technical education legislation."

35

1 **SECTION #.(c) G.S. 115C-157 reads as rewritten:**

2 **"§ 115C-157. Responsibility of local boards of education.**

3 Each local school administrative unit, shall provide free appropriate vocational and
4 technical education instruction, activities, and services in accordance with the
5 provisions of this Part for all youth in grades eight through 12 who elect the instruction |
6 and shall have responsibility for administering the instruction, activities, and services in
7 accordance with federal and State law and State Board of Education policies."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DPI-H23-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

EXPEDITE ALLOTMENTS FROM THE ADM CONTINGENCY RESERVE

SECTION #. Section 7.27 of S.L. 2003-284 reads as rewritten:

"SECTION 7.27.(a) If the State Board of Education does not have sufficient resources in the ADM Contingency Reserve line item to make allotment adjustments in accordance with the Allotment Adjustments for ADM Growth provisions of the North Carolina Public Schools Allotment Policy Manual, the State Board of Education may use funds appropriated to State Aid for Public Schools for this purpose.

"SECTION 7.27.(a1) The State Board of Education shall expedite requests for allotments from the Contingency Reserve. The State Board shall either grant such a request and allot the funds, reject it, or require additional information to support the request, within five business days of the later of:

(1) The day the State Board receives the request from the unit or

(2) The day the State Board receives from the unit the official ADM for the month relevant to the request.

If the State Board requires additional information to support a request, the State Board shall complete its analysis of the information and either grant the request and allot the funds or reject the request, within 25 business days of receiving the data.

"SECTION 7.27.(b) If the higher of the first or second month average daily membership in a local school administrative unit is at least two percent (2%) or 100 students lower than the anticipated average daily membership used for allotments for the unit, the State Board of Education shall reduce allotments for the unit. The reduced allotments shall be based on the higher of the first or second month average daily membership plus one-half of the number of students overestimated in the anticipated average daily membership.

The allotments reduced pursuant to this subsection shall include only those allotments that may be increased pursuant to the Allotment Adjustments for ADM Growth provisions of the North Carolina Public Schools Allotment Policy Manual."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

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SPECIAL PROVISION



2004-DPI-H24-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

HEALTHFUL SCHOOL FOOD CHOICES/PILOT PROGRAM

SECTION #.(a) The State Board of Education, with the advice and assistance of The North Carolina School Food Service Association and the Academy of Family Physicians, shall develop and implement a pilot program to support the efforts of local school administrative units to provide only healthful, nutritious food choices to students. The State Board of Education shall select up to eight local school administrative units to participate in the pilot program and shall set standards for the food choices offered to students. In selecting the eight pilot units, the State Board shall give priority to those units that volunteer to be a pilot. The pilots shall be distributed geographically throughout the State.

For the 2004-2005 school year, pilot units shall implement the program in elementary schools.

SECTION #.(b) If, at the end of the 2004-2005 school year, the State Board of Education finds that a pilot unit experienced a decrease in food service revenues because students opted not to purchase the healthful, nutritious food choices offered by the school food service, the State Board shall reimburse the unit for that decrease in revenues.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

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SPECIAL PROVISION



2004-DPI-H25-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 ***VISITING INTERNATIONAL FACULTY***

2 **SECTION #.** Section 7.41 of S.L. 2003-284 reads as rewritten:

3 "SECTION 7.41. The State Board of Education shall convert teacher positions to
4 dollars for Visiting International Faculty Program teachers for the 2003-2004 fiscal year
5 and the 2004-2005 fiscal year on the basis of the allotted average teacher salary and
6 benefits."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DPI-H26-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

**STATE BOARD OF EDUCATION AUTHORITY TO SET CERTIFICATION
STANDARDS FOR TEACHERS**

SECTION #.(a) G.S. 115C-296 reads as rewritten:

"§ 115C-296. Board sets certification requirements.

(a) The State Board of Education shall have entire control of certifying all applicants for teaching positions in all public elementary and high schools of North Carolina; and it shall prescribe the rules and regulations for the renewal and extension of all certificates and shall determine and fix the salary for each grade and type of certificate which it authorizes: Provided, that the authorizes.

The State Board of Education shall may require each an applicant for an initial bachelors degree certificate or graduate degree certificate to demonstrate the applicant's academic and professional preparation by achieving a prescribed minimum score on a standard examination appropriate and adequate for that purpose. The State Board of Education shall permit an applicant to fulfill this any such testing requirement before or during the applicant's second year of teaching provided the applicant took the examination at least once during the first year of teaching. The State Board of Education shall make the any required standard initial certification exam sufficiently rigorous and raise the prescribed minimum score as necessary to ensure that each applicant has adequate academic and professional preparation to teach.

(a1) The State Board shall adopt policies that establish the minimum scores for the any required standard examinations and other measures necessary to assess the qualifications of professional personnel as required under subsection (a) of this section. For purposes of this subsection, the State Board shall not be subject to Article 2A of Chapter 150B of the General Statutes. At least 30 days prior to changing any policy adopted under this subsection, the State Board shall provide written notice to all North Carolina schools of education and to all local boards of education. The written notice shall include the proposed revised policy.

...."

SECTION #.(b) G.S. 115C-296.1(c) reads as rewritten:

"(c) A local board may re-employ as a teacher an individual the board initially employed under subdivisions (a)(2)b and (a)(2)c of this section. If the individual, either prior to initial employment or within one year after initial employment, takes and passes the any required standard examination adopted by the State Board under G.S. 115C-296(a) that is or was applicable to the grade or subject the individual is employed to teach, then upon re-employment the individual is deemed to have satisfied

1 the academic and professional preparation required to receive an initial State teacher
2 certificate. An individual who receives an initial certificate under this subsection is
3 subject to the same requirements for continuing certification as other teachers who hold
4 initial State teacher certificates. If the individual, within one year of the initial
5 employment, does not take and pass ~~the~~ any required standard examination adopted by
6 the State Board under G.S. 115C.296(a) that is applicable to the grade or subject the
7 individual is employed to teach, then upon re-employment the individual shall continue
8 to hold a provisional certificate and is subject to G.S. 115C-296(c)."

9 **SECTION #.(c)** Subsection (b) of this section expires September 1, 2006.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DPI-H27-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 MAINTAIN 12-MONTH VOCATIONAL AGRICULTURE TEACHER POSITIONS

2 SECTION #. G.S. 115C-302.1(b) reads as rewritten:

3 "(b) Salary Payments. – State-allotted teachers shall be paid for a term of 10
4 months. State-allotted months of employment for vocational education to local boards
5 shall be used for the employment of teachers of vocational and technical education for a
6 term of employment to be determined by the local boards of education. However, local
7 boards shall not reduce the term of employment for any vocational agriculture teacher
8 personnel position that was 12 calendar months for the 1982-83 school year for any
9 school year thereafter. In addition, local boards shall not reduce the term of employment
10 for any vocational agriculture teacher personnel position that was 12 calendar months
11 for the 2003-2004 school year for any school year thereafter.

12 Each local board of education shall establish a set date on which monthly salary
13 payments to State-allotted teachers shall be made. This set pay date may differ from the
14 end of the month of service. The daily rate of pay for teachers shall equal one
15 twenty-second of the monthly rate of pay.

16 Teachers may be prepaid on the monthly pay date for days not yet worked. A teacher
17 who fails to attend scheduled workdays or who has not worked the number of days for
18 which the teacher has been paid and who resigns, is dismissed, or whose contract is not
19 renewed shall repay to the local board any salary payments received for days not yet
20 worked. A teacher who has been prepaid and continues to be employed by a local board
21 but fails to attend scheduled workdays may be subject to dismissal under G.S. 115C-325
22 or other appropriate discipline.

23 Any individual teacher who is not employed in a year-round school may be paid in
24 12 monthly installments if the teacher so requests on or before the first day of the school
25 year. The request shall be filed in the local school administrative unit which employs
26 the teacher. The payment of the annual salary in 12 installments instead of 10 shall not
27 increase or decrease the teacher's annual salary nor in any other way alter the contract
28 made between the teacher and the local school administrative unit. Teachers employed
29 for a period of less than 10 months shall not receive their salaries in 12 installments."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DPI-H18

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 ***ADDITIONAL TEACHER POSITIONS FOR THIRD GRADE***

2 **SECTION #.(a)** The maximum class size limits for third grade established
3 by the State Board of Education for the 2004-2005 school year shall be reduced by 4.23
4 from the 2003-2004 limits, based on an allotment ratio of one teacher for every 18
5 students.

6 **SECTION #.(b)** For the 2004-2005 school year, local school administrative
7 units shall use these additional teacher positions to reduce class size in third grade.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DPI-H1-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 ***HIGH SCHOOL WORKFORCE DEVELOPMENT PROGRAM***

2 **SECTION #.(a)** Funds are appropriated in this act for a high school
3 workforce development program. The purpose of the program shall be to identify
4 students who may not plan to attend or be adequately prepared to attend a two- or
5 four-year degree program and to provide the assistance those students need to earn an
6 Associate Degree the year after their senior year in high school. The Department of
7 Public Instruction shall work closely with the Education Cabinet and the New Schools
8 Project in administering the program.

9 These funds shall be to establish five pilot projects in which a local school
10 administrative unit, two- and four-year colleges and universities, and local employers
11 work together to ensure that high school and community college curricula operate
12 seamlessly and meet the needs of participating employers.

13 **SECTION #.(b)** The State Board of Education shall conduct an annual
14 evaluation of this program. The evaluation shall include (i) an assessment of the overall
15 impact of this program on student achievement, retention, and employability, (ii) an
16 accounting of how funds and personnel resources were utilized and their impact on
17 student achievement, retention, and employability, and (iii) recommendations for
18 continuance and improvement of the program. The State Board of Education shall
19 report the results of this evaluation to the Office of State Budget and Management, the
20 Joint Legislative Education Oversight Committee, and the Fiscal Research Division, by
21 September 15 of each year.

44

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DPI-H11A-P

Department of Public Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

***FUNDS FOR THE TESTING AND IMPLEMENTATION OF THE NEW
STUDENT INFORMATION SYSTEM***

SECTION #. Section 7.21 of S.L. 2003-284 is amended by adding a new subsection to read:

"SECTION 7.21.(d) Notwithstanding G.S. 143-23, funds budgeted in the State Public School Fund 1800 for the Uniform Education Reporting System in account 536508 that are used by the Department of Public Instruction for support and maintenance of existing reporting systems shall be transferred to Accountability and Technology Services Fund 1500, maintained in a center structure so as to provide sufficient system project detail, and budgeted at a sufficient level of detail to report budget and expenditures at the four digit account level as established by the Office of State Controller statewide chart of accounts. Funds budgeted in the State Public School Fund 1800 for the Uniform Education Reporting System in account 536508 that are used by the Department of Public Instruction for the development and implementation of NC WISE shall be maintained in a unique center and budgeted at a sufficient level of detail to report the NC WISE budget and expenditures at the four digit account level as established by the Office of State Controller statewide chart of accounts. Funds budgeted in the State Public School Fund 1800 for the Uniform Education Reporting System in account 536508 that are used by the Department of Public Instruction for development of reporting systems other than NC WISE shall be maintained in a unique center and budgeted at a sufficient level of detail to enable reporting at the four digit account level as established by the Office of State Controller statewide chart of accounts."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-UNC-H1-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 ***UNC FLEXIBILITY GUIDELINES***

2 **SECTION #.** The Chancellor of each constituent institution shall report to
3 the Board of Governors of The University of North Carolina on the management
4 flexibility adjustments made to the General Fund budget codes in order to meet the
5 reserve amounts for that institution. The President of The University of North Carolina
6 shall report to the Board of Governors of The University of North Carolina on the
7 reductions made to the General Fund budget codes controlled by the Board in order to
8 meet the reduction reserve amounts for those entities. The Board of Governors shall
9 make a summary report to the Office of State Budget and Management and the Fiscal
10 Research Division by December 31, 2004, on all reductions made by these entities and
11 constituent institutions in order to reduce the budgets by the targeted amounts.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-UNC-H2B

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 ***NEED-BASED FINANCIAL AID FROM ESCHEAT FUNDS.***

2 SECTION #.(a) There is appropriated from the Escheat Fund to the Board
3 of Governors of The University of North Carolina the sum of twenty-one million three
4 hundred forty-four thousand dollars (\$21,344,000) for the 2004-2005 fiscal year and to
5 the State Board of Community Colleges the sum of seven hundred eighteen thousand
6 three hundred ninety-six dollars (\$718,396) for the 2004-2005 fiscal year. These funds
7 shall be allocated by the State Educational Assistance Authority for need-based student
8 financial aid in accordance with G.S. 116B-7 and this act. The use of principal is
9 allowed if interest income is insufficient.

10 SECTION #.(b) The Director of the Budget shall include General Fund
11 appropriations in the amounts provided in subsection (a) of this section in the proposed
12 2005-2007 fiscal biennium continuation budget for the purposes provided in
13 G.S. 116B-7.

14 SECTION #. (c) There is appropriated from the Escheat Fund to the Board
15 of Governors of The University of North Carolina the sum of one hundred ninety-five
16 thousand dollars (\$195,000) for the 2004-2005 fiscal year to be allocated to the State
17 Education Assistance Authority for need-based student financial aid to be used in
18 accordance with G.S. 116B-7 and this act. The State Education Assistance Authority
19 shall use these funds only to provide scholarship loans to North Carolina high school
20 seniors interested in preparing to teach in the State's public schools who also enroll at
21 any of the Historically Black Colleges and Universities that do not have Teaching
22 Fellows. An allocation of ten grants of six thousand five hundred dollars (\$6,500) each
23 shall be given to the three universities without any Teaching Fellows for the purposes
24 specified in this subsection. The State Education Assistance Authority shall administer
25 these funds and shall establish any additional criteria needed to award these scholarship
26 loans, the conditions for forgiving the loans, and the collection of the loan repayments
27 when necessary.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-UNC-H5-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representative Tolson

1 ***AREA HEALTH EDUCATION CENTER (AHEC) FUNDS***

2 **SECTION #.** Of the funds appropriated by this act to the Board of
3 Governors of The University of North Carolina for the 2004-2005 fiscal year and in all
4 subsequent fiscal years, the Board of Governors shall allocate the sum of twenty-four
5 thousand dollars (\$24,000) to the Wilmington AHEC program annually and the sum of
6 twenty-four thousand dollars (\$24,000) to the Region L AHEC program on an annual
7 basis for information highway line charges.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-UNC-H6

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

UNC BOND PROJECT MODIFICATIONS

SECTION #.(a) Pursuant to Section 2(b) of S.L. 2000-3, the General Assembly finds that it is in the best interest of the State to respond to current educational and research program requirements at North Carolina Agricultural & Technical State University by:

- (1) Substituting a project entitled "New School of Education" for a project entitled "Central Cooling Plant Phase I" as contained in Section 2(a) of S.L. 2000-3, as it has been determined, based on an independent engineering analysis, that the cooling plant project is not technically feasible.
- (2) The cancellation of "New Student Housing" and "Curtis Residence Hall-Replacement." The monies from "New Student Housing," and "Curtis Residence Hall-Renovation" should be transferred to "Scott Residence Hall-Replacement."
- (3) The cancellation of "Holland Residence Hall-Comprehensive Renovation." The unused monies should be transferred to "Zoe Barbee Residence Hall-Comprehensive Renovation."

Section 2(a) of the S.L. 2000-3 is therefore amended in the portion under North Carolina A & T State University as follows:

- (1) By substituting the "New School of Education" for "Central Cool Plant-Phase I."
- (2) By deleting "New Student Housing 1,897,900" and "Curtis Residence Hall-Replacement 3,723,500" and by amending "Scott Residence Hall-Replacement" to create a total allocation of thirty-one million eight hundred seventy-four thousand seven hundred dollars (\$31,874,700).
- (3) By deleting "Holland Residence Hall-Comprehensive Renovation 856,800" and by amending "Zoe Barbee Residence Hall-Comprehensive Renovation" to create a total allocation of four million five hundred fifty thousand six hundred dollars (\$4,550,600).

SECTION #.(b) Pursuant to 2(b) of S.L. 2000-3, the General Assembly finds that it is in the best interest of the State to respond to current educational and research program requirements at East Carolina University to reduce the scope of "Expansion & Renovation of the Old Nursing Building" by three million dollars (\$3,000,000) to a total allocation eleven million six hundred eighty-five thousand five

1 hundred dollars (\$11,685,500) and transferring the unused funds to " 'Old Cafeteria'
2 Office Building-Comprehensive Renovation for Student Services/Academic Use" to
3 create a total allocation of seven million four hundred forty-two thousand one hundred
4 dollars (\$7,442,100).

5 Section 2(a) of S.L. 2000-3 is therefore amended under the portion under East
6 Carolina University by reduction of allocations for the project entitled "Expansion and
7 Renovation of the Old Nursing Building 14,685,500" by three million dollars
8 (\$3,000,000) to a total allocation of eleven million six hundred eighty-five thousand five
9 hundred dollars (\$11,685,500) and the addition of those monies to allocations for the
10 project entitled " 'Old Cafeteria' Office Building-Comprehensive Renovation for
11 Student Services/Academic Use 4,442,100" by three million dollars (\$3,000,000) to
12 create a total allocation of seven million four hundred forty-two thousand one hundred
13 dollars (\$7,442,100).

14 **SECTION #.(c)** Pursuant to 2(b) of S.L. 2000-3, the General Assembly finds
15 that it is in the best interest of the State to respond to current educational and research
16 program requirements at the University of North Carolina at Wilmington, due to growth
17 in enrollment and programs offered, by reducing the scope of the comprehensive
18 renovation of the "Alderman Hall Classroom Building" and by reducing the scope of the
19 comprehensive renovation of the "Kenan Auditorium," both as contained in section 2(a)
20 of S.L. 2000-3, and by transferring a portion of the funds allocated to these two projects
21 to the comprehensive renovation of the "King Hall Classroom Building," "James Hall
22 Classroom Building" and "Kenan Hall Classroom Building," as contained in Section
23 2(a) of S.L. 2000-3.

24 Section 2(a) of S.L. 2000-3 is therefore amended in the portion under the
25 University of North Carolina at Wilmington, by reducing the monies allocated to
26 "Alderman Hall Classroom Building" by two million two hundred four thousand six
27 hundred fifty-two dollars (\$2,204,652) to create a total allocation of seven hundred
28 thirty-six thousand one hundred forty-eight dollars (\$736,148), by reducing the monies
29 allocated to "Kenan Auditorium" by one million two hundred seventy-three thousand
30 three hundred twenty-five dollars (\$1,273,325) to create a total allocation of one million
31 one hundred ninety-two thousand one hundred seventy-five dollars (\$1,192,175) and by
32 reallocating those monies saved as follows: increase the budget of "King Hall" from two
33 million six hundred ninety-seven thousand four hundred dollars (\$2,697,400) to three
34 million five hundred twenty-seven thousand four hundred dollars (\$3,527,400), increase
35 the budget for "Hinton James Hall" from one million four hundred sixty-eight thousand
36 dollars (\$1,468,000) to two million eight hundred fifty-four thousand twenty-five
37 dollars (\$2,854,025), and increase the budget of "Kenan Hall" from three million
38 fifty-six thousand six hundred dollars (\$3,056,600) to four million two hundred eighteen
39 thousand five hundred fifty-two dollars (\$4,218,552).

40 **SECTION #.(d)** Pursuant to Section 2(b) of S.L. 2000-3, the General
41 Assembly finds that it is in the best interests of the State to respond to current
42 educational and research program requirements at Fayetteville State University by
43 changing the scope of the "Comprehensive Renovation and Conversion of Spaulding
44 (Old Infirmary) for Public Safety Facilities" to "Comprehensive Renovation of
45 Spaulding for Student Health Services and Student Counseling."

1 Section 2(a) of S.L. 2000-3, is therefore amended by retitling the project
2 currently entitled "Comprehensive Renovation and Conversion of Spaulding (Old
3 Infirmary) for Public Safety Facilities" to "Comprehensive Renovation of Spaulding for
4 Student Health Services and Student Counseling."

5 **SECTION #.(e)** Pursuant to Section 2(b) of S.L. 2000-3, the General
6 Assembly finds that it is in the best interests of the State to respond to current
7 educational and research program requirements at Fayetteville State University by
8 reallocating unused monies from the "William Collins Building Renovation" to new
9 project entitled "Mitchell Building Renovation for use by Public Safety".

10 Section 2(a) of S.L. 2000-3 is therefore amended in the portion under
11 Fayetteville State University by reducing the monies allocated to "William Collins
12 Building-Comprehensive Renovation" by three hundred thousand dollars (\$300,000) to
13 a total of three hundred forty thousand six hundred dollars (\$340,600) and by the
14 addition of a project entitled "Mitchell Building-Comprehensive Renovation for use by
15 Public Safety \$300,000."

16 **SECTION #.(f)** Pursuant to Section 2(b) of S.L. 2000-3, the General
17 Assembly finds that it is in the best interests of the State to respond to current
18 educational and research program requirements at North Carolina State University by
19 substituting a project entitled "Harrelson Classroom Building-Replacement Classroom
20 Facility Construction" for the project entitled "Harrelson Classroom
21 Building-Comprehensive Renovation" as contained in section 2(a) of S.L. 2000-3.

22 Section 2(a) of the S.L. 2000-3 is therefore amended in the portion under
23 North Carolina State University, by deleting "Harrelson Classroom
24 Building-Comprehensive Renovation" and substituting "Harrelson Classroom
25 Building-Replacement Classroom Facility Construction."

26 **SECTION #.(g)** Pursuant to Section 2(b) of S.L. 2000-3, the General
27 Assembly finds that it is in the best interests of the State to respond to current
28 educational and research program requirements at the University of North Carolina at
29 Chapel Hill by deleting a project entitled "Community Health Building-Consolidation
30 of Programs" as contained in section 2(a) of S.L. 2000-3, and dispersing the funds from
31 that project to other health affairs related bond projects.

32 Section 2(a) of the S.L. 2000-3 is therefore amended in the portion under the
33 University of North Carolina at Chapel Hill, by deleting "Community Health Building
34 Consolidation of Programs" and disbursing the funds associated with that project as
35 follows: adding ten million six hundred twenty-five thousand seven hundred forty-seven
36 dollars (\$10,625,747) to the project entitled "School of Medicine-Medical Research
37 Building-Comprehensive Renovation of Classroom & Laboratory Space," for a total of
38 twenty-three million five hundred twenty thousand seven forty-seven dollars
39 (\$23,520,747); adding one million forty thousand six hundred dollars (\$1,040,600) to a
40 project entitled "Burnett Womack Building Research Laboratory-Comprehensive
41 Renovation," for a total of twenty-five million eight hundred eighty-eight thousand six
42 hundred dollars (\$25,888,600), and adding six million six hundred seventy-three
43 thousand six hundred fifty-three dollars (\$6,673,653) to a project entitled "Berryhill
44 Hall Laboratory Building-Comprehensive Renovation" for a total of seventeen million
45 three hundred seventy-three thousand six hundred fifty-three dollars (\$17,373,653).

1 **SECTION #.(h)** Nothing in this Section is intended to supersede any other
2 requirement of law or policy for approval of the substituted capital improvement
3 projects.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-UNC-H7-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 **FAYETTEVILLE STATE UNIVERSITY AND NORTH CAROLINA SCHOOL OF**
2 **THE ARTS RETAIN REAL PROPERTY PROCEEDS**

3 **SECTION #.** Notwithstanding any other provision of law, Fayetteville State
4 University and the North Carolina School of the Arts may retain the proceeds from the
5 sale of their existing chancellor's residences and the appurtenant land.

6 Fayetteville State University may use the proceeds from the sale of its
7 existing chancellor's residence and the appurtenant land, and any other nonappropriated
8 funds available, to construct or otherwise acquire a new chancellor's residence. Proceeds
9 from the sale not used for that purpose shall revert.

10 The North Carolina School of the Arts may use the proceeds from the sale of
11 its existing chancellor's residence and the appurtenant land, and any other
12 nonappropriated funds available, to construct or otherwise acquire a new chancellor's
13 residence. Proceeds from the sale not used for that purpose shall revert.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-UNC-H8-P

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

***NORTH CAROLINA SCHOOL OF SCIENCE AND MATH
CARRYOVER/ONETIME EXPENDITURES***

SECTION #. G.S. 116-30.2(b) reads as rewritten:

"(b) The North Carolina School of Science and Mathematics is authorized to be designated as a special responsibility constituent institution for the purposes of G.S. 116-30.1, G.S. 116-30.3, G.S. 116-30.4, G.S. 116-30.5, G.S. 116-30.6, and G.S. 116-31.10. In addition, all General Fund appropriations made by the General Assembly for continuing operations of the North Carolina School of Science and Mathematics shall be made in the form of a single sum to each budget code of the School for each year of the fiscal period for which the appropriations are being made. Notwithstanding G.S. 143-23(a1), G.S. 143-23(a2), and G.S. 120-76(8), the North Carolina School of Science and Mathematics may expend monies from the overhead receipts special fund budget code and the General Fund monies so appropriated to it in the manner deemed by the Director of the School to be calculated to maintain and advance the programs and services of the School, consistent with the directives and policies of the Board of Trustees of the North Carolina School of Science and Mathematics. The preparation, presentation, and review of General Fund budget requests of the North Carolina School of Science and Mathematics shall be conducted in the same manner as are requests of the constituent institutions. The quarterly allotment procedure established under G.S. 143-17 shall apply to the General Fund appropriations made for the current operations of the North Carolina School of Science and Mathematics. All General Fund monies so appropriated to the North Carolina School of Science and Mathematics shall be recorded, reported, and audited in the same manner as are General Fund appropriations to constituent institutions of The University of North Carolina."

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-UNC-H10

University of North Carolina and Private Instruction
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 ***UNC-CHAPEL HILL CONTINUE TO OPERATE HORACE WILLIAMS AIRPORT***

2 SECTION #.(a) The University of North Carolina at Chapel Hill shall
3 operate the Horace Williams Airport and continue air transportation support for the
4 Area Health Education Centers (AHEC) from that location until a replacement facility
5 that is accessible to the University of North Carolina at Chapel Hill becomes
6 operational.

7 SECTION #.(b) The University of North Carolina at Chapel Hill shall report
8 to the Joint Legislative Commission on Governmental Operations by July 1, 2006, and
9 biannually thereafter, on progress locating a replacement facility for the Area Health
10 Education Center.

Community College Provisions

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DOCC-H2-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 *USE OF FUNDS FOR THE COLLEGE INFORMATION SYSTEM PROJECT*

2 SECTION #.(a) Notwithstanding G.S. 143-23 or any other provision of law,
3 the Community Colleges System Office may use funds, other than personal service
4 funds, appropriated for the College Information System Project for the 2004-2005 fiscal
5 year to establish new personnel positions to support the project. Creation of these
6 positions is subject to the provisions of the Executive Budget Act and to approval by the
7 Office of State Budget and Management.

8 SECTION #.(b) Funds appropriated to the Community Colleges System
9 Office for the College Information System Project shall not revert at the end of the
10 2003-2004 fiscal year but shall remain available until expended.

11 SECTION #.(c) The Community Colleges System Office shall report on a
12 quarterly basis to the Joint Legislative Education Oversight Committee on the
13 implementation of the College Information System Project.

14 SECTION #.(d) Subsection (b) of this section becomes effective June 30,
15 2004.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DOCC-H5-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 ***CARRYFORWARD FOR EQUIPMENT***

2 **SECTION #.(a)** Subject to the approval of the Office of State Budget and
3 Management and cash availability, the North Carolina Community Colleges System
4 may carry forward an amount not to exceed ten million dollars (\$10,000,000) of the
5 operating funds held in reserve that were not reverted in fiscal year 2003-2004 to be
6 reallocated to the State Board of Community Colleges' Equipment Reserve Fund. These
7 funds shall be distributed to colleges consistent with G.S. 115D-31.

8 **SECTION #.(b)** This section becomes effective June 30, 2004.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DOCC-H6-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representatives Tolson, McLawhorn, Warren, Bordsen, L. Johnson, Preston, Yongue

SALARIES OF COMMUNITY COLLEGE FACULTY AND PROFESSIONAL STAFF

SECTION #.(a) It is the intent of the General Assembly to establish a community college faculty salary plan that (i) provides accountability to the General Assembly, (ii) maintains local flexibility and autonomy for the community colleges, and (iii) ensures that community college faculty members have a uniform minimum salary based on level of education, equivalent applicable experience, or both.

It is imperative that the State move community college faculty and professional staff salaries to the national average. The estimated incremental costs of doing so over five years are thirty-three million two hundred eighty-nine thousand three hundred seventy-one dollars (\$33,289,371) for the 2004-2005 fiscal year, twenty-one million ninety-two thousand sixty-six dollars (\$21,092,066) for the 2005-2006 fiscal year, twenty-one million five hundred seventy-four thousand five hundred three dollars (\$21,574,503) for the 2006-2007 fiscal year, twenty-two million ninety-five thousand five hundred thirty-two dollars (\$22,095,532) for the 2007-2008 fiscal year, and twelve million four hundred twenty-seven thousand five hundred thirty-one dollars (\$12,427,531) for the 2008-2009 fiscal year.

SECTION #.(b) The minimum salaries for community college faculty shall be based on the following education levels:

- (1) Vocational Diploma/Certificate or Less. – This education level includes faculty members who are high school graduates, have vocational diplomas, or have completed one year of college.
- (2) Associates Degree or Equivalent. – This education level includes faculty members who have an associates degree or have completed two or more years of college but have no degree.
- (3) Bachelors Degree.
- (4) Masters Degree or Education Specialist.
- (5) Doctoral Degree.

SECTION #.(c) For the 2004-2005 school year, the minimum salaries for nine-month, full-time, curriculum community college faculty shall be as follows:

Education Level	Minimum Salary
Vocational Diploma/Certificate or Less	\$26,973
Associates Degree or Equivalent	\$27,369
Bachelors Degree	\$29,232

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1	Masters Degree or Education Specialist	\$30,861
2	Doctoral Degree	\$33,210.

3 No full-time faculty member shall earn less than the minimum salary for his or her
4 education level.

5 The pro rata hourly rate of the minimum salary for each education level shall
6 be used to determine the minimum salary for part-time faculty members.

7 **SECTION #.(d)**

8 (1) It is the intent of the General Assembly to encourage community
9 colleges to make faculty salaries a priority and to reward colleges that
10 have taken steps to achieve the national average, therefore:

- 11 a. If the average faculty salary at a community college is one
12 hundred percent (100%) or more of the national average
13 community college faculty salary, the college may transfer up
14 to ten percent (10%) of the State funds allocated to it for faculty
15 salaries.
- 16 b. If the average faculty salary at a community college is at least
17 ninety-five percent (95%) but less than one hundred percent
18 (100%) of the national average community college faculty
19 salary, the college may transfer up to eight percent (8%) of the
20 State funds allocated to it for faculty salaries.
- 21 c. If the average faculty salary at a community college is at least
22 ninety (90%) but less than ninety-five percent (95%) of the
23 national average community college faculty salary, the college
24 may transfer up to six percent (6%) of the State funds allocated
25 to it for faculty salaries.
- 26 d. If the average faculty salary at a community college is at least
27 eighty-five percent (85%) but less than ninety percent (90%) of
28 the national average community college faculty salary, the
29 college may transfer up to four percent (4%) of the State funds
30 allocated to it for faculty salaries.
- 31 e. If the average faculty salary at a community college is
32 eighty-five percent (85%) or less of the national average
33 community college faculty salary, the college may transfer up
34 to two percent (2%) of the State funds allocated to it for faculty
35 salaries.

36 Except as provided by subdivision (2) of this subsection, a
37 community college shall not transfer a greater percentage of the State
38 funds allocated to it for faculty salaries than is authorized by this
39 subsection.

40 (2) With the approval of the State Board of Community Colleges, a
41 community college at which the average faculty salary is eighty-five
42 percent (85%) or less of the national average may transfer a greater
43 percentage of the State funds allocated to it for faculty salaries than is
44 authorized by sub-subdivision e. of subdivision (1) of this subsection.
45 The State Board shall approve the transfer only for purposes that
46 directly affect student services.

1 The State Board of Community Colleges shall adopt rules to
2 implement the provisions of this subdivision.

- 3 (3) A local community college may use all State funds allocated to it
4 except for Literacy Funds and Funds for New and Expanding
5 Industries to increase faculty salaries.

6 **SECTION #.(e)** As used in this section:

- 7 (1) "Average faculty salary at a community college" means the total
8 nine-month salary from all sources of all nine-month, full-time,
9 curriculum faculty at the college, as determined by the North Carolina
10 Community College System on October 1 of each year.

- 11 (2) "National average community college faculty salary" means the
12 nine-month, full-time, curriculum salary average, as published by the
13 Integrated Postsecondary Education Data System (IPEDS), for the
14 most recent year for which data are available.

15 **SECTION #.(f)** The State Board of Community Colleges shall adopt rules to
16 implement the provisions of this section.

17 **SECTION #.(g)** The State Board of Community Colleges shall report to the
18 appropriations subcommittees on education, the Speaker of the House of
19 Representatives, the President Pro Tempore of the Senate, the Fiscal Research Division,
20 and the Office of State Budget and Management by December 1, 2004, and every year
21 thereafter through December 1, 2009, on the implementation of this section.

22 **SECTION #.(h)** Funds appropriated in this act for salary increases shall be
23 used to:

- 24 (1) Implement the minimum salaries set out in Section 3(c) of this section.
25 Funds shall be allocated to those colleges with faculty below the
26 minimum salary in each education level as determined by the North
27 Carolina Community College System. These funds shall only be used
28 to bring the salaries of full-time faculty members to the applicable
29 minimum; and

- 30 (2) Increase faculty and professional staff salaries by an average of two
31 percent (2.0%). These increases are in addition to other salary
32 increases provided for in this act, and shall be calculated on the
33 average salaries prior to the issuance of the compensation increase.
34 Colleges may provide additional increases from funds available.

35 The State Board of Community Colleges shall adopt rules to ensure that these
36 funds are used only to move faculty and professional staff to the respective national
37 averages. These funds shall not be transferred by the State Board or used for any other
38 budget purpose by the community colleges.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DOCC-H7B-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 MODIFY REPORTING REQUIREMENT FOR NEW AND EXPANDING
2 INDUSTRY TRAINING PROGRAM

3 SECTION #.(a) G.S.115D-5(i) reads as rewritten:

4 "(i) The State Board of Community Colleges shall report to the Joint Legislative
5 Education Oversight Committee on ~~March 1 and October 1~~ September 1 of each year on
6 expenditures for the New and Expanding Industry Program each fiscal year. The report
7 shall include, for each company or individual that receives funds for New and
8 Expanding Industry:

- 9 (1) The total amount of funds received by the company or individual;**
10 (2) The amount of funds per trainee received by the company or
11 individual;
12 (3) The amount of funds received per trainee by the community college
13 training the trainee;
14 (4) The number of trainees trained by company and by community
15 college; and
16 (5) The number of years the companies or individuals have been funded."

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GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DOCC-H8-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 ***NEW AND EXPANDING INDUSTRIES TRAINING PROGRAM FUNDS***

2 SECTION #.(a) Funds available to the New and Expanding Industries
3 Program shall not revert at the end of the 2003-2004 fiscal year but shall remain
4 available until expended.

5 SECTION #.(b) This section becomes effective June 30, 2004.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DOCC-H9A-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representative Clary

***NCCATT TO OPERATE AS THE NORTH CAROLINA CENTER FOR APPLIED
TEXTILE TECHNOLOGY AT GASTON COLLEGE***

SECTION #.(a) The General Assembly finds that:

- (1) A strong and revitalized textile industry is an essential component of the State's economy;
- (2) The State must therefore preserve, protect, and enhance its ability to provide support services to the textile industry;
- (3) It is necessary to make improvements in the administration, operations, and procedures of the North Carolina Center for Applied Textile Technology to maximize the State's ability to provide support services to the textile industry;
- (4) Since its creation in 1989, the Hosiery Technology Center at Catawba Valley Community College has effectively provided the hosiery industry with the services it needs to succeed amid growing global competition; and
- (5) The State can best utilize its facilities in eastern Gaston County for economic development by transferring the North Carolina Center for Applied Textile Technology to Gaston College.

SECTION #.(b) G.S. 115D-68 reads as rewritten:

"§ 115D-68. ~~Creation of board of trustees; members and terms of office; no compensation. Transfer of North Carolina Center for Applied Textile Technology; establishment of advisory committee.~~

~~The North Carolina Center for Applied Textile Technology shall be managed, subject to policies and regulations of the State Board of Community Colleges, by a board of trustees. The board of trustees shall consist of the President of the North Carolina System of Community Colleges and nine members appointed by the Governor. The terms of office of the trustees appointed by the Governor shall be as follows: Three of the trustees shall be appointed for a term of two years; three for three years; and three for four years. At the expiration of those terms, the appointments shall be made for periods of four years. In the event of any vacancy on the board, the vacancy shall be filled by appointment of the Governor for the unexpired term of the member causing the vacancy. The members of the board of trustees appointed by the Governor shall serve without compensation.~~

1 (a) Effective July 1, 2004, the North Carolina Center for Applied Textile
2 Technology is transferred to the Community Colleges System Office. The transfer shall
3 have all of the elements of a Type I transfer, as defined in G.S. 143A-6(a).

4 (b) Effective January 1, 2005, the North Carolina Center for Applied Textile
5 Technology is transferred from the Community Colleges System Office to Gaston
6 College. The transfer shall have all of the elements of a Type I transfer, as defined in
7 G.S. 143A-6(a).

8 The Center shall be known as the North Carolina Center for Applied Textile
9 Technology at Gaston College.

10 (c) An advisory committee to the North Carolina Center for Applied Textile
11 Technology is hereby established. The advisory committee shall consist of three
12 members appointed by the Governor, three members appointed by the President Pro
13 Tempore of the Senate, three members appointed by the Speaker of the House of
14 Representatives, and three members appointed by the Gaston County Board of
15 Commissioners. Initial terms shall begin July 1, 2004.

16 Initial members of the board shall serve staggered terms. One initial member
17 appointed by each appointing authority shall serve for a two-year term, one initial
18 member appointed by each appointing authority shall serve for a three-year term, and
19 one initial member appointed by each appointing authority shall serve for a four-year
20 term. Subsequent terms shall be for four years.

21 All vacancies occurring on the board shall be filled for the remainder of the
22 unexpired term by the appointing authority making the original appointment.

23 Members shall receive per diem, travel, and subsistence allowances in accordance
24 with G.S. 138-5 and G.S. 138-6, as appropriate."

25 **SECTION #.(c)** The State Board of Community Colleges, in consultation
26 with the Department of Commerce, representatives of the North Carolina textile
27 industry, the School of Textiles at North Carolina State University and the Hosiery
28 Technology Center, shall develop a plan for transferring the North Carolina Center for
29 Applied Textile Technology to Gaston College. In developing the plan, the State Board
30 shall determine the most effective method for serving the textile industry throughout the
31 State.

32 The plan shall address:

- 33 (1) The implementation of any proposed changes to the Center's (i)
34 organization and funding structure, (ii) mission and purpose, and (iii)
35 programs or services currently offered;
36 (2) Appropriate staffing levels based on the model of the Hosiery
37 Technology Center and provisions for current staff; and
38 (3) Necessary funding for the repair and renovation of existing structures.

39 The State Board of Community Colleges shall report the results of its study to
40 the Joint Legislative Commission on Governmental Operations and the Fiscal Research
41 Division on or before October 15, 2004.

42 **SECTION #.(d)** The State Board of Community Colleges may use funds
43 appropriated for the operation of the North Carolina Center for Applied Textile
44 Technology for the 2004-2005 fiscal year for maintenance and operation of plant.

45 **SECTION #.(e)** The State Board of Community Colleges shall transfer three
46 hundred thousand dollars (\$300,000) of the funds appropriated for the North Carolina

1 Center for Applied Textile Technology for the 2004-2005 fiscal year to the Hosiery
2 Technology Center at Catawba Valley Community College. These funds shall be used
3 by the Hosiery Technology Center to assist in the implementation of the transfer of the
4 North Carolina Center for Applied Textile Technology and to offset the loss of funds by
5 the Hosiery Technology Center from the Worker Training Trust Fund. These funds
6 shall be used only for the operation of the Hosiery Technology Center and shall not be
7 used for any other purpose.

8 **SECTION #.(f)** G.S. 115D-2(3) reads as rewritten:

9 **"§ 115D-2. Definitions.**

10 As used in this Chapter:

11 ...

12 (3) The term "institution" refers to any institution established pursuant to
13 this Chapter ~~except for the North Carolina Center for Applied Textile~~
14 ~~Technology Chapter.~~"

15 **SECTION #.(g)** G.S. 115D-69, 115D-70, and 115D-71 are repealed.

16 **SECTION #.(h)** G.S. 115D-58.14(a) reads as rewritten:

17 "(a) Community colleges ~~and the Center for Applied Textile Technology may~~
18 purchase the same supplies, equipment, and materials from noncertified sources as are
19 available under State term contracts, subject to the following conditions:

20 (1) The purchase price, including the cost of delivery, is less than the cost
21 under the State term contract; and

22 (2) The cost of the purchase shall not exceed the bid value benchmark
23 established under G.S. 143-53.1."

24 **SECTION #.(i)** Subsections (e) and (g) of this section become effective
25 January 1, 2005. The remainder of this section becomes effective July 1, 2004.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DOCC-H12-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 ***FUNDS FOR THE BUREAU OF TRAINING INITIATIVES***

2 **SECTION #.(a)** The Community Colleges System Office may carry forward
3 the unexpended balance of funds appropriated for the 2003-2004 fiscal year from the
4 Worker Training Trust Fund to the Community College System Office, Bureau of
5 Training Initiatives. These funds shall be used for pilot programs that support the
6 retraining of the existing workforce in new skills related to specific industry sectors.
7 The purposes for which the funds may be used in the pilot programs include targeted
8 assessments, training equipment, software, third-party trainers, and supplies and
9 material costs. Any unexpended balance remaining in this program shall revert to the
10 Worker Training Trust Fund on June 30, 2005.

11 **SECTION #.(b)** This act becomes effective June 30, 2004.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DOCC-H14-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 ***FUNDS FOR THE COMPREHENSIVE ARTICULATION STUDY***

2 **SECTION #.(a)** Section 8.12(h) of S.L. 2003-284 reads as rewritten:

3 "SECTION 8.12.(h) The University of North Carolina, Office of the President, and
4 the North Carolina Community College System shall each transfer thirty-five thousand
5 dollars (\$35,000) to the Joint Legislative Education Oversight Committee to carry out
6 this study. Funds transferred by the North Carolina Community College System that are
7 not expended shall not revert on June 30, 2004, but shall remain available for the 2004-
8 2005 fiscal year to pay costs associated with the study."

9 **SECTION #.(b)** This act becomes effective June 30, 2004.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DOCC-H17-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 ***REPORT ON THE ADEQUACY OF MULTICAMPUS FUNDS***

2 **SECTION #.** The General Assembly finds that additional data is needed to
3 determine the adequacy of multicampus funds; therefore, multicampus colleges shall
4 report annually, beginning September 1, 2005, to the Community Colleges System
5 Office on all expenditures by line item of funds used to support their multicampuses.
6 The Community Colleges System Office shall report on these expenditures to the
7 Education Appropriation Subcommittees of the House of Representatives and the
8 Senate, the Office of State Budget and Management, and the Fiscal Research Division
9 by October 1 of each year.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DOCC-H18-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representative

1 **COMMUNITY COLLEGE FUNDING FLEXIBILITY**

2 SECTION #. Section 8.1 of S.L. 2003-284 reads as rewritten:

3 "SECTION 8.1. A local community college may use all State funds allocated to it,
4 except for Literacy Funds and Funds for New and Expanding Industries, for any
5 authorized purpose that is consistent with the college's Institutional Effectiveness Plan.
6 Each local community college shall include in its Institutional Effectiveness Plan a
7 section on how funding flexibility allows the college to meet the demands of the local
8 community and to maintain a presence in all previously funded categorical programs.

9 ~~No more than two percent (2%) systemwide shall be transferred from faculty salaries~~
10 ~~without the approval of the State Board of Community Colleges. The State Board shall~~
11 ~~report on any such transfers above two percent (2%) systemwide to the Office of State~~
12 ~~Budget and Management and the Joint Legislative Commission on Governmental~~
13 ~~Operations at its next meeting."~~

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GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DOCC-H19-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 ***MIDDLE COLLEGE START-UP FUNDS***

2 **SECTION #.(a)** Funds appropriated for a middle college program at
3 Edgecombe Community College shall not revert at the end of the 2003-2004 fiscal year
4 but shall remain available until expended.

5 **SECTION #.(b)** This section becomes effective June 30, 2004.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DOCC-H20-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representative

1 ***MATCHING FUNDS FOR THE CAREER START PROJECT***

2 **SECTION #.** Community colleges may use funds earned through the
3 continuation education enrollment allotment for Human Resource Development
4 Programs to match federal grants for the Career Start Project.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DOCC-H22C-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representative Baker

1 ***STUDY OF FTE FUNDING FORMULA***

2 **SECTION #.** The State Board of Community Colleges shall consider
3 modifications to its funding formulas to ensure that colleges have sufficient funds to
4 adequately serve students when enrollment increases. In the course of the study, the
5 State Board shall consider methods of accurately projecting enrollment for the
6 upcoming academic year and using projected enrollment in its funding formulas.

7 The State Board shall report the results of its study to the Joint Legislative
8 Education Oversight Committee and to the chairs of the appropriations committees of
9 the House of Representatives and the Senate by January 15, 2005.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DOCC-H22B-P

North Carolina Community College System Office
Appropriations Subcommittee on Education

Requested by: Representative Baker

FUNDS FOR SIGNIFICANT FTE INCREASES

SECTION #. Funds are appropriated in this act for the 2004-2005 fiscal year to create a contingency reserve fund for community college enrollment increases. The State Board of Community Colleges shall use these funds to increase the FTE allotment for the spring semester of the 2004-2005 school year at colleges that experience a total enrollment growth for the fall semester of the 2004-2005 school year of over ten percent (10%). Each such college shall receive an increase in its FTE allotment for the spring semester equal to the amount the enrollment increase exceeded ten percent (10%), insofar as funds are available within the enrollment reserve.

Funds not expended or encumbered for this purpose shall revert to the General Fund at the end of the 2004-2005 fiscal year.

The State Board of Community Colleges shall adopt rules to determine eligibility for funds from the contingency reserve.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 2004

DRAFT
SPECIAL PROVISION



2004-DOCC-H23

North Carolina Community College System Office
Appropriations Subcommittee on Education

Special Provision 2004-DOCC-H23

Requested by: Representatives L. Johnson, Preston, Tolson, Yongue

1 ***CONTINGENCY RESERVE FOR COLLEGES EXPERIENCING HIGH RATES***
2 ***OF UNEMPLOYMENT***

3 **SECTION #.** There is created in the Community College System a
4 contingency reserve fund to assist colleges in counties experiencing high rates of
5 unemployment due to manufacturing job losses. The State Board of Community
6 Colleges shall provide training and assistance to displaced workers who have lost
7 employment as a result of the closing or relocation of a manufacturing company. The
8 State Board shall report on the implementation of this program to the Joint Legislative
9 Education Oversight Committee by May 1, 2005.

10 The State Board of Community Colleges shall adopt rules to implement this
11 section.